

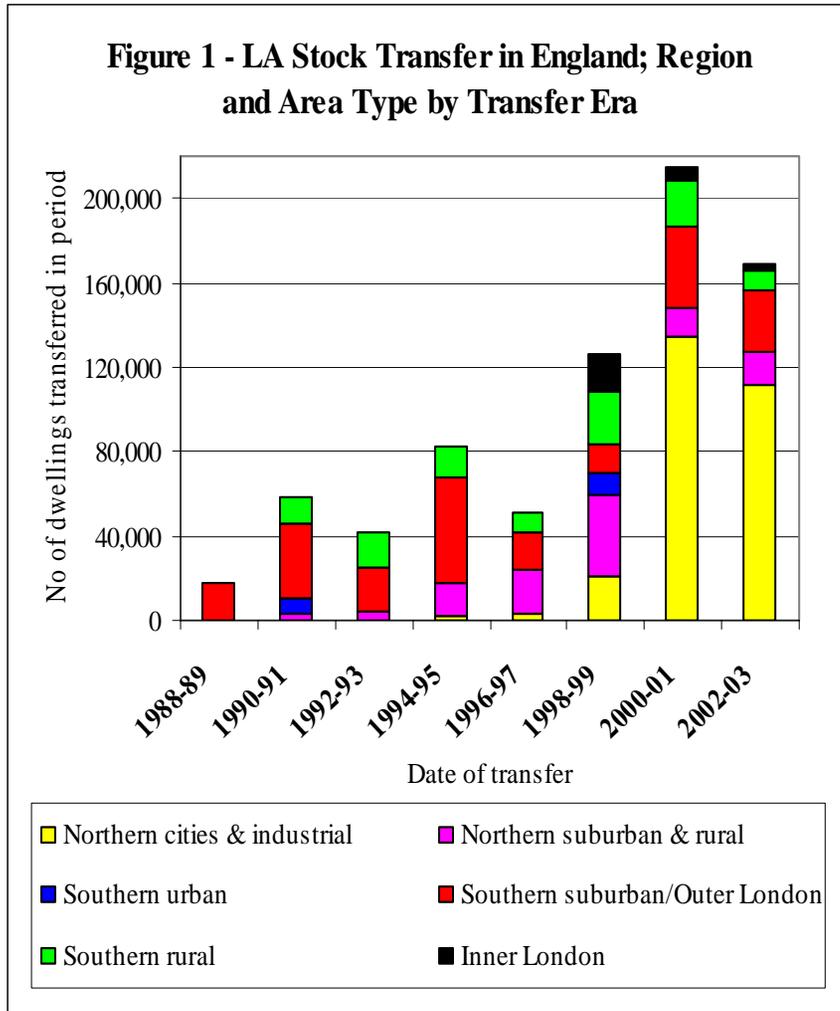
Reviewing Stock Transfer

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- 1 million homes transferred
- Council housing eliminated from one third of English LAs
- £7 bn private investment levered into repairs and improvements to former council homes
- Ratio of LA:HA housing down from 13:1 in 1986 to 2:1 in 2003
- Transfer HAs poised to overtake traditional HA stockholdings

