

Thesis
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Voluntary Housing Transfer in Scotland

A Case of Policy Emergence?

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By

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Abstract

This thesis examines the voluntary transfer of housing stock by Scottish local authorities between 1986 and 1997, under a Conservative Government. The study sought to identify who had transferred what, why and how, employing a multi-theoretical approach and a range of concepts from policy studies to investigate rationality and opportunity in policy-making.

The study used quantitative methods to define and establish the incidence of transfer, which was found in two forms: as partial transactions, with and without subsidy; and as privately financed disposals of whole stocks. Similar volumes of transactions were found in Scotland as in England, though on different terms and affecting fewer houses. Qualitative methods were used to explore the decisions, actions and capacity of people involved in voluntary sales of tenanted housing to other landlords. Key actors included tenants and community activists, politicians and officials in councils, government departments and agencies.

The thesis argues that transfer in Scotland was the product of local responses to two key developments. One was accumulated financial constraints; the other, particularly affecting partial transfer, was the use of financial and organisational incentives, secured with ministerial acquiescence. Although government was ultimately responsible for both developments, it neither planned nor anticipated their consequences; it was often ill-prepared to respond to local initiatives, partial and whole; and it failed to understand or monitor the consequences. Most Scottish councils ignored whole stock transfer in 1996, when it came to be actively promoted by Conservative politicians.

Paradoxically, while organisations representing institutional interests in council housing vocalised opposition to stock disposals, their constituent members took action to transfer ownership, with the conflicting values of local incumbents accommodated by stealth. Transfer was later legally structured, when an afterthought from English legislation accidentally turned power relations upside down, making ministerial consent conditional on demonstrating lack of tenant opposition. Senior officials played a consistently critical role in initiating, brokering, frustrating and nourishing local negotiations. This study demonstrates the particular significance of local action in policy-making, allowing transfer to emerge in response to wider constraints determined at the centre.

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Glossary

Abbreviation	Explanation
CBHA	Community Based Housing Association – a term which applies to registered housing associations, mainly in urban settings in the west of Scotland.
CCT	Compulsory Competitive Tendering first introduced to white collar public services in the late 1980s and to housing management in 1992. Its introduction was delayed in Scotland until after LGR and then became Best Value.
CIH	Chartered Institute of Housing, the professional body for housing in UK with separate offices and committee for / in Scotland.
CoSLA	Convention of Scottish Local Authorities which brings together all local authorities in Scotland, even before LGR.
DCF	Discounted Cash Flow, a system of estimating the long-term cumulative value of assets, based on estimates of income and expenditure over time .
DETR	Department of Environment, Transport and the Regions: one of the many names of the relevant government dept for housing in England. Earlier known as the DoE (Dept of Environment), and later as the DTLGR (Dept of Transport, Local Government and the Regions) and most recently ODPM (Office of the deputy Prime Minister).
ERCF	Estates Renewal Challenge Fund – a short life subsidy fund administered by the DETR between 1996 and 2001 to support councils to transfer estates to alternative landlords.
GGE	General Government Expenditure, a measure of current government spending.
HAG	Housing Association Grant, a subsidy administered by the HC, HCiS and Scottish Homes. Originally it started out as a generous deficit grant mechanism. From 1989 it came to respond to targets set by others with targets set to fall and leverage of private borrowing to rise accordingly.
HB	Housing Benefit for which all tenants are eligible provided their household income and rent meet the eligibility criteria. The subsidy is funded by the Dept of Work and Pensions (formerly DSS) and administered by local councils.
HC	Housing Corporation – a government agency set up in 1964, with a Scottish operation from 1974 (known as HCiS) funding and supervising housing associations. HC has continued to exist in relation to England only since 1988/9.
HCiS	See HC above. The Scottish activities of HC were given to a new separate agency Scottish Homes under the Housing (Scotland) Act 1988.
IDS	Industry Department for Scotland, the department responsible for the Scottish New Towns.
LGR	Local Government Reform, which was proposed in principle in 1990/1, in detail as unitary local government in 1992 with legislative proposals in 1993 and implementation from April 1996. It made all Scottish mainland authorities into unitary councils dismantling the previous system of district and regional councils.
LSVT	Large Scale Voluntary Transfer, used mainly but not exclusively to refer to whole stock transfers by English councils.
NHF	National Housing Federation, representative body for housing associations (or RSLs) in England.
NPV	Net Present Value, the output from a TMV (below) .
PSBR	Public Sector Borrowing Requirement, a measure of borrowing by government and governmental bodies, including councils but not including housing associations (RSLs).
RSL	Registered Social Landlord, a term first used in England in the mid 1990s and then under statute in the (English) Housing Act 1996 to refer to housing associations and other landlords
RTB	Right to Buy, a right for sitting tenants to purchase their own home at a discount, much used by public sector tenants after it was first introduced in 1980. It generated capital receipts, which in Scotland were permitted to be 'recycled'. English councils were prevented from using their receipts.
SE	Scottish Executive, the name for the former Scottish Office (SO - below) from 1998 including Ministers (MSPs elected to the Scottish Parliament).
SO	Scottish Office, the name of the devolved administration of Scotland under the auspices of the Secretary of State.
SSHA	Scottish Special Housing Association, unusually a state sponsored and statutory association first established in 1937, wound up in 1988 with its assets and operations transferred to Scottish Homes.
SFHA	Scottish Federation of Housing Associations, representative body for housing associations.
TMV	Tenanted Market Valuation, a specialised model derived from DCF principles.
VTHA	Voluntary Transfer Housing Association, an informal name given to the first crop of associations emerging from LSVT (above).

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Chapter One

Introducing 'Stock Transfer'

In the summer of 2001, the Scottish Executive published a publicity leaflet, 'Community Ownership in Scotland – the Facts and the Figures', showing over half a million houses 'transferred' so far by various public sector landlords across England and Scotland. The homes formerly owned by public landlords had passed to Registered Social Landlords (RSLs) in something called 'Large-Scale Voluntary Transfer' (LSVT). Around 65,000 of these houses were in Scotland (and half in Glasgow alone).¹ These 'facts' and 'figures' were pulled together following a government commission to disseminate the research evidence about the benefits of transfer (Scottish Executive, 2001). The leaflet lies at the popular end of a discourse chain about stock transfer, called 'Community Ownership', aimed at reassuring and persuading people to support future transfers to new landlords.

The leaflet sought to reassure its audience (of tenants, staff, councillors) by accentuating positive outcomes, gauged by ballot success, value for money, guarantees on rents, tenant satisfaction and general improvements in staff morale. The leaflet, published by a Labour government in Scotland specifically commented:

The policy of transfer has not led to large scale job losses and has generally provided staff with enhanced career opportunities and job satisfaction.

Scottish Executive, 2001: 1

This implied there had been a 'policy' of transfer, which had 'delivered' many reassuring and satisfactory outcomes. This statement appeared ironic considering that most of the transfers were completed before 1997 when the Labour Party was publicly opposed to transfer. In its 1997 election manifesto, Scottish Labour undertook to stop housing stock transfer by councils from being compulsory and committed itself to tenant control of housing (Scottish Labour Party, 1997). Again ironically, anecdotal evidence during new Labour's first term suggested that many councils were coming to regard new Labour proposals as closer to representing compulsory stock transfer than Conservative appetite for voluntary stock transfer during their time in office. This ostensibly simple government leaflet about the 'facts' therefore reveals some of the paradoxes in 'stock transfer' in Scotland, which are at the heart of this thesis.

Although it is far from clear that Conservative central government promoted voluntary stock transfer as such in Scotland before 1996, in practice both Tory and Labour politicians have supported transfers. Indeed some MPs and MSPs argue that new Labour's housing policy at the end of the twentieth century is in fact Conservative policy (Curry, 2000; Harding,

¹ The leaflet is reproduced in full at Appendix One. It was commissioned by the Scottish Executive in December 2000. The timing was important as at least three councils - including Glasgow - were due to ballot tenants in the course of the next 12 months.

2000). Future studies might usefully examine how Labour succeeded in driving more councils into considering transfers within a few years of coming to office, than ideologically-minded Conservatives seemed able to achieve in the preceding 12 years. Though others may be concerned with how Labour shifted its stance, the primary concern of this thesis is with the nature of policy in relation to stock transfer under a Conservative central government, prior to May 1997, when many Scottish councils transferred estates to other landlords. If 'policy' is documentation outlining a programme with objectives, resources and targets, then stock transfer policy was only adopted by the Conservatives in Scotland after most transfers were completed, paradoxically by Labour councils seemingly opposed to transfer. This impels an examination of the meaning of 'policy', focussing on concepts and processes to explain:

- Whether transfer has been 'policy';
- Whose policy it was and why;
- When it came into operation and on what terms;
- What form it took and what constitutes implementation.

In the absence of a clear document of policy origin, this study used competing theories about policy-making, the specialist housing literature, and original data to establish whether and how stock transfer 'policy' might be said to emerge. Before we return to these issues in more detail, the terminology of transfer warrants some consideration.

Boundaries and Definitions

There is little doubt on the ground in Scotland that transfers have taken place, yet this is barely recognised in the housing policy literature at the UK level. Most contemporary housing literature shows extensive LSVT in England, contrasting with one transfer in Scotland, though one textbook mentions lots of small disposals to community-based landlords in Scotland (Harriott and Matthews, 1998). This difference of perspective may be a matter of timing of transfer, but also raises more fundamental questions about the definition of social phenomena. Housing researchers are urged not to take for granted policy-driven facts or definitions (Kemeny, 1992). The government leaflet (above) referred to Community Ownership without defining what 'community ownership' is or what is meant by 'transfer' – of what, to whom, when, where, how or why. This prompts consideration of what constitutes 'transfer' and 'community ownership'.

'Community ownership'

Arguably, stock transfer originated from a Labour-controlled council, under the rubric of 'Community Ownership' (Nicholson *et al*, 1985; Clapham, Kintrea and Whitefield, 1991). Since 1997, Community Ownership and New Housing Partnerships have become banner headlines for New Labour housing policy in Scotland (Scottish Office, 1998; Scottish Executive, 2000). On the ground in Scotland, Community Ownership is often indistinguishable from stock transfer, and indeed the Government's own publicity leaflet (above) conflates the two, using the terms interchangeably. However, leaving aside current

uses of the term, 'Community Ownership' was the name of a category of government subsidy, administered by a government agency and spent by associations buying up former council housing during the early 1990s (Taylor, 1996b). That is how it is used in this thesis.

'Transfer'

There is no single, still less official, definition of stock transfer: those involved in different streams of transfer emphasise different dimensions as important. At its simplest it is a sale of assets (properties and homes) in which people live. Transfer is thus provisionally defined as follows:

Working definition of stock transfer

*the disposal of tenanted, rented housing by a public landlord
to an alternative social landlord, usually voluntary²*

There are many subtleties and variations beyond this broad definition – concerning the profile of sellers and buyers, and the terms of transactions.³ Such definitional matters are more than mere semantics and are explored later in this thesis in the context of quantitative data collection (primary and secondary) and analysis. A definition was imposed on data collection in Scotland, to create a robust dataset. However, particularly in analysing secondary datasets on English (and other Scottish) transfers, different interpretations of transfer can be derived based on government records (or 'policy facts'). Moreover, qualitative methods have been used to identify the characteristics which respondents saw as important to a definition of stock transfer (see Appendix Two). This allowed a fuller and more refined definition to be produced later, based on empirical evidence.

In the absence of an official or operational definition, the term 'stock transfer' has been used in practice to refer to all manner of transactions in Scotland, which makes monitoring unnecessarily complicated, inconsistent and unreliable. Scottish Homes and New Town disposals of rented housing were conducted simultaneously on different terms. That they were all called 'transfers' may have served to confuse popular, professional and political debates about the terms and conditions surrounding disposals and complicates study of policy about transfer. Definitions are thus all the more important, at least for research, even if policy-makers resist such clear definition.

'Large scale'

The term large-scale voluntary transfer (LSVT) is used in the Scottish Executive leaflet to cover a range of transfers on different terms and conditions, mixing transfers on different

² *Voluntary landlords are constitutionally private with not for profit objectives, and are generally regulated by state agencies.*

³ *These affect the purpose of the sale, whether it is compulsory or not and the proportion of the seller's stock. The variations affect the value, the price, any subsidy or 'dowry' funding, the level of occupancy, the profile of tenants and their living conditions. It also affects the characteristics of the destination landlord body and tenants' role in the new governance arrangements.*

scales by local authorities and Scottish Homes (not including New Towns). Though the word 'transfer' first appears in a major report on housing in Glasgow (Grieve, 1986:8), the term LSVT originated in England in the early 1990s and has come to be used as a shorthand for transfer generally. Even though LSVT stands for large-scale transfer, the average size of transfer (in Scotland) is small though some individual cases indicate the larger end of the spectrum.⁴

This thesis avoids the term LSVT where possible: preferring the term the whole transfer. Sellers sold their entire rented housing stock via LSVT, mainly in England, and one transaction in Scotland (Berwickshire). The alternative to whole transfer is partial, referring to those disposals where only part of the stock is sold – mainly, but not exclusively, in Scotland. This thesis thus refers to whole and partial transfer and the importance of the whole versus partial distinction will become clear in examining the data on England and Scotland respectively in Chapters Five and Six. These reveal the contradictory trends running concurrently in English and Scottish housing policy during the 1980s and 1990s.

'Voluntary'

At this stage, the use of the word 'voluntary' warrants some attention as part of the central paradox. The 1980s seemed to be dominated by statutory privatisation by the Thatcher government (Marsh and Rhodes, 1992). In housing, the Right to Buy was compulsory in allowing individual tenants to buy their own home, against the landlord's wishes. Statutory or compulsory disposals involving multiple properties for rent were limited to a handful of (high profile) situations:⁵ the New Towns (on wind-up of the Development Corporations); a handful of Housing Action Trusts (HATs) in England; and Tenant's Choice. The latter came out of controversial legislation in 1988, commonly presumed to be the basis for all transfer. Scottish legislation gave individual tenants the right to transfer the ownership of their home to another landlord (Tenant's Choice). The arrangements (Tenants' [sic] Choice) were collective in England, though critical differences between these mechanisms were not clearly distinguished at the time (for example, Midwinter, Keating and Mitchell, 1991; Malpass and Murie; 1990).⁶ In the absence of compulsion, most transfers were thus voluntary for the disposing landlord, subject to tenant consent and, in turn, to ministerial

⁴ The breakdown shows 90 LSVTs from Scottish Homes stock (over 40,000 homes) and almost double that number - 182 LSVTs of local authority stock but half the number of homes - over 20,000. The average size was 239 homes.

⁵ Compulsory transfers were not a resounding success as discussed in Chapter four. In all five Scottish New Towns, local Labour councils won majority tenant support in competition with 'private' landlords, whilst other neighbouring Labour authorities were transferring parts of their stock to such 'private' landlords (Muirhead, 1997).

⁶ Different mechanisms are contained in the different legislation north and south of the border, using the same name. Scottish Tenant's Choice allows individual households to control decision-making in relation to their own home. Under the Housing etc (Scotland) Act 1988, an individual secure tenant has the individual right to transfer the ownership of their particular home to another landlord - and retain their tenancy of that home - against the wishes of their current landlord, as long as the new landlord is 'approved' by Scottish Homes. The scheme was also known at the time as Pick a Landlord or Pick a Tenant, according to one's point of view.

permission.⁷ Eventually ballots were adopted to demonstrate tenant consent but many of the original transfer transactions were conducted without ballot (Clapham, Kintrea and Whitefield, 1991).

Bodies with an interest in council housing clashed spectacularly in public exchanges over issues of principle, as we shall see shortly. For now we can note that housing stock transfers here are taken to be voluntary in the sense that they were initiated by the landlords, without statutory coercion. Later chapters will show that in Scotland it was, paradoxically, Labour councils which 'voluntarily' transferred housing stock, using generous government resources, in spite of oft-stated opposition to government policy. Since this paradox is not reported in the literature, this thesis explores how it was possible.

Council Housing as an Institution

Stock transfer is of huge potential significance in reconfiguring the role of the state in British housing provision, with 'Community Ownership' policy potentially removing all remaining housing in Scotland from council control (Scottish Executive, 2000). However this study seeks to be of historic value in being about the origins and development of policy, which may help to determine the shape of housing institutions in Scotland in the 21st century. Using a perspective from Lane and Ersson (2000), to which Chapter Two returns, institutions are underpinned by rules - laws, procedures and guidance, and by beliefs and practices. They are thus more than mere organisations though the responsible bodies look after their assets and their people, both producers and consumers, who in turn protect the institution. British council housing is arguably such an institution.

The opportunity for councils to build, own and manage housing was established incrementally before 1919, when legislation created a national mechanism for state housing provision. The 1919 Act gave all municipalities legal power to build and manage housing, with central government providing financial assistance (Hughes and Lowe, 1991). Though the assistance was designed to be temporary, governments since that time have continually offered subsidy, with strings attached, to support a plethora of different initiatives. Provision of council housing was democratically controlled, managed without profit, allowing councils to combine powers and incentives to suit local circumstances (Cole and Furbey, 1994). Councils were not generally prescribed to act in particular ways until the 1970s when government starting imposing requirements: to prioritise allocation to homeless people, to

⁷ Later chapters and appendices show the full picture and its origins but in brief a council has the power to decide to sell any of its houses to another body and, unless the houses are surplus to requirements, the authority must seek the Secretary of State's consent. Where the relevant houses are occupied by tenants, the Secretary of State expects to be satisfied that affected tenants have been consulted and that a majority of tenants is 'not opposed'. The expectation of evidence of majority consent is contained within a government 'Information Paper' (SDD, 1988). Tenants do not have a statutory right to be consulted about proposals by their landlord to transfer ownership to an alternative landlord. In 'voluntary transfers', the burden of proof of majority consent is on the selling landlord: this means that in practice, councils do consult tenants about the future ownership of their homes, through secret postal ballots conducted under the auspices of the Electoral Reform Society. After July 1999, the First Minister in the Scottish Executive became responsible for consent as housing became a devolved matter under the Scotland Act, 1998.

charge 'reasonable' rents, and to sell to sitting tenants (Balchin, 1995). Such rule changes dramatically increased constraints on councils' housing operations.

Although council housing afforded its beneficiaries a degree of comfort and security (AMA, 1985; Cole and Furbey, 1994; Rodger, 1989), the core of the institution has been substantially eroded in recent years. Factors include three groups of changes, as part of changes in the political environment. First the legal structure of tenure has changed through the Right to Buy (Malpass and Murie, 1999); secondly, public resources have declined steeply due to the deliberate, removal of central government subsidy and increased reliance on private funding (Balchin, 1995; Gibb, Munro and Satsangi, 1999). Thirdly, the value and social standing of the council tenancy has changed affecting perception and identity (Kemp, 2000). These provided the context for stock transfer in the late 1980s. By 2000, stock transfer in England had taken half a million council houses into the voluntary sector. Thus council housing, as such, no longer exists in some areas, with one in four councils having transferred their entire stock to new landlords (Perry, 2001).

Council housing in Scotland featured particular characteristics due to different local political perspectives on housing, and later contributing to those local perspectives (Rodger, 1989; Devine and Findlay, 1996). Reference to housing in public policy texts remains dominated by an increasingly outdated perception of Scotland as a nation of council tenants (Brown, McCrone and Paterson, 1996; Devine and Findlay, 1996). Certainly most councils built more housing than their English counterparts, especially post-1945: by 1981 around 58% of the Scottish population lived in council housing, with local variations (Rodger, 1989: 11). Claims of residualisation of council housing in Scotland, could be contested based on the fact that in some areas (until relatively recently), some local councils owned over 90% of the local stock (Currie and Murie, 1996: 26). Overall however, sales to sitting tenants had considerable impact in Scotland from 1980, (relatively greater than in England), eroding council dominance of housing though leaving a higher level of council ownership than in England (Currie and Murie, 1996).⁸ Where councils in Scotland developed and managed much housing during the 20th century, the notion and role of council housing increasingly came into question, both financially and ideologically.

Conflicting Stances

The Conservatives' policy commitment in 1979 to home ownership, giving tenants rights to purchase their individual home at a discount (henceforth referred to as the Right to Buy - RTB), was thought to have helped win at least two elections (Thatcher, 1993). Experience of rising rents and increasingly generous discount rates provided financial catalysts for many tenants to switch tenure. In preparing for a third term in 1987, the Conservatives seemed anxious to wrest more housing from municipal control, as revealed in the following quote from the Scottish Housing Minister in public correspondence with CoSLA and Shelter:

⁸ See <http://www.scotland.gov.uk/stats/bulletins/00019-00.asp>

If run down areas of council housing are to be given a new direction, it can only be by breaking up existing council monopolies and diversifying ownership and management ... [Councils] should give up exclusive control which they exercise over large areas of housing ... In a modern diverse society, it is necessary to harness the efforts of all available agencies, public and private, in creating a worthwhile environment in which people want to live.

Michael Ancram, Scottish Housing Minister: Scottish Office press release April 1987

The legal mechanism for achieving change in Scotland was a new set of property rights called Tenant's Choice (see above), which enjoyed a controversial reception (Midwinter *et al*, 1991; Tulloch, 1998). Formal tenant opposition came from organised groups, notably the Scottish Tenants' Organisation (STO) (Nicholson, 1990), who argued that tenants could choose between

...staying in council housing, which is starved of resources, where rents are to be put up and repairs or improvements aren't carried out; and moving to another landlord where the tenant is told they could get repairs done and their houses improved sooner. That is the kind of "choice " tenants are faced with.

Scottish Tenants' Organisation, 1988: 10

STO referred to new ballot practice in England noting, with some satisfaction, 'successful rejections' by tenants, notably in Peterborough New Town. Further quotes encapsulate the depth of organised tenant opposition to private involvement in council housing:

When we as tenants look at the contents of the new Housing laws and the brutal attacks on our rent levels and security of tenancies we can be left in no doubt that this government is intent on forcing us into the private sector... this government is intent on the reduction of housing in the public sector: we cannot allow this to happen ...

Scottish Tenants' Organisation, 1988: 2

The Tories believe that public housing is badly managed and that rents are too low! They claim that housing problems can be solved by 'market forces'... Those of us who remember Rachmann would disagree.

Scottish Tenants' Organisation, 1988: 18

Most councils and their representative body (CoSLA) were also formally opposed to government policy in many spheres, not least in housing policy, but without referring to transfer, still less campaigning against it.⁹ For example, a joint campaign between CoSLA and Shelter before the 1987 election protested mainly about cutbacks, arguing for reinstatement of resources:

⁹ A review of CoSLA campaign, research and policy publications in 1988 showed 11 out of 17 focussing on housing.

The current lack of investment means that existing houses are becoming run down. If the government doesn't take action soon and recognise the important contribution that council housing makes to the community then we will be witnessing the creation of a second rate housing sector... Councils are striving to maintain ... services despite government cutbacks.

CoSLA 1987a: 3

These stances might have meant that there were no transfers in Scotland, as is commonly perceived to be the case. This study shows the extent of decision-making to sell council housing, on different terms to England, though with only one transaction of a type recognised in England. The paradox addressed in this thesis is that it was local defenders of council housing who took action to conduct transfer in Scotland without trumpeting or fanfare; moreover just as central government publicly promoted stock transfer, local transfer activity evaporated.