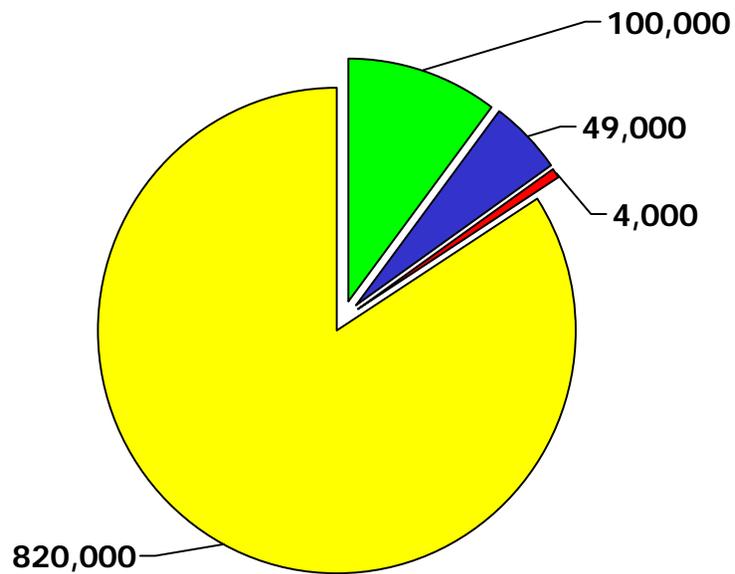
- What is the scale and pattern of transfer?
- Is the process being eclipsed by the lure of the ALMO option or by transfer ballot defeats?
- How has the policy evolved?
- Where does transfer fit within wider New Labour thinking on social policy reform?
- What is the impact of the policy in terms of
 - the nature of the social housing sector
 - housing staff
 - housing services

The Evolving Pattern of Transfers in England



- Initial transfer cohort overwhelmingly southern suburban/rural
- Transfers in northern cities and industrial areas took off after 1997
- Southern suburban/rural transfers continuing at rate similar to early 1990s
- Inner London transfers significant only in 1998/99

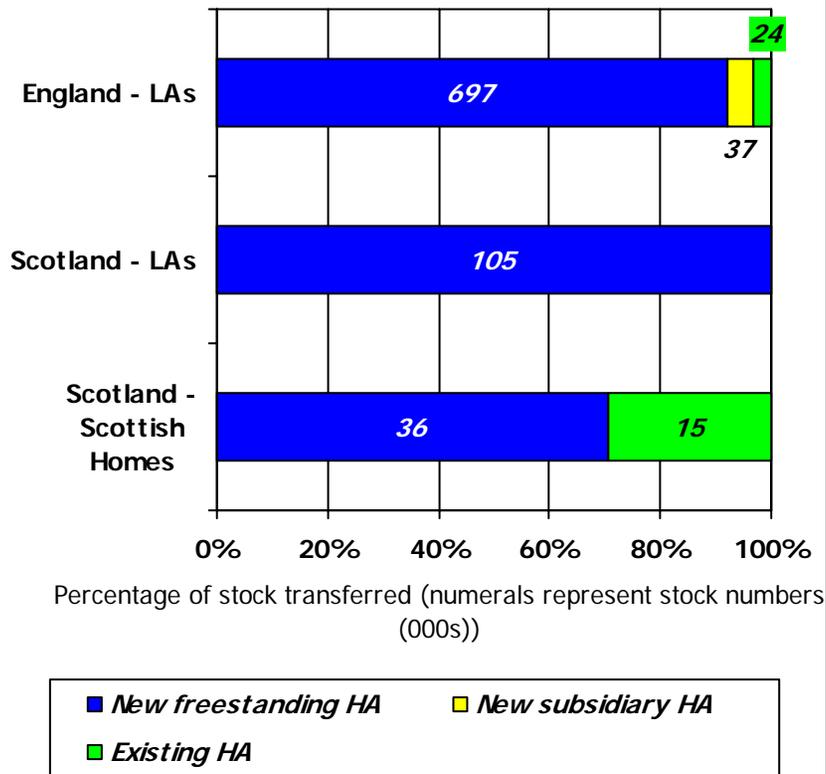
Figure 2 - Stock transfers in Britain
1988-2003 by Transfer Type



- LA partial stock transfers
- Scottish Homes transfers
- Scottish New Town transfers
- LA whole stock transfers

- Partial transfers have accounted for around a tenth of total disposals
- Some similarities with Scottish Homes transfer programme
- Whole stock transfers have denuded around 120 LAs (3 in Scotland, 1 in Wales) of council housing
- Raises important issues as to post-transfer LA housing role