Rationale for Transfer in Scotland: Impediments and Incentives

If the existence of council housing can be seen as voluntary, based on local action in response to resource opportunities determined by central government, then arguably its disappearance through stock transfer differs little. Textbook explanations for transfer dwell on the financial and administrative arrangements for English councils which pursued transfer, arising from legislative change in or after 1988 (Malpass and Williams 1997; Harriott and Matthews, 1998; Cowan and Marsh, 2001). Most point to transfer as LSVT, driven by ideologically-minded Conservative councillors and opportunistic managers escaping from resource constraints. Most explanations neglect political differences within England in representing transfer as a Tory phenomenon in leafy suburbs (Harriott and Matthews, 1998). Such explanations have limited application north of the border, and perhaps even within England. Material differences in the culture, structure and mechanisms of the Scottish arrangements are not usually reflected, even in housing literature which purports to analyse events at the UK level (Cole and Furbey 1994; Balchin, 1995; Malpass and Williams, 1997; Harriott and Matthews, 1998; Cowan and Marsh, 2001). Unfortunately, the wider literature about Scottish government and public policy commonly pick up on such sources, thereby losing opportunities to explore policy which might be 'concurrent' (Midwinter *et al*, 1991). This thesis seeks to reveal the contradictory and parallel nature of transfers in the two jurisdictions.

Successive waves of resource cuts to public housing in Scotland certainly mirror developments elsewhere in the UK (Currie and Murie, 1996; Gibb *et al*, 1999). However, Scottish councils' use of capital receipts was not so tightly circumscribed as their English counterparts (Gibb *et al*, 1999) and rental subsidy mechanisms were critically different. Resource cutbacks affected expenditure in capital and revenue budgets. While council resources were squeezed, assistance to the private sector was protected, even increased. Moreover, government agencies were relatively generously funded, to distribute subsidy to

registered housing associations.¹⁰ These included new, tenant-controlled landlords owning former council housing (Robertson, 1992), following the first British transfers, initiated in Glasgow in 1985/6 (Ospina, 1987; Clapham *et al*, 1991).

If transfer was a Tory council phenomenon, there were few candidates for disposal in Scotland. In the 1980s and 1990s, councils were increasingly controlled by parties opposed to the Conservative Government (Kellas, 1994). Conservative electoral success was waning in the early 1990s: there were barely enough MPs to staff the ministerial posts in the Scottish Office (Lynch, 2001). Even after a slight upturn in 1992, the Conservatives' poor support in Scotland left them high and dry as a minority central government pursuing English policies out of touch with the policy elite and public opinion (Brown *et al*, 1996; Lynch, 2001).

The Conservatives promoted the Local Government etc (Scotland) Act, 1994 to achieve the comprehensive reorganisation of local government in Scotland into 32 single tier authorities. There was little evidence of a coherent boundary rationale and critics accused the Conservatives of gerrymandering (Midwinter, 1995; Brown *et al*, 1996). However, where the Conservatives controlled six district councils after the 1992 council elections, by 1995/6 (post-reorganisation), they had none. Most councils were Labour-held before the 1995 elections: most of the new authorities were controlled by Labour too.¹¹ Councillors elected in April 1995, continued to argue for more investment in deteriorating council housing while awaiting the arrival of the cavalry in the form of a Labour government which might save them after the next general election. Conservative Housing Ministers missed few opportunities in what became the final throes of their administration to press on councils the advantages of stock transfer. For example,

I think stock transfer is the way forward for the housing stock. I do look to a time when council housing is a thing of the past. I am willing to facilitate [stock transfer] and streamline the procedures ... If [councils] want to protect their empires, you have to ask them why they are choosing that over an investment opportunity.

Raymond Robertson, Minister of Housing: interviewed for Scottish Housing Monitor, 1996

By 1996, district councils in Scotland mainly under Labour control, had quietly transferred stock to other landlords, creating small new tenant-controlled bodies in peripheral estates with poor quality of life, to refurbish and manage rented housing. They had been supported by generous grants channelled through the government's agency (Clapham *et al*, 1991; Taylor, 1996b; Graham *et al*, 1997). One district council under Conservative control prior to reorganisation had transferred all its stock by 1995, the year before draft government guidance on transfer was issued. By 1996, after reorganisation, little or no housing was

¹⁰ Such bodies are increasingly known as Registered Social Landlords RSLs. The relevant government agencies were the Housing Corporation in Scotland (HCiS) until 1989, thereafter known as Scottish Homes (SH) – see Chapter Seven.

¹¹ *The Scotsman*, 6 April 1995.

being transferred on any scale by the unitary successor councils. Meanwhile in England, Conservative-controlled shire districts were selling wholesale out of rented housing provision and sales were reported to generate huge cash receipts for the selling councils (Mullins *et al*, 1995; Wilcox, 1996).

During the 1990s, government-sponsored bodies in Scotland were involved in heated discussions about transfer. Scottish Homes' disposal programme was strongly driven from 1991, and hotly contested at all levels at Westminster, in the media, at public debates, roadshows, local ballots. Simultaneously, plans for statutory wind-up of the five New Town Development Corporations was even more hotly contested. Much confusion around stock transfer came from activities at this time. All of these factors – resources, reorganisation, weak Conservative support - had some bearing on stock transfer by Scottish local authorities before 1997. Issues of interest concern both the presence and absence of transfer. While the financial pressures are largely self-evident, it is not clear how or why some councils and not others responded by pursuing transfer. Nor is it clear how or why councils, largely opposed to government policy, conducted any transfers at all, if this was what the government wanted.

Actions and Decisions: the Meaning of 'Policy'

A survey of councils' 'policies' on voluntary transfer, reported two out of three councils opposed to transfer (Nicholson, 1990). Councils which had 'decided' not to consider transfer, included some where councillors specifically decided on a 'no transfer' policy, whereas some opposition was recorded as 'non-decision-making' (Nicholson, 1990).¹² While 17 councils were considering transfer, only two councils had a written policy and there was a general reluctance to initiate action:

... the majority of authorities adopt a reactive stance responding to tenant-led initiatives, ... to locally based associations.

Nicholson, 1990: 6

The notion of tenant-led initiatives appears spurious given the stance articulated by the body representing tenants' interests and yet as later chapters show, tenants were central to action. In 1989, a transfer Code of Practice simply urged councils to ensure the 'best possible deal' for tenants, involve them as much as possible and protect council access to the lettings supply (CoSLA, 1989). Six years later, a joint Code of Practice devoted considerable attention to the need for balanced, unambiguous and comprehensive information to tenants, in preparation for ballots. It conceded that transfer would

¹² A telephone survey of senior staff showed 17 district councils considering transfers: 33 were reported to be opposed to voluntary transfers through specific decisions taken by the council (7), non-decision-making (10) and 'other' indications (16). The survey of authorities (50 responses) showed those councils which had 'decided' not to consider transfer, but only 7 of those decisions had been formally taken by the council. Chapter Six shows that not all of those willing to consider transfer actually did so (Moray, Gordon, Angus, Ross and Cromarty) and some who had taken no decision or decided against, ended up pursuing a transfer, not always to completion (Hamilton, Argyle and Bute, Kirkcaldy, Monklands).

...continue to be important in future and must be seen to be promoted fairly, representing value for money and being clearly in the interests of tenants.

CoSLA, SFHA, CIH, 1995: 9

Since there was no published policy framework for transfer by 1995,¹³ we must question what constitutes policy and consider the relative significance of formal decision-making by councils. If 'policy' were limited to formal decisions with a clear programme and implementation plans leading to politically sanctioned actions, then disposal by Scottish Homes would make a classic study, as it sold its own rented stock in voluntary stock transfers in just such a strategically managed programme.¹⁴ Scottish Homes transfers indeed underline the way in which 'stock transfer' is understood differently according to local circumstances: later chapters will show how the contested meanings of transfer leaked into each other. However our focus is council transfers, where there is no formal policy for a starting point, even though the processes and terminology are deceptively similar.

In voluntary transfer, process, power and capacity are vital. Decision-making depends on the consent of a majority of affected tenants. Councils could and would not push tenants, faced with high profile tenant hostility. While there was no way of recording opposition, it could nevertheless be made known. Given Labour councillors' assumed dependence on tenants' votes, there was little mileage in deciding to promote transfer with any great fanfare. In the absence of ballots in Scotland until the early 1990s, councils consulted tenants about transfer in more informal ways (Nicholson, 1990). This brings to the fore the basic process for voluntary transfer, which highlights the range of stakeholders, their interests, interactions and power, which are at the heart of this thesis.

Non-Rational Policy?

The account so far indicates conflicting stances and contradictory action in Scottish housing policy, with fewer transfers completed the more the Conservatives promoted the policy: this undermines reliance on rational explanations of policy-making. Other issues of significance emerge, including the ideology about privatisation, the interests of the various players, the nature of communication and power relations between actors. Though there are many dimensions to stock transfer (technical, financial, legal and organisational), political research on transfers by local authorities appears more relevant.

Certain themes already stand out from the discussion. They include questions of clarity about definition and the nature of evidence about transfer, differences of policy and practice within the UK and the relative adequacy of the literature about housing in Scotland. Further

¹³ *The Code of Practice covers homelessness, Community Care, Nominations and Waiting lists, CCT, Benefits and private sector grants. It usually cites reference to relevant acts and guidance. In the case of transfer it cites nothing, though it is the longest section of the Code.*


¹⁴ *Scottish Homes sold mainly to housing associations albeit on a larger scale, while simultaneously distributing government subsidy to fund capital investment to refurbish stock transferred by councils to other associations, and only exceptionally in relation to the stock it was itself transferring to other landlords.*

issues are about power relations between central and local government, and finally the nature of policy itself. The earlier discussion about definitions and boundaries revealed issues about capacity and interests, highlighting the importance of questions about whether there was a policy on transfer, whose policy it was, when it came to be, what form it took and how it may have been implemented. As suggested by Lasswell (1950), these questions can be summed up as the who, why and how of stock transfer in Scotland.

Clearly we need a definition of policy in order to proceed. The literature suggests various different possible types of study, focussing on any of the following: content, process, output, evaluation or advocacy, though probably not all of these at once (Hogwood and Gunn, 1984). Policy analysis takes many different forms, some of which are retrospective about policy - of policy; and some about policy to come – for policy. We now set aside any further reference to the latter since the focus here is historic, of policy. Further, the approach here is purposely more about transfer as process and output, rather than policy content.

Theory of policy 'for the real world' indicates policy as a process, consisting of nine stages each following the last in a logical sequence, shown overleaf.

Nine Stages In Rational Policy Process

- 
- Deciding to decide*
 - Deciding how to decide*
 - Issue definition*
 - Forecasting*
 - Sifting objectives and priorities*
 - Option analysis*
 - Implementation monitoring and control*
 - Evaluation and review*
 - Maintenance succession and termination*

Source: Hogwood and Gunn, 1987: 4

This model assumes that implementation is what councils do within a framework of policy set at the centre. British institutionalist policy theory is often predicated on such rational decision-making with formal, documented decisions. As Chapter Four will show, housing studies often take government objectives as the reference point for policy study, implying a top-down and linear view of policy starting with central government's aspirations, enacted through legislation. For example, housing research under the heading of implementation assumes that a policy framework is already clearly defined by the preceding stages (issue definition, sifting objectives and so on) (Malpass and Means, 1993). However, a government Information Paper (SDD, 1988) and occasional ministerial speeches hardly provide a robust framework for transfer as the preferred policy of central government in Scotland; nor does

guidance (SODD, 1996a), appearing years after completion of many transfers and quite different from previous practice. The circumstances in Scotland are thus not conducive to a rational account of policy and so it could be argued that research cannot examine implementation per se.

As Chapter Two will show, there are other explanations of policy and implementation: no one, prior definition of policy has been applied in this case, permitting a more open approach. At its loosest, policy can be taken to mean a web of decisions and / or action (Easton, in Hill 1997a) or non decision-making and its consequences (Bachrach and Baratz, 1963). Such a broad approach has allowed this research to develop so as to gather different types of evidence about the nature of policy. At least two possibilities exist. The first encompasses the possibility of clear policy objectives and planned programmes to support the notion of a linear, staged process driven from the top down by central government (Hogwood and Gunn, 1984). At the other end of the spectrum the second possibility involves gathering evidence to explain policy more effectively as accidental (Kingdon, 1995). Also competing for attention are explanations about 'muddling through' (Lindblom, 1979) and bottom-up accounts with lots of local action but not necessarily formal policy (Hjern and Porter, 1981). Lastly, the thesis draws on ideas about networks and power dependency. These can help to examine the possibility of policy emergence, which seems alien to the study of British policy-making.

Research Focus, Approaches and Method

This thesis focuses on transfers by Scottish councils 1985 – 1997, although other streams of transfer impinge inescapably on transfer during the 1990s (Taylor, 1998a). It does not aim to evaluate stock transfer nor to appraise its impact. The study combines quantitative and qualitative methods covered more fully in Chapter Three. In summary, they have included data collection through a variety of self-completion postal questionnaires, analysis of documents and official statistics, and semi-structured interviews with selected actors. Relevant details are supported by appendices.¹⁵

Investigations started in the mid-1990s out of an apparently 'simple' data monitoring exercise, when it seemed that councils in Scotland were disposing of stock to new landlords but in quite different ways to their counterparts in England and perhaps for quite different reasons and on different terms and conditions. It became important to develop an understanding of these differences, drawn from theory to move beyond unreflexive empirical study (Kemeny, 1992). Moreover, common sense alone may not explain phenomena which remain a puzzle or paradox without theory (Gilbert, 1995). Such a paradox exists here in the form of Scottish Labour-held councils voluntarily disposing of housing, while opposed to

¹⁵ Appendices give details of approaches to data analysis and summary tables, legal references, forms of surveys, the questions posed and showing who was interviewed, their role at the time and since, along with other summary information of their views. The case studies are written up in some detail under a consistent set of headings regarding the origins scale and timing of the transfers in that area, as well as material on imperatives, opposition, key actors and networks. A chronology of key events and the research process are also included among the appendices.

government policy of selling council housing and while being funded to do so by Conservatives intent on cutting public expenditure.

Efforts to maintain a dataset on Scottish transfers using seller and government consent data were intermittently thwarted and disrupted¹⁶ but ultimately successful, providing unforeseen opportunities for analysis and comparison. A quantitative approach allowed the researcher to identify and analyse who disposed of what, to whom when, both in Scotland and in England. Quantitative research can neither explain active transfer by councils opposed to central government, nor lack of transfer by overtly ideological councils. The process of accessing quantitative data (for England and Scotland) was inadvertently revealing about the policy process, enriching more deliberate methods of gathering information about approaches to policy-making. Complementary qualitative research explored how and why (mostly partial) transfers in Scotland were conducted; and why whole transfers were relatively absent.

Quantitative data examination covers England and Scotland until March 2001, exploring typological variety, temporal and spatial dimensions. By contrast, the qualitative analysis of interviews and the primary focus of this study address Scottish experience in the period up to May 1997 when the Conservatives left office. Scottish experience of transfer was the more interesting given the precarious position of the Conservatives in Scotland, and remarkable in light of the leakage into council transfers from other streams of transfer, including England. Focussing on Scotland permits gaps to be filled in the UK housing literature, and on housing in Scottish public policy literature.

In-depth qualitative interviews were conducted during 1998 with some 30 actors, political and administrative (see Appendix Four). Elite actor interviews (in local case studies and at the centre of policy-making) allowed the researcher to learn more about the rationales of different actors at the local scale. Actors included elected representatives and paid officials at the central and local scale, as well as tenants/ community activists. The case studies were five Scottish councils active in transfer at different stages during Conservative central administrations from 1987 – 1997, including an aborted transfer. Interviews and their analysis were structured using criteria gleaned from policy theory, specifically with a view to testing different policy theories and concepts.

This study establishes who conducted transfers, where and when. Using competing political theories, it contributes to our understanding of why and how different institutional actors – agencies and individuals – have used transfer to satisfy their own goals. It thus improves both our knowledge of changes to council housing in Scotland and our understanding of why and how those changes took place. The research identifies the origins and driving forces behind transfers by local authorities in Scotland at different times between 1985 and

¹⁶ Delays arose from restricted access to official consent information, by personnel changes arising from reorganisation and by the researcher's own digressions into policy and practice.

1997, distinguishing two main types of transfer – partial in the early years and whole, where different explanations may apply.

Structure of Thesis

Having set some of the parameters for transfer by Scottish local authorities, the rest of this thesis explores and expands on these themes. Chapter Two moves on to look at the broader policy studies literature on the alternative ways of viewing policy as stance, decisions, action, or process. Explanations fall broadly into two groups – the first emphasising linear, rational policy with central government in control of decisions from the top; the other emphasising accidents and mess, the importance of bottom-up actions and the near impossibility of control from the centre. The chapter concludes by breaking down the central research question into a number of subsidiary questions addressed in later chapters.

Chapter Three discusses in more detail the various methods used to gather and analyse data, and relates these to the nature of evidence relevant to different theoretical explanations taken from Chapter Two, notably the behavioural approach, institutionalism and rational choice. This chapter also discusses reflexivity and the researcher's relationship to the data, as well as the rationale for adopting a case study approach. Finally it considers the value of elite interviews as a research method.

The housing policy literature is reviewed in Chapter Four. It identifies the explanations offered for who or what made transfers happen, focussing mainly on stock transfer in England. This helps to reveal staged conceptions of the policy process and power relations in that process, as far as can be assessed from whole transfers in England, though without any clear analysis of practice to date. It shows the poor coverage of Scottish experience of transfer and the lack of definition of the phenomenon.

Quantitative data analysis of stock transfer is presented in Chapters Five and Six on England and Scotland respectively. Each shows who transferred stock when, where, to whom, on what terms, for what purpose, incorporating original spatial and temporal analysis of data to allow comparison as far as possible. Both draw on complete datasets about transfer, either collected by or on behalf of government departments. Chapter Five (England) differentiates whole and partial transfers and associates transactions and political control in different regions of England. It concludes by exploring possible explanations for cycles and patterns. Chapter Six (Scotland) provides a definition of transfer, challenges the supposed absence of transfer by revealing as many transactions in Scotland as in England but on a smaller scale. The chapter draws out similarities and differences with the patterns in England, to explore the possibility of concurrent policy. It summarises the outcome of transfer preparations for five councils which embarked on transfer (on various scales), including one failed attempt at transfer. It concludes by explaining the rationale for selecting the case study councils.

Chapters Seven and Eight are predicated on an institutionalist approach and consider changes made to rules governing the system of social housing in Scotland. They assess the relative significance of these rules in explaining the presence and absence of stock transfer, drawing on primary documentary sources and interview material with political, administrative and executive actors at the centre of the system, not bound to particular locations. Chapter Seven examines the political and financial situation in 1986, contextualising the origin of transfers before considering legislation in 1988 thought to have structured transfer. In the absence of a clear legal framework, Chapter Eight then examines less formal rules and resource patterns from 1988 – 1997, in an attempt to establish what control central government had over its agents' behaviour. This chapter will show government and its agencies weakening scope for local authority stock transfer during the fourth term, as it became 'policy'.

Narratives from the five case studies provide the basis for Chapters Nine and Ten, drawing on qualitative analysis of original interviews with elite actors at the local scale. Chapter Nine uses the material to examine local rationales and imperatives for transfer, while Chapter Ten shows how transfer worked, or not. It takes a rational choice focus on the policy process examining the role, stance and capacity of different types of local actors (elected, paid, voluntary), bringing out the significance of actions by staff at all levels preceding rather than following decision-making. It also allows us to see how the opposing stances of the different players could be quietly accommodated with each other and the critical role of individual staff in brokering relationships at the local scale.

The final chapter brings together conclusions as to who made Scottish local authority stock transfer happen, how and why. It will argue that different methodological and theoretical approaches complement each other in demonstrating and explaining the paradox of transfer in Scotland. More specifically it will show the weakness of institutional and top-down approaches where there are no clearly stated policy goals, even though a focus on rules can help to understand power relations. Rather, behavioural and rational choice approaches can assist in explaining perverse and contradictory policy outcomes in the form of (non-)decision-making, and (in)action.

Chapter Two

Theorising About Policy-Making

This chapter sets a theoretical context chosen to inform this study of housing stock transfer. It examines a range of concepts used in political theory and policy studies and the way in which these are combined in different schools of thought. Whilst some accounts emphasise linear and rational accounts of the policy process, others talk of 'messy' accidents. In the former, actors at the top determine action further down the line. In the latter, lower level actors exercise effective power through their actions. These can be summarised as top-down versus bottom-up accounts of policy though such terms also apply to different approaches to researching policy.

Particular attention is paid in this chapter to the concept and meaning of implementation. A further salient issue is the significance of power relationships between actors and the networks or policy communities within which actors operate. This chapter contributes to that discussion by exploring alternative perspectives about the randomness of policy. To a limited degree only, the role of the state will be discussed, referring to applications of (neo-)elitist and (neo-)pluralist theory for different research approaches. The chapter concludes by indicating the themes pursued later in the thesis.

Underlying the main theoretical positions are arguments about whether policy theory is universal rather than bounded to particular spatial or temporal settings. Though many existing housing policy accounts indicate stock transfer in general as linear or planned in response to central government policy, this study queries the extent to which this applies in the case of Scottish stock transfers. This chapter primarily explores the literature on policy in the abstract, separate from the stock transfer context, though the opportunity is taken at the end to identify those themes and concepts selected to help elucidate the phenomenon of stock transfer by Scottish councils.

Using Policy Theory

Housing studies commonly focus on policy content or output and critics argue that housing research is seldom theoretically informed (Kemeny, 1992; Malpass and Means, 1993; Jacobs, 1999). As stated in the introduction, the purpose of using theory in research is to help to solve a puzzle or paradox which cannot be explained by mere common sense (Gilbert, 1995). Housing studies has no theory of its own but has the luxury and challenge of deploying theory from a wide range of different perspectives. This has potential to enrich both the field of housing enquiry and whatever discipline theory may be drawn from, including politics (Cowan and Marsh, 2001). Politics is seen as a particularly legitimate and useful filter for housing studies given the critical role of central and local government in British social housing (Kemeny, 1992).

Though policy studies often focus on outputs/ outcomes, such an examination is insufficient to explain decisions and actions. Nevertheless, outputs can provide a good starting point for the study of power, decision-making and actors' rationales (Hill, 1997a). One typology of approaches to policy analysis (Hogwood and Gunn, 1984) features four main types: organisational, procedural (also referred to as 'institutional'), behavioural, and political. The last dominates British public policy studies including housing policy analysis, with a focus on the content of policy while neglecting the production of policy, which is the focus here. We return to the other three approaches in due course.

Policy theory provides the opportunity to explore power and decision-making by bodies with legitimate authority (Marsh and Stoker, 1995). Such bodies include central government, local authorities, government agencies and voluntary bodies regulated by government agencies.¹⁷ Politics promotes the description, analysis and explanation of the actions of actors and their underlying perspectives and values (Marsh and Stoker, 1995). While researchers are cautioned against over-stretching the power of broad generalisation beyond time and space, theory and concepts can be used to underpin the study of policy (Hill, 1997a). Hill suggests that policy studies need to burrow into the nature and exercise of power in particular domains, as well as the translation of policy into action, i.e. implementation.¹⁸ The very notion of theory implies universal application but policy theory appears strongly culturally bound.