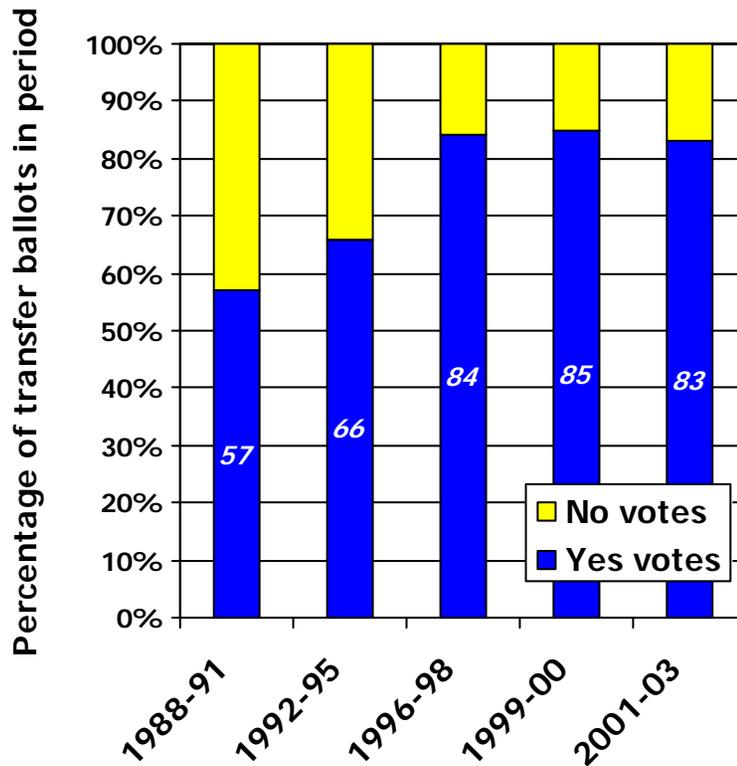
Figure 3 - Stock transfers 1988-2003 by recipient HA type



- Freestanding HAs have been preferred in all contexts - seen by LAs and tenants as preserving local accountability
- Existing HAs only involved in significant way in small partial and ex-Scottish Homes transfers

Transfer falling from favour?