American political scientists are preoccupied with policy as a rational process with grand set-piece debates and on the whole such scholars look for normative solutions to problems in the political sphere (Hill, 1997b). British approaches to British (and by extension Scottish) policy are centred on the Westminster model and unconsciously institutionalist, by default neglecting behaviourist approaches (Rhodes, 1997). Yet, the UK or Westminster model may now be redundant partly due to restructuring under the Thatcher and Major governments (Campbell and Wilson, 1998). Meanwhile, British academic policy studies are often theoretically malnourished, even anti-theoretical, focussing unduly on the content of the centre's documented *intentions* rather than the *actions* of the various players (e.g. March and Olsen, 1996; Rhodes, 1997; Hill, 1997b). Defending neo-institutionalism, Rhodes reluctantly accepts the charge of excess empiricism and pragmatism, but challenges behaviourism - the dominant mode of political enquiry in North America - to learn in turn from institutionalism. These two perspectives rarely engage or speak to each other and the approach to policy studies in Europe and North America are premised on fundamentally different values, structures and relationships between actors (Hill, 1997a). Thus while approaches prevalent in USA can be used in a British - indeed Scottish - context, there may be limitations on applicability of perspectives such as behaviourism in a UK context, requiring the exercise of due caution. Rhodes concludes in favour of multi-theoretical and reflexive approaches to policy (to which the next chapter returns).

¹⁷ Such as registered housing associations, or Registered Social Landlords. RSLs.

¹⁸ Later, Hill claimed that implementation was yesterday's issue (Hill, 1997b).

This study takes the point made by Hill (1997a) and Kemeny (1992), that policy 'works' at a number of different levels or layers: policy studies therefore have to make explicit where they fit. This study is firmly rooted in the context of British public policy and as has already been argued in the introduction, the exploration of political dimensions is especially focussed on Scotland, which remains essentially British even post-devolution (Lynch 2001). Very little is written within the UK literature on government and policy about the nature of policy-making in Scotland (Brown, McCrone, Paterson, 1996) and Lynch argues that few policy studies examine the behaviour of pressure groups in Scotland. Though this may change with the advent of devolution, the period under examination precedes the establishment of a Scottish Parliament. This study seeks to make real the aspiration to explain housing policy 'in terms of interaction between wider social vested interests ... and practices and interests of the state' (Kemeny, 1992:48). It therefore examines both the micro level interactions between individual actors in organisations and macro level operations of central government (and its agencies) in Scotland within a UK context.

Defining policy

Before going any further, we must clarify the concept of 'policy' though there are many plausible definitions. Policy is probably not an elephant, although Ham and Hill (1993) suggest that some see it as just that, in the sense that it can be recognised but not defined. Hill argues in later years that government policy is 'like jugglery – if it works, it's policy' (Hill, 1997b: 381). A modern British textbook explanation shows policy having been defined variously in one of four categories: stances, decisions, actions, processes (Hill, 1997a). As these are core building blocks in this thesis, each is now considered in turn.

Stance

Stance relates to the positions adopted by different actors (individuals and institutions) in relation to an issue. Policy as stance is much more about the content of views about a particular arena or field and this characterises much of the policy literature about housing in Scotland at least (Midwinter, Keating and Mitchell, 1991; Robertson, 1992; Currie and Murie, 1996; Brown, McCrone and Paterson, 1996). The content of policy is only of interest in this study to the extent that it is about the different stances taken by different actors and the way these are contested, negotiated, reconciled and accommodated – or not. The introduction showed that at the level of public rhetoric, actors hold fundamentally incompatible ideological positions about the role of the state in housing.

Positions or values have been classified in three categories – Deep Core, Near Core and Secondary Beliefs, in descending order of attachment (Sabatier, 1986). Deep Core beliefs are fundamental ontological axioms held by the actors in question. The issues are of the order of good vs. evil, nature vs nurture or their position on equity in distributive welfare and social justice. Actors are no more likely to change Deep Core beliefs than to convert to a different religion. Actors are less directly attached to Near Core beliefs, in essence strategies for achieving Deep Core beliefs. Near Core change occurs as experience reveals anomalies in a

strategy for achieving a Deep Core tenet. Such experience might be triggered by external events. Sabatier has argued that Near Core beliefs may include policy positions about forms of government intervention in relation to vulnerable groups, use of persuasion as opposed to coercion as tactics for achieving policy goals. Least deeply held are Secondary Beliefs, that is tactics or particular decisions to implement core positions. Such decisions may be about budgets, rules, procedures or performance and are susceptible to being changed relatively easily, particularly as part of organisational policy learning (Bennett, 1992; Hall, 1993).

Though Sabatier's classification was developed around policy elite views, it could be argued that it has wider application. Stakeholders in this study adopt different positions about the institution of council housing in terms of public ownership of assets, coinciding with personal use of space. This highlights the conflict between an ideological position on the one hand and accommodation of physical comfort on the other. Arguably people cannot accommodate others' views on grand ideological questions of property ownership (Lindblom, 1965). Attachment to council housing is commonly assumed to be in the unchanging, Deep Core category of values but such an assumption is challenged in this thesis as we see its advocates taking apparently perverse decisions and action to remove housing *from* council ownership. In so doing it can be argued that they were placing physical comfort and security ahead of tenure attachment in the Deep Core category of beliefs.

Decisions

Policy has been portrayed as a series of interrelated decisions about objectives and how to operationalise them (Hill, 1997a). Not only can policy be conceived as being (more than) one decision at more than one level, it can equally be seen as failure to decide, or avoidance of decision-taking: non-decision-making can be policy too (Bachrach and Baratz, 1963). Non-decision-making relates to discussions about power, manifested overtly, covertly and as avoidance of latent conflict (to which we return shortly). The non-decision-making approach avoids overt conflict by suppressing latent conflict: for instance, the fact that items never reach an agenda may itself be a use of power. Bachrach and Baratz argued that non-decision-making often involves the protection of vested interests and should perhaps be seen as action rather than decision (see below). Crucially, decisions may be taken without implementation being achieved and thus formal decision-making, documented or otherwise cannot be taken at face value on its own as policy (Pressman and Wildavsky, 1973; Sabatier, 1986).

Housing policy involves many different actors with varying relationships and capacity for action, which makes for a degree of mess. This makes Easton's notion of policy as a *web* of decisions and/ or actions rather attractive (Hill, 1997a) because it encapsulates the idea that:

...policy emerges over time, is adaptable and is subject to experimentation and development by different actors in different circumstances and with different intentions.

Hill 1997:7

In the metaphor of the web, non-decisions are as important as decisions in constituting policy and in portraying the complex inter-relationships not only between actors, but within institutions and with other relevant policy ideas around the same time. Potential confusion may reflect the inherent tension between what organisations say and what they do (Brunsson, 1989). The web suggests something which is rather messy, (if not 'policy mess' as such – Marsh and Rhodes, 1992). The notion of policy as a web should prevent predetermined thinking about what methods or theories may be appropriate to examine the policy in question. It also allows the use of a variety of methods, reflecting a pluralist view of policy-making. Actors' stances and decisions are essentially irrelevant without capacity for action, derived from their power and identity (March and Olsen, 1996). These relate to concepts of power and implementation to which we return.

Action

While decisions tell us about policy-makers' intentions, we also need to examine their actions, though the boundary between decision and action is often blurred. A rational model of policy places ideas at the centre of control over action, but Brunsson (1989) showed that the reverse could be true, with action effectively controlling the promotion of ideas. Further, he argued that it would suit managers (or politicians) not to know about what action was being taken in their name, as this liberated them to propound their preferred ideas. Perversely, an organisational gap between policy as intentions (strategy) and action (implementation) can be positively useful to policy-makers (Brunsson, 1989).

Where policy has been depicted as a course of action (Hecl in Hill 1997a), this may or may not be deliberate, or preceded by conscious decisions. Policy-makers can equally choose *not* to act and indeed may not control policy outcomes (Hill 1997a). Although the government was in charge of British public policy inputs, it was unable to control the outcomes (Marsh and Rhodes, 1992). Between the mid-1980s and the mid-1990s, the government changed incentive structures to produce changes in behaviour lower down.¹⁹ Thus the UK witnessed

...centrally induced change producing unpredictable consequences, followed by attempts to gain control of ostensible loyalists seeking to advance their interests through the turmoil.

Hill 1997b: 383

Barrett and Fudge (1981) view policy as being about *actions*, including those of 'street level bureaucrats' (Lipsky cited in Hill 1997a). Observers disagree as to whether action connects with policy-makers' intentions at all, whether consistently, flowing from them, or thwarting them at any given point. This reflects the different, even conflicting, preferences, values and beliefs of political actors and their capacity to act. If policy is action, people may see political action as a manifestation of their identity (March and Olsen, 1996). Institutions are collections of individuals, operating with shared meanings and practices. The collective political identity

¹⁹ It could be argued that the *Right to Buy* introduced in 1980 achieved such radical changes in incentive structures.

of those individuals shapes the institutions and processes of change, though actors tend not to be conscious of this on a daily basis (March and Olsen, 1996). The process of change depends on four grand factors. Firstly, individuals' identity at the outset may be challenged by a changing paradigm. Secondly, capacity to change requires a combination of political will and competence. Thirdly, accounts of events and definitions of political and social phenomena are (re-)constructed in the minds of stakeholders. Fourthly, individuals reinterpret their prior identity as they adapt their behaviour to changing conditions (March and Olsen, 1996). In this case, staff and tenants may have to review their attachment to council housing and thereby may change the institution.

Process

Contrasting with the mess of contradictory decisions and action, policy can be represented as a logical sequence of steps. (Hood, 1976 in Richardson and Jordan, 1979; Hogwood and Gunn, 1984; Sabatier, 1986). It is commonly accepted that conceptualising policy as a linear process assists in comprehending its complexities. However, writers have tended to disagree about what the correct stages are, and about whether this accurately reflects how all policy actors operate, which undermines theoretical claims to universality. For some, the critical distinction is between formulation and implementation of policy, while for others even this distinction is false. A further disagreement is about how problems are defined and arrive on the agenda at all, as opposed to which solutions are selected, when and why.

Accounts such as Hogwood and Gunn (1984) emphasise the linear nature of policy and reveal a highly complex structure of staging. The first attempt (by Easton) suggested a biologically-based systems model for policy analysis, incorporating inputs, decisions, outputs and outcomes (Hill, 1997a). While the Easton model may have been the first to conceptualise policy as a process, the basis on which it did so was considered flawed: over-structured and too contrived (Hill, 1997a). It was not simple or clear what constituted an input and many objections focussed on the impenetrable nature of the 'black box' of decision-making highlighted by the model, but not elucidated by it.

The policy process was first identified as staged or phased in the mid 1970s by Jenkins (Hill, 1997a). A decade later, Hogwood and Gunn defined six stages of policy-making 'in the real world' [sic], featuring problem identification, objective-setting, development of strategy, generation of alternatives, implementation and monitoring (Hogwood and Gunn, 1984). None of the stages was referred to explicitly as 'A Decision', implying that decision-making took place throughout. By 1987, the process of policy making 'for the real world' was further refined, into nine different stages, shown in the introduction (Hogwood, 1987). Implementation constituted merely one step in a linear model involving a degree of iteration: certain stages might be revisited, jumped, or skipped over so quickly as to be relatively insignificant.

The linear model can be criticised for presenting policy as excessively rational, planned and predictable – as though delivering intended outcomes. Other accounts emphasise the policy process as being rather more messy, the art of the possible and thus far from linear, rational

or predictable with implementation being the whole of the policy process (Pressman and Wildavsky, 1973; Hjern and Porter, 1981). Others have argued that policy happens by accident (Kingdon, 1995) or that good policy-making is incremental (Lindblom, 1979).

Kingdon maintained that the two key components of the policy process are agenda-setting and the generation of solutions or policy alternatives. Though attaching importance to a staged process, Kingdon also emphasised individual actors as 'policy entrepreneurs' in taking action to highlight (or suppress) issues and link problems with solutions. Particularly at the agenda-setting stage, he argued, action would contribute to policy, as a prelude to formal decision-making, rather than following it. None of the possible stages in the process represents a watertight compartment, which means they can leak from one to another. Thus, for example, policy-makers may not know the detail required for translating policy into practice, even though prescriptions for perfect implementation tend to suggest otherwise (see below). Equally, those responsible for 'delivering' policy may seek to change the policy – whether to make it work, to suit other (own) purposes or because they did not fully understand what was intended (Barrett and Fudge, 1981; Hudson, 1993). Arguably this is the nub of the impenetrable black box to which Easton's critics referred and indirectly emphasises action.

Nevertheless, it can be useful to conceptualise the policy process as staged. Even though each stage carries different significance from one policy episode or arena to another, contingent on a variety of independent variables (Hill, 1997a), breaking the process into stages assists abstraction about policy development. The greatest utility of a linear conception of the policy process may be as an heuristic device for examining particular policy scenarios even if such a process is of limited value as a universal explanation of all scenarios.

So at this stage we can establish that the very concept of policy is contested. It is probably safe to say that research cannot point to policy simply by finding a document labelled 'policy', with formal, visible decision-making, preceded by explicit problem identification and generation of alternatives, followed by consistent coherent adherence to rules. Indeed even if there were a document which contained objectives, a strategy and framework for action, its existence would not confirm that anything had been achieved, or that particular actions or events resulted from policy. It has been identified variously as stances, decisions, actions or processes with none of these categories being entirely useful on its own: all have been open to criticism.

In some respects this serves to confuse rather than clarify what sort of evidence may be sought about the existence, status or character of policy. We might find that actors on the ground had very different – even incompatible - views about the issues in question which would affect the output and outcome of policy. Relevant evidence of policy may therefore also include action at different levels to support or implement some programme or other. Research thus needs to look for evidence of relevant inputs, processes and outputs, using a range of approaches to policy. This leaves the operational definition of policy for this study as: -

Working Definition of 'Policy'

Actions or decisions taken by individuals or groups based on their stance on a particular issue within a process of which the protagonist(s) may not be aware. It need not be labelled or overtly recognised as policy.

Researching policy

Elitists, Pluralists and Power

Though theories emphasise these concepts in different relationship to each other, it is the distribution and use of power which fundamentally divides theorists about policy and politics. Broadly, theorists fall into two camps, disagreeing about the extent or centrality of state power. Pluralists see the policy stage as accessible to all with the state as merely one player among many. Elitists regard the stage as being structured and defined by the larger groups, of which the state is the most important, controlling both the political and economic aspects of power. Neither pluralism nor elitism can be generalised beyond time and place (Hill, 1997a) which begs the question whether either can be properly regarded as useful theory.

Elite theory postulates that the fundamental political and economic power of the state is greater than any other. It is argued that the underlying deep structure of power relations affects and constrains the capacity of actors at the smaller scale. This structure is determined by a range of demographic, technological, economic, organisational and ideological factors which actors cannot readily change (Hill, 1997a). A state-centred coalition uses incorporation and integration to subvert latent conflict, for instance between the demands of the economy and the needs / wishes of consumers or workers (Hill, 1997a). This body of theory is more inclined to rely on institutional approaches to the study of policy involving formal powers, rules and procedures. Indeed the value of the institutional approach (below) is predicated on elite theorists' recognition of the centrality of the state in the study of policy (Marsh and Stoker, 1995), even if the state does not always achieve its aims.

By contrast, pluralists emphasise behaviour, action, the power of pressure groups, actors and power relations between actors, and their capacity to thwart or divert the intentions of others for their own ends. Pluralism does not presume the intrinsic dominance of the state or state actors. Ham and Hill (1993) maintain that pluralist analysis of power relations is suspect because there may be the appearance of false consensus between actors, who may articulate common preferences at the local scale. Yet elite theory does not explain how or why people in institutions behave in the way they do and how policy made by the state may fail or be diverted.

Arguably researchers need to examine empirically the precise balance and manifestation of power and housing researchers are invited to theorise the role of the state more explicitly.

Without power, no actor at any scale can realise his or her stance or aspirations. Research may focus on actions or decisions taken by actors but the study of these alone offer an incomplete guide to understanding power. The study of power is essential where actors' preferences differ (Ham and Hill, 1993). Hill (1997a) supports Dahl's argument that to take the analysis of power relations deeper, research has to examine actors in similar settings and analyse concrete decisions (and absence of decisions), as in this study.

Power

The simplest definition of power is formulated thus:

A has power over B to the extent that he can get B to do something B would not otherwise do.

Dahl 1957: 203

This reveals neither how much A has in relation to B, nor of what kind, nor does it reveal anything about how this power is exercised. Alternative definitions of power emphasise the scope for opponents to thwart change by others:

Power is exercised when A devotes energy to creating or reinforcing social values and institutional practices that limit the scope of the political process of only those issues which are innocuous to A

Bachrach and Baratz, 1962: 648

Such power can be exercised through fear or threat, subversion or incorporation and the use of rules to divert, deflect and delay others. In addition, more subtle means to avoid taking decisions can include the management of influence by anticipating and moulding others' reactions to proposals (Bachrach and Baratz, 1963).

Conflict

According to Lukes, power can be exercised differently in three types of conflict: overt, covert and latent (Ham and Hill, 1993). In cases of overt conflict, power is relatively easy to study because it is readily observable and often relating to high profile, key issues, involving the use of fear, threats, coercion. Situations where power is exercised covertly are by definition harder to scrutinise because the conflict is potential and therefore does not necessarily come to the surface. Power is more likely to be exercised in such cases by less visible means, involving the use of rules, control of resources and the management of influence. This requires examination of negotiations around secondary aspects and evidence of advocacy coalitions (see Implementation below). In contrast, latent conflict does not surface at all, by definition. Power may be exercised subtly, consciously and precisely in order to minimise the risk of overt conflict. In such cases, the management of influence and the shaping of preferences come to the fore. Conflict may focus on ideas and manifest itself on issues of limited strategic significance. Such cases are best studied via symbols, language and the propagation of myths (Hill, 1997a).

Gathering Appropriate Evidence

The nature of evidence should vary according to the purpose and type of study as well as the theoretical framework supporting it (Marsh and Stoker, 1995). Their typology involves six main types with the first four corresponding quite closely to Hogwood and Gunn's typology (above). These are normative theory, the institutional approach, behavioural analysis and rational choice theory and all have been applied frequently over the years. Two more recent approaches are added: the feminist perspective and discourse theory. Stoker summarises each approach in terms of its subject matter, its methodological orientation, the nature of the theory, its perspective of the role of the state and politics, and finally its perceived status within political science (Marsh and Stoker, 1995).

Normative theory, the feminist perspective and discourse analysis²⁰ are not regarded as particularly useful here, not least because these schools are associated with ambitions to produce prescriptions or to generate falsifiable predictions, *for* policy and thus beyond the scope of this thesis. This study is consciously retrospective and empirically based, *of* policy, not *for* it. Three approaches appear more productive for revealing the range and interplay of interests relevant to the research question in this study. They include the twin pillars of policy studies, namely: behavioural analysis and the institutionalist approach (Rhodes, 1997). The third is rational choice theory, recently integrated into 'new institutional politics' by Lane and Ersson (2000). The main points of each approach are summarised here, integrating the classification used by Hogwood and Gunn as appropriate. We return later to their potential application in this study.

Behavioural Analysis

This approach uses empirical studies to examine observable behaviour, both of individuals and in aggregate, using quantitative analysis of tangible outcome measures (such as voting). It has a positivist tendency to assume that it is possible to know everything provided the right evidence is gathered in the right way (Sanders in Marsh and Stoker, 1995), though in using quantitative analysis of data on the incidence of transfer, no such assumption is made. Though the inductive nature of the behavioural approach may be valued for its prescriptive potential (Hogwood and Gunn, 1984) or its capacity for generating 'falsifiable predictions' (Marsh and Stoker, 1995), it is valuable in this study more because it recognises the bottom-up and action-based approach to policy analysis. The study of implementation, particularly viewed from underneath or inside, seems to borrow heavily from behavioural analysis in examining the relationships and alliances between actors and their networks (March and Olsen, 1996). This study draws on behavioural analysis in collecting information on actors in different organisations and on their networks, using interviews to explore actions. Evidence

²⁰ *Critical discourse analysis has been applied by this author (Taylor, 1999) to explore communication strategies in other forms of stock transfer in Scotland. A key conclusion from that analysis was that the method had limited analytical utility relative to the resources required to analyse documents at an appropriate level of detail. The most recent example of such analysis is an examination of the development of the concept of Tenants in Control in Glasgow transfer documents from the council and the housing association.*

was also accumulated quantitatively for evidence of outcomes rather than rely on intentions of decision-making and action.

The Institutional Approach

The traditional institutionalist approach homes in on intentions and structures of government alongside the evaluation of outcomes in relation to the centre's policy goals, but neglects action and practice. Such approaches are less quantitative than behavioural analysis and tend to use qualitative methodologies, though not exclusively (Rhodes, 1997).²¹ Unlike the behavioural approach, institutionalism is relativist and empirically based (rather like housing studies), and historically to the point of being anti-theoretical or distrusting theory (Rhodes, 1997). The institutionalist approach has long been associated with state-centric studies of the Westminster model, though the renaissance of institutionalism is signalled by Lane and Ersson (2000), in reasserting that institutions matter. They argue in favour of methods focussing on rules, procedures and the formal organisation of systems as well as their impact on political practice.

This study draws partly on an institutional studies approach in establishing the rules / procedures developed and used, pursuing March and Olsen's argument that what is significant is the *political order* of rights and rules, as much as the *content* of those rights and rules (March and Olsen, 1996). Since rules and procedures do not determine political behaviour precisely (March and Olsen, 1996), they cannot tell the whole story and need to be complemented with other approaches including a focus on networks and exchange. Lane and Ersson (2000) recognise two schools of institutionalism, based on sociology and rational choice theory respectively. The latter approach underpins Chapters Seven and Eight, which examine successive layers of rules for possible explanations of outcomes.

Rational Choice

Rational choice theory focuses on an exchange perspective: the social and political negotiation and bargaining choices made by rational, self-interested individuals (Ward, 1995). Rational choice theory originates in market-dominated situations but its use is less well-developed in situations where there are competing criteria for choice and where non-egoistic motivations may be important (Marsh and Stoker, 1995). Arguably, actors in public policy (ie. value-driven) situations use bargaining or exchange to do what they ought to do, not just what their selfish interests dictate (Hjern and Porter, 1981; Lane and Ersson, 2000). Though this could limit the potential for using a rational choice perspective in studying public policy where multiple, competing objectives are standard fare (Stewart, 1988), rational choice theory may be of value in investigating the conditions of *collective* choice, precisely where alternatives are straightforward (Marsh and Stoker, 1995; Lane and Ersson, 2000). Not only did rational choice theory inform a conscious, normative strategy on the part of the Thatcher

²¹ Hogwood and Gunn (1984) refer to a similar approach under the headings of 'organisational /structural approaches' and 'procedural or managerial approaches', reflecting the fashion in the mid-1980s, for using administrative techniques to aid policy-making (including implementation).

administration, but it remains a useful research approach to British public policy in the 1980s and 1990s (Campbell and Wilson, 1998). Moreover, rational choice is revealed in the behaviour of key government actors in that period with bureaucrats maximising their own interests (Hill 1997b; Campbell and Wilson, 1998).

Exchange is one way of telling stories about politics (March and Olsen, 1996). The capacity of the individual to realise their wishes and operations depends on the nature of their desires, their access to and use of resources and their rights. March and Olsen offered two versions of exchange: the Pareto / optimal and the coercive. In the Pareto / optimal version, some are better off as a result of bargaining, while others are not worse off, strictly speaking. By contrast in the coercive version, the players are unequal from the start and one player can impose his or her will on others at their expense. However rational choice is not a paradigm of itself, as it fails to recognise the importance of external social structures: instead it should be seen as an heuristic device to reveal bounded rationality and moral motivations (Ward, 1995). Similarly, it has been argued that institutional rules and interests determine the framework in which actors' behaviour is governed by rational choice (Lane and Ersson, 2000). Later chapters explore the validity of this approach in Scottish transfers.