Figure 4 - LSVT Transfer Ballot Outcomes in England, 1988-2003



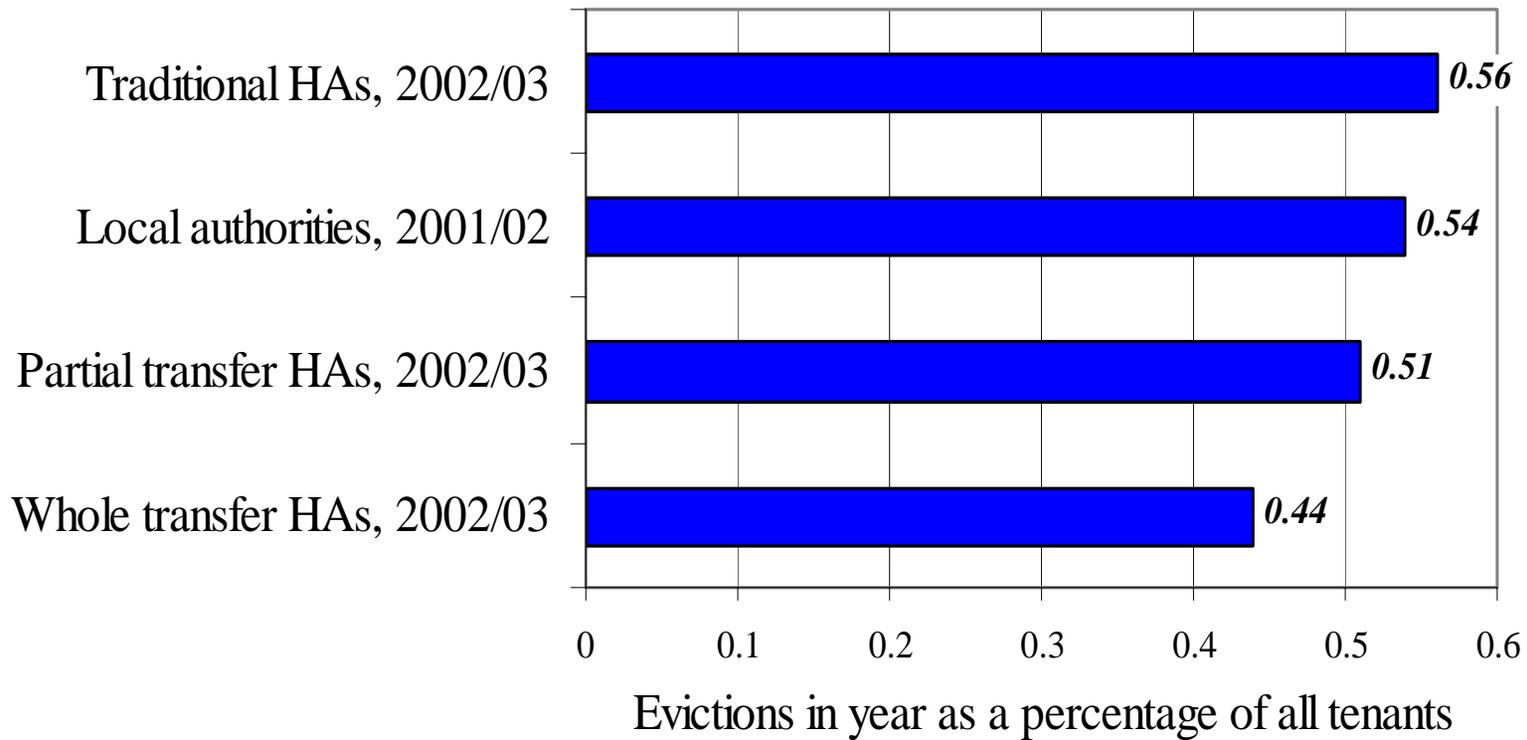
- Increasingly high profile anti-transfer campaigns and flagship ballot defeats in recent years
- But perception that tenants are increasingly rejecting transfers not borne out
- Partial transfer proposals more often approved
- ALMO option generating enormous interest among LAs as transfer alternative but...
 - many LAs won't make the grade on performance – nearly half have little chance on this criterion
 - how far will Gordon Brown's largesse stretch?
 - not clear that tenants any less sceptical about ALMOs than transfer

- 1988-92 – ‘bottom-up’ dynamic
 - creative use of existing legislation to protect social housing/exploit equity value
 - influence of ‘management buyout’ model
- 1993-99 – increased central control
 - annual programme
 - transfer levy
- Post-2000 – centrally-driven programme
 - explicit annual transfer target
 - transfer an integral element of Decent Homes strategy
- Central government shaping transfer process and outcomes through:
 - conditions attached to granting ministerial consent for transfer
 - registration requirements for newly-created landlords as implemented by HA regulatory bodies