Linking Policy, Problems and Solutions

Having reviewed the main concepts of policy and theoretical positions we can move on to ways in which commentators manipulate these concepts to explain policy. More dynamic relationships can be mapped using the various concepts outlined above since policy is not static or fixed but dynamic and shifting in time and space. This applies both in terms of the circumstances or problems policy may be designed to accommodate and in terms of the 'solutions' selected or pursued. This focuses on champions and entrepreneurs, critical junctures and windows of opportunity. Thereafter sections examine implementation and networks as a means of examining the interconnections between the different components of policy.

Visible Champions and Invisible Entrepreneurs

Stoker maintains that politics gives

...special consideration to how the political process is resolved in the act of government - in particular how issues reach and leave the government's agenda and how within that arena issues are discussed, contested and decided.

Marsh and Stoker 1995: 6

As mentioned above, Kingdon (1995) argues that agenda-setting and the generation of alternative solutions are key elements in a policy process with bounded rationality. This approach recognises the importance of the actions of key individuals in setting agendas and

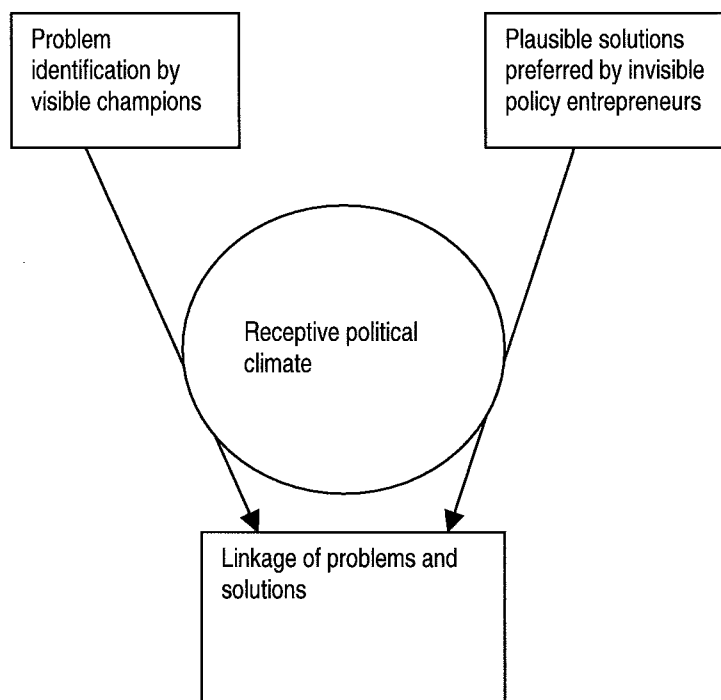
selecting alternatives. The relationship between the elements is critical: policy action is contingent on convergence between three streams shown in Figure 1 (below).

Action is not quite random. While problems may be identified objectively and legitimately, solutions are not identified, agreed or delivered without plausible policy proposals being attached to a contemporary, pressing problem.²² The existence and nature of problems and the content and direction of policy solutions / proposals are promoted by powerful individual actors, labelled 'champions', and 'entrepreneurs':

The chances of a subject rising on a governmental agenda are enhanced if that subject is pushed by participants in the visible cluster and dampened if neglected by those participants.

Kingdon, 1995: 208

Figure 1: Pre-requisites for action



Source: adapted from Kingdon, 1995

Participants can be distinguished as more or less visible (Kingdon, 1995). The visible are elected or seek to represent others – ministers, councillors, tenants – any of whom may champion proposals or solutions. By contrast, the less visible or hidden entrepreneurs, are paid officials – specialists, academic advisers and interest / lobby groups. Generating alternative proposals is likely to be carried out by the less visible specialists, whereas elected or representative (visible) champions loom very large at the problem identification and

²² This analysis is based on monitoring policy change in the US on transportation and health insurance reforms and his work is little known in UK policy literature.

agenda-setting stages. Interest groups operate behind the scenes championing solutions to respond to problems on visible participants' agendas: to this extent, they can have considerable influence, if not power and authority. Perhaps Hill's ostensible loyalists (above) were invisible champions protecting their own interests during periods of turmoil.

In Kingdon's scheme, policy proposals tend to be developed and then problems found to which they can offer a solution, given the right opportunity. By way of corollary, absence of political sponsorship means that a solution may never become associated, / attached to a problem, since:

...for a condition to become a problem people must be convinced that something must be done to change it.

Kingdon, 1995: 119

Thus, 'entrepreneurs' need to be ready to exploit opportunities in the stream of political events and work over a long gestation period at 'softening up' others, creating the 'right' climate for their preferred solutions. This involves hidden participants in using opportunistic, informal, one-to-one exchanges with visible participants to expose problems needing attention.²³

Critical Junctures and Windows of Opportunity

Though softening helps create the right climate, window-opening is not necessarily under the control of any individual or organisation. It may be influenced by outside forces or circumstances, due to 'dumb luck' or 'fortuitous coupling' (Kingdon, 1995). For example, journalists may highlight stories about a particular issue, which in turn may encapsulate or reveal problems with wider significance. Equally, events can change – as this thesis shows – in response to chance such as extreme weather, or to election timing and outcomes, or personnel or organisational restructuring changes. These in turn, build up public pressure for change.

Timing is everything: hooking solutions up to problems needs critically to happen at the very moment when the political climate is receptive to particular proposals (Kingdon, 1995). Others similarly stress the importance of critical junctures or 'punctuated equilibria' in creating the potential for change, particularly from the bottom up (March and Olsen, 1996). 'Windows of opportunity' open for very short periods, allowing streams of problems and policy solutions to converge, and they close equally quickly. If a solution / proposal is not attached to a problem while the climate is receptive another problem may surface to receive attention, or another proposal may be adopted to deal with the first problem. Champions therefore have to act quickly and decisively: since persuasion and bargaining are critical at such times, an exchange perspective is important (March and Olsen, 1996). Research using this approach needs to gather evidence about 'softening-up' practices, including visible participants

²³ This may include visits to housing estates by politicians or civil servants, accompanied by local managers or councillors. See later chapters.

championing solutions which have had a long technical gestation in response to problems with no obvious solution (Kingdon, 1995).

Implementation

Implementation emerges repeatedly in accounts of policy while the concept of implementation has various interpretations. Much of the literature about implementation uses isolated empirical public policy studies in the US and the UK, mainly during the 1970s and 1980s. The British studies (Hood, Hogwood and Gunn) did not engage with their American predecessors (Pressman and Wildavsky, Bowen, Sabatier) and contemporaries, nor vice versa. The literature on Scottish public policy seldom engages directly with conceptions of policy implementation.

Prescribing Perfect Linear Conditions

For those who see policy as a rational, linear process, implementation is but one (late) stage starting with ideas and decisions (e.g. Malpass and Means, 1993). Others see policy as messier and regard implementation as a series of actions at different stages (Sabatier, 1986; Richardson and Jordan, 1979). A research focus on implementation (bottom-up action) is thought appropriate precisely when clear goals or objectives are missing and there is a multitude of governmental directives and actors (Hill, 1997b). Yet some commentators see the study of implementation as irrelevant unless there is a single clear policy, as though perfect conditions could be prescribed.

The concept of implementation first appeared in the UK policy literature in 1976. Hood (cited in Richardson and Jordan, 1979) offered five conditions for 'perfect administration', predicated on a linear process view of policy: a unitary system with a single command structure; uniform norms and rules; perfect obedience; perfect information, communication and co-ordination; sufficiency of time and / or resources. This approach has been common in housing studies: housing policy accounts are often written as though by selecting the correct objectives, appropriate actions would flow from administration, producing the desired effect - like water flowing downhill (Cole and Furbey, 1994). This resonates with recipes for 'perfect administration' such as shown in the above example. Richardson and Jordan (1979) viewed this prescription with some scepticism and set Hood's model up to show the lack of realism inherent in the top-down, linear approach. They argued that the power of the implementers, from the bottom up, is considerable and understated. Drawing from empirical British public policy studies towards a normative approach, Hogwood and Gunn prescribed ten conditions for perfect implementation, shown in Table 1.

Table 1: Conditions for implementation

Condition	Similarity to other authors
1. Circumstances external to the implementing agency do not impose crippling constraints	Sabatier 1986
2. Adequate time and sufficient resources are made available to the programme	Hood, 1976
3. The required combination of resources is actually available	
4. The policy to be implemented is based upon a valid theory of cause and effect	Sabatier and Mazmanian, 1979
5. The relationship between cause and effect is direct with few if any intervening links	Sabatier, 1986
6. Dependency relationships are minimal	Hood, 1976
7. There is understanding of an agreement on objectives	Sabatier and Mazmanian, 1979
8. Tasks are fully specified in the correct sequence	
9. There is perfect communication and co-ordination	
10. Those in authority can demand and obtain perfect compliance	Hood, 1976 Sabatier (various)

Source: adapted from Hogwood and Gunn, 1984

The column on the right shows the similarity with other contemporary authors' views of implementation - for example theoretical prescriptions in a US context (Sabatier and Mazmanian, 1979). Three sets of issues emerge as those to which Hogwood and Gunn alone refer: availability of resources, the specification of tasks and perfect communication. These may be regarded as essentially administrative matters, rather than normative solutions to theoretical problems of implementation (Sabatier, 1986). Sabatier and colleagues were originally interested in explaining reasons for differences in the relative success of US government programmes: their theoretical conception presented six prerequisites for perfect implementation (*per* Table 2).

Table 2: Six Conditions for Perfect Implementation

1. Clear and consistent objectives
2. Adequate causal theory
3. Implementation processes legally structured to enhance compliance by implementing officials and by target groups
4. Committed and skilful implementing officials
5. Support of interest groups and sovereigns
6. Changes in socio-economic conditions which do not substantially undermine political support or causal theory.

Source: Sabatier and Mazmanian, 1979: 489

Having been developed initially without reference to any empirical evidence, the conditions were revised to accommodate 'mess'. Sabatier came to acknowledge that the 'top-down' focus of his early work assumed central government policy decisions (enshrined in legislation) as the starting point.²⁴ The revised conditions recognised the power of bottom-up action,

²⁴ Since the first three conditions for perfect implementation would have been dealt with prior to statute, they were not so much about implementation as an inheritance from earlier stages and decisions in the policy process. The second three conditions (nos 4 – 6) were 'the product of subsequent political and economic pressure' (Sabatier 1986: 25).

rejected hierarchical control as 'impossible' and constrained 'street level bureaucrats' within 'acceptable bounds', by means of advocacy coalitions (see below) (Sabatier, 1986).

Belief in the potential of top-down policy is dented by the notion of 'policy by accident' (Kingdon, 1995) and by earlier challenges to top-down approaches to policy. Critics of US public policy analysis argued against a top-down emphasis with inappropriate focus on goals defined at the centre, resource inputs (or lack of) and failure to account for officials' discretion. In any event, they claimed, goals may not be clearly defined and it is absurd to draw a theoretical distinction between policy formulation and implementation (Pressman and Wildavsky, 1973). In a British context too, focussing on implementation alone betrays too rigid an interpretation of the stages of the policy process and gives insufficient attention to bottom-up actions at other stages (Barrett and Fudge, 1981). In this respect, it is not relevant to think prescriptively in terms of perfect conditions.

Nevertheless, studying policy implementation on its own is a way of homing in on a policy issue, precisely when there is limited evidence of clear information on policy origins, intentions and outcomes (Sabatier, 1986). This appears perverse: if the notion of implementation is predicated on the existence of policy objectives and a strategy, what is there to implement? However, Sabatier (1986) argues that when there are no clear policy goals and no clear process, implementation is precisely what needs to be examined, in the form of action rather than as one stage in a linear process. Arguably, this is precisely what is required in this study, for small-scale transfers at least.

'Clearance' and 'Veto' Points

In implementation, 'the specification of conditions that must be met seems less fruitful than a quotation of odds' (Kingdon 1995: 218). Arguably, it is a miracle that anything gets done at all in public policy: the probability of policy being implemented, as intended, is infinitesimally small. In particular, policy is more likely to stumble or be diverted as the number of 'clearance points' increases (Pressman and Wildavsky, 1973). To counter top-down neglect of the *unintended* consequences of policy, research can use 'clearance points', derived from probability theory, to represent the various junctures at which decisions are required (Pressman and Wildavsky, 1973). This notion can reveal where and how policy can come to be diverted off target, beyond the control of policy-makers at the centre. More constructively, the concept of 'clearance points' can dispel policy-makers' despair by helping to minimise failure. Real actors would not wait to clear every decision individually, particularly where problems arise (Bowen, 1982). Astute implementers, usually senior officials, would identify critical blockages, diverting extra resources into path clearing at 'clearance points'. Early and repeated success creates a bandwagon effect which later dispels resistance and releases potential blockages (Bowen, 1982). A similar concept of 'veto points' helps to understand how actors' behaviour can be legally structured through rules and procedures.²⁵ Though not claimed as such by Sabatier, rules and procedures can be viewed as institutionalist (Lane and

²⁵ *Veto points are taken here to mean the same as 'clearance points' per Pressman and Wildavsky, 1984. This concept arises from Sabatier's later empirical studies.*

Ersson, 2000). Veto points imply a linear process: however difficult it might be to achieve this in practice, the very existence of a manageable conceptual framework should lead policy-makers to a better understanding of implementation (Sabatier, 1986). This implies that perfect implementation is attainable, if only in the abstract.

Acceptability Spaces, Advocacy Coalitions and Mutual Adjustment

Yet more incremental policy change can be more successful than wholesale change as less radical changes are less likely to arouse intense hostility (Sabatier, 1986). Whereas the pre-empirical model overstates the importance of clear and consistent objectives, later studies show that a multitude of partially conflicting objectives can be accommodated into an 'acceptability space' between the competing objectives of various interests or stakeholders (Sabatier, 1986: 29). This depends critically on cumulative learning taking place at the policy core through an 'advocacy coalition' framework of policy change.

The concept of an 'advocacy coalition framework' facilitates the study of power relations utilising earlier distinctions between actors' varying levels of attachment to beliefs in changing the 'policy core' (Sabatier, 1986: 29). Actors seek to realise common goals over time: while they may be reluctant to alter their beliefs concerning core issues, some negotiation may be possible between them around Secondary Beliefs. Negotiated changes are the result of policy-oriented learning particularly inside informal coalitions during implementation (Sabatier, 1986). Thus for instance, a policy-maker may anticipate a policy proposal challenging the Deep Core values of participants, recipients or end-users of policy, creating the possibility of conflict. Sabatier argued that where actors from public and private organisations shared belief sets, advocacy coalitions could be built up though this could take time. It is bargaining - or exchange - which allows participants to accommodate their different stances (March and Olsen, 1996). The literature contains recurring themes about how conflicting values or stances may be reconciled and acted out, conditioned by factors about the depth and strength of those values, and the power of actors to realise their interests. These perspectives are especially relevant in a study of a period characterised by overt conflict in the public atmosphere governing relations between central government and local organisations (Marsh and Rhodes, 1992).

Unless the issues at stake are strategically important, incorporation can be the most effective political or managerial strategy for defusing opposition or circumventing overt conflict. Moreover, it can silence opposition by institutionalising it (Rhodes, 1997). Partisan mutual adjustment was offered by Lindblom (1965) as a means of avoiding costly policy mistakes, allowing policy-makers to review the effect of their actions. Lindblom later argued that such adjustment would not arise in debates for example about public vs. private enterprise, as the values of dominant social groups would prevail (Lindblom, 1979). This study is precisely about public enterprise - the ownership of housing. Yet in this case, exchange and bargaining will be shown to have involved potential opponents to alternatives to council housing: Labour councillors, tenants, trade unionists and staff on the ground.

Discretion and Bottom-Up Action in Creating Policy

Prescribing perfect conditions for implementation underplays the significance of the power of the actors on the ground (Hudson, 1993; Barrett and Fudge, 1981). An analysis of US public officials' behaviour in pressurised situations shows their individual decisions becoming public policy in effect. Bureaucrats' actions are difficult to control as their activities can involve relatively high degrees of discretion in exchanges with relatively powerless individual clients. Lipsky argued that public employees are 'the most likely of all to distort the organisation in their own interests' (Hill 1997a: 207). This could produce what Hood (1995) describes 'fatal remedies' or unintended effects of policy, as though policy is what the centre wants. It also underlines Brunsson's argument (above) about action controlling ideas more effectively than vice versa. Most implementation critics are 'bottom-uppers' whose research and analytical focus is on *action, actors and networks*. The bottom-up approach to research starts by identifying the network of local actors involved in service delivery as a vehicle for identifying the relevant local, regional and national actors. This perspective, drawing on the behavioural approach, now merits further attention in its own right.

Implementation Structures: Capacity of Actors and Organisations

'Bottom-uppers' object to the lack of theory in a top-down, institutionalist approach to implementation. Their approach is predicated on pluralist theory of the state and contends that a framework must take on board the reality of co-operation between the multitude of actors in public and private organisations for policy implementation (Hjern and Porter, 1981). Their approach depends on identifying the pool of organisations relevant to a policy sphere and distinguishing programme rationales and organisation rationales. For example, a programme might require a focus on a particular set of tasks (e.g. neighbourhood regeneration using complex Challenge Funding) cutting horizontally across departmental or organisational boundaries, whereas an organisational rationale might revolve around vertical, hierarchical structures of service delivery, maximising preservation of the *status quo*. Unable to satisfy both rationales at once, people in organisations might give priority to one over the other (Hjern and Porter, 1981). The significance of these same issues is highlighted in the context of the present-day British emphasis on public sector partnerships (Painter *et al* 1997; Mullins, Reid and Walker, 2001).

The tension between competing rationales allows an implementation structure to emerge, consisting of subsets of people in different organisations, who view a particular programme as their primary interest or goal. Such structures (e.g. task forces, working groups) are 'administrative entities' which aim to satisfy the objectives of a policy programme (Hjern and Porter, 1981). An implementation structure is likely to be less formal than a conventional organisational or bureaucratic structure. It is more likely to exist organically and to change dynamically in response to the needs of the programme: decisions to co-operate are based on consent and negotiation as actors' values are less individualistic than rational choice economists assume. However, the formulation and enforcement of obligations in the implementation of programmes is more problematic in situations where multiple organisations

are involved (Hjern and Porter, 1981). The main elements of Hjern and Porter's implementation structures model can be summarised as follows:

Implementation Structures – 'Ideal' Model Features

Participants have a variety of goals and motives.

Programme rationales determine how resources are applied.

Authority relationships are replaced by 'co-ordinative competence'.

In the face of local discretion, control strategies are of limited value.

There is no single structure of implementation but a variety.

Each structure contains specialised roles which vary from programme to programme.

Structures differ in cohesiveness, and shift continually.

Source: Hjern and Porter, 1981

Though this model is criticised for producing excessively complex relationships, it can be approached for research using networks (Hjern and Porter, 1981). The researcher can avoid becoming bogged down in data constrained by organisational structures by using abstract analytical frameworks based on one of two fundamental conceptions of relationships between actors. The first is the rational choice exchange perspective, where two or more parties perceive an optimal, mutual gain from collaboration. The second is the power dependency approach, more akin to the coercive approach outlined earlier, where one party is assumed to have more power than others in the relationship. A phenomenological approach allows individuals' motives (and capacity) for participation in implementation structures to be analysed (Hjern and Porter, 1981). Since policy implementation is critically dependent on actors' individual and collective capacity, this approach allows participants' perceptions of their relationships to be explored more abstractly.

Networks, Policy Communities and Power Dependency

The idea of networks is now well established in British public policy studies though networks and communities jostle for attention. Policy communities in a UK context were first depicted as a consensual style of government involving committees, co-options and a myriad of interconnecting interpenetrating organisations (Richardson and Jordan, 1979). Taking issue with Richardson and Jordan's use of 'policy networks' as though nearly synonymous with 'policy communities', Rhodes (1993) worked at drawing out distinctions between the two more clearly over a number of years. On the assumption that the source of power is either political (institutions and rules) or economic (resources and budgets), Rhodes borrowed Benson's definition of a policy network as a 'cluster or complex of organisations connected to each other by resource dependencies' (Rhodes, 1997:10). Initially five different types of network were distinguished on a tight / loose continuum. Differences centred on common interests in

an issue, profession, or product, or arising from intergovernmental relations. These are shown in Table 3 (annotated to give examples from Scottish housing in the 1990s).

Table 3: Rhodes typology of policy networks and communities

Type of network	Characteristics	Possible examples in Scottish housing
Policy / territorial community	Stable, highly restricted membership, vertically interdependent, limited horizontal articulation	None
Professional network	Per policy / territorial community plus serves member interests	Chartered Institute of Housing
Intergovernmental network	Limited membership, limited vertical interdependence, extensive horizontal articulation	COSLA
Producer network	Fluctuating membership, limited vertical interdependence, serves member interests	Nalgo/ Unison SFHA
Issue network	Unstable, wide membership, limited vertical interdependence	Shelter

Source: Rhodes, 1997: 38

The coherence of this definition of networks was later refined for use in empirical investigation, to explore power relations in the context of English intergovernmental networks. The framework distinguishes issue networks and policy communities, referring to the idea of a 'dominant coalition', predicated on the argument that power is not equally but asymmetrically shared and that research must recognise the state's capacity to create and strengthen (or break) policy communities (Rhodes, 1985). It produced a framework of power dependency resting on five propositions, shown below.

Power Dependency Framework

Any organisation is dependent on other organisations for resources;
In order to achieve their goals, organisations have to exchange resources;
Although decision-making within any organisation is constrained, the dominant coalition retains some discretion;
The dominant coalition employs strategies within known rules of the game to regulate the process of resource exchange;
Variations in the degree of discretion enjoyed by any one body are a product of the goals and relative power potential of interacting organisations, governed by the relative resources of each organisation, the rules of the game and the process of exchange.

Source: Rhodes, 1985

The acknowledged weakness of this abstracted power dependency model lies in its failure to analyse what might be going on 'on the ground' (Rhodes, 1997) which means that the critical issue is to distinguish subtle but important differences between actors in terms of their capacity to influence policy. Thus structures of power-dependency vary along four key dimensions: the constellation of interests (topographic, functional, expert); membership (scale

and type); interdependence (vertical and horizontal); and resource distribution (Rhodes, 1997). On this basis policy communities can be distinguished from looser networks by virtue of being highly integrated, with stable, consistent relationships, continuity of restricted membership with consensus of ideology, values and broad policy preferences. Crucially, policy communities enjoy vertical interdependence based on shared service delivery responsibilities and on exchange of resources, but there is little or no horizontal interdependence. Communities are also insulated from other networks / communities and from the general public, consciously excluding some persons and organisations. The dominant member can guarantee compliance of members (Rhodes, 1997:44)

Loose networks (notably in local government) have more participants, which in turn means more extensive horizontal interdependence. They have no single focal point around which to organise. Their structures and resources tend to be dispersed and professional interests are fragmented and divided. They are merely consulted, with little or no exchange. Networks are inherently more porous and thus vulnerable to a reduction of influence by hostile organisations, whereas tight policy communities are impervious to hostile influence. This was a particular feature of British central /local relations in the 1980s (Rhodes, 1985). The content of Rhodes' observations about central local relations in the 1980s is highly relevant to this study in addition to the value of his analytical framework for analysing relationships in policy networks. Although Rhodes did not clarify how these may be applied methodologically, this thesis later assesses an abstracted model of organisational relations in Scottish stock transfer against this framework. None of this literature brings out the importance of trust in interpersonal relations.

Networks, Communities and Pressure Groups in Scotland

Such distinctions between policy communities and networks are less clear in literature about policy in Scotland. The 'Scottish policy community' denotes the consensus line held in negotiations with government in London by the 'Scottish policy elite' (Brown, McCrone and Paterson, 1996:109). It is claimed firstly