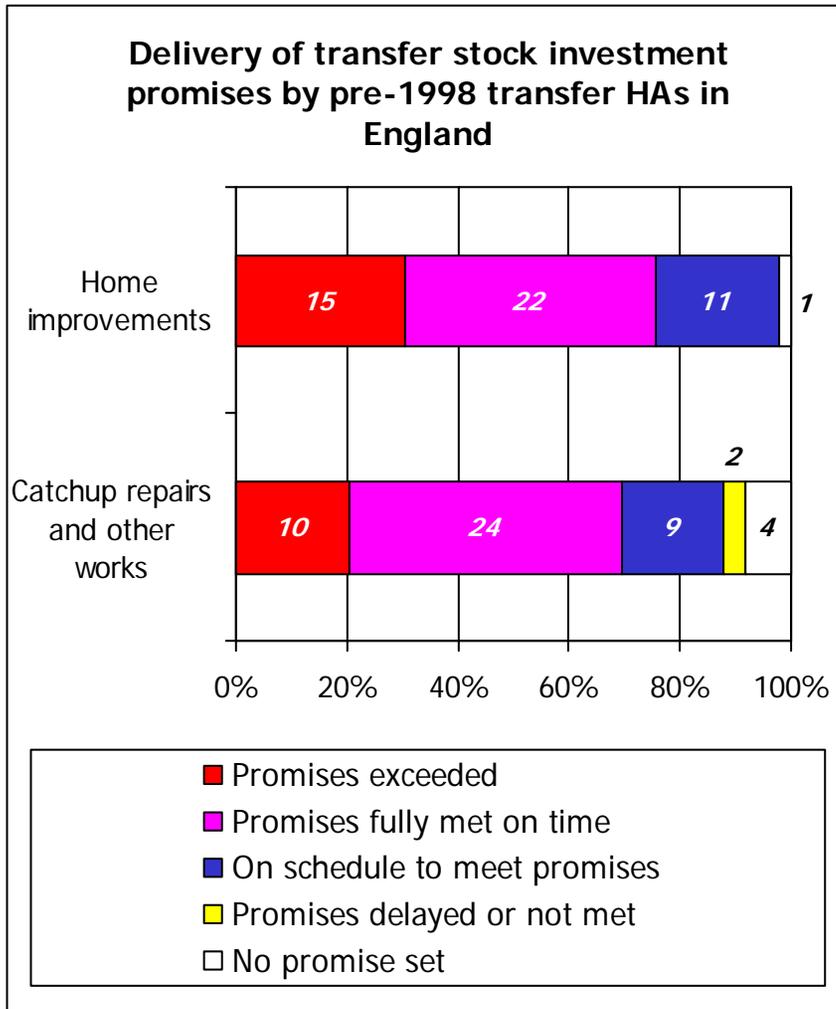
[after Malpass and Mullins (2002)]

- Part of the 'choice' or consumerist agenda?
 - Yes, because tenants have a vote and (perhaps) get consulted in option appraisal and/or selection of potential recipient landlord
 - No, because transfer proposals rarely inspired by tenants
 - No, because choice at ballot is highly constrained
- Effectively 'privatisation'?
 - Yes, because shifts former state housing into 'commercial sector'
 - No, because transfer landlords make no profits and because lender returns are not proportional to organisational performance
 - No, because stringent regulatory requirements prevent transfer landlords from replacing welfare-oriented with business-driven policies

Figure 5 - Eviction Rates in England by Social Landlord Type



Impact on Housing Stock Condition



- Rent guarantees in practice sacrosanct
- Only two pre-1998 transfer HAs failed to meet investment promises on time
- At least a fifth exceeded investment promises
- But...public sector costs possibly greater than if investment channeled directly through LAs and programme delivered with equivalent efficiency

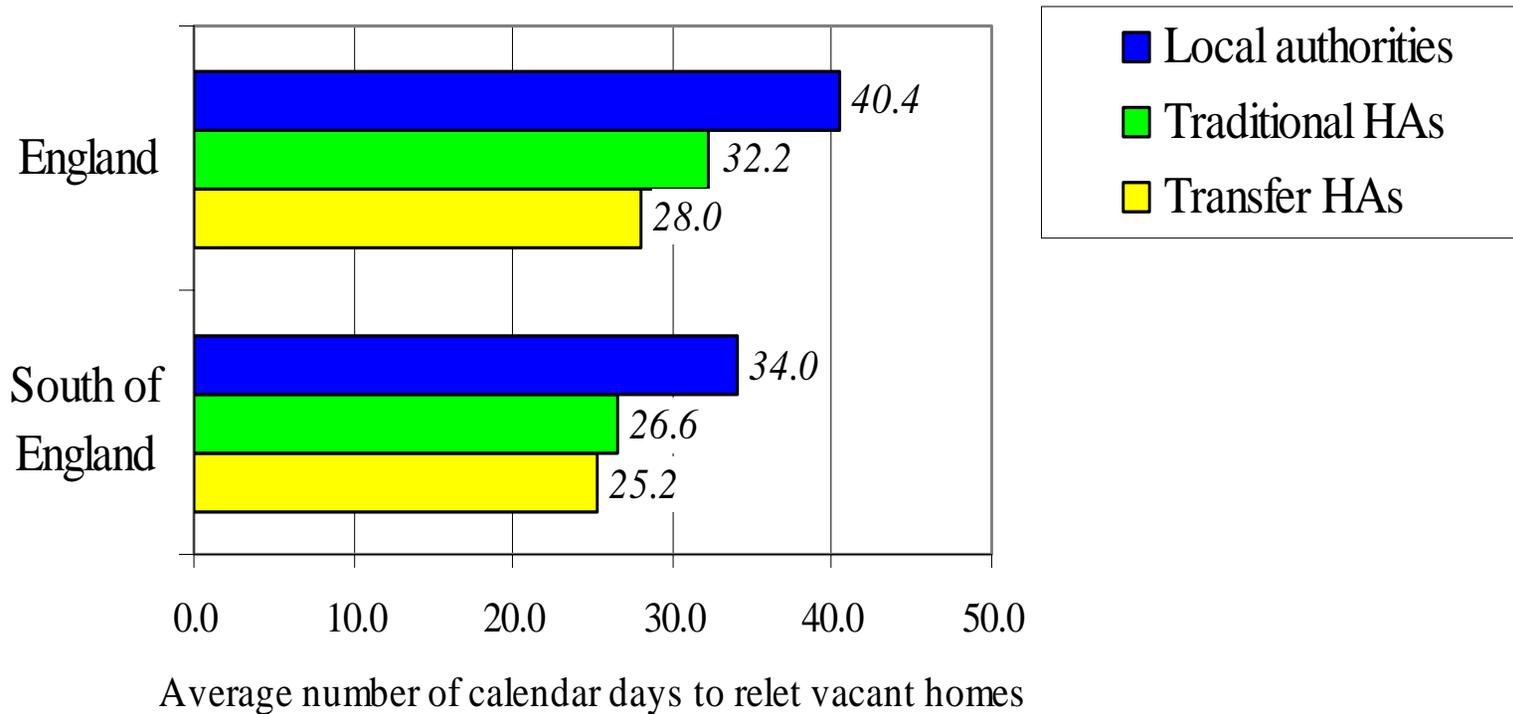
Differences from 'traditional HAs':

- a stock profile in terms of age, type and design
- particularly close ties with local authority founders
- substantial tenant participation in governance
- locally-focused activities
- a growth imperative resulting from stock erosion due to (preserved) RTB sales
- a longer-term potential to generate very substantial financial surpluses

- Less hierarchical and more inclusive than LA landlords
- Much wider staff ownership of corporate goals
 - 69% 'understand organisational objectives' compared with 38% of LA staff
- Staff more highly valued than in LAs
 - 43% 'believe new organisation provides better training opportunities' – 13% take opposite view
- Typically providing a more demanding, yet more rewarding work experience

- Tenancy rights – creation of two tier system with pre-transfer tenants enjoying enhanced rights
 - rents (especially in first 5 years)
 - RTB
- Rent guarantees honoured – and rents henceforward centrally controlled in any case
- Greater organisational accountability
- Improved management performance?
- More consumerist approach?

**Figure 6 - Social landlords in England Compared:
Average Relet Interval, 2002/03**



- In terms of stock condition, yes. But...
 - whether achieved at lowest cost to taxpayer uncertain
 - unlikely to be economically or politically feasible in certain areas
- In terms of the culture of social housing, yes, especially in terms of:
 - focus on asset management and business plan targets
 - tenant involvement
 - managerialist and entrepreneurial tendencies
 - single-minded focus on defined housing service objectives
 - inclusive and non-hierarchical approach to staff management
- Organisations subject to regulation but insulated from central government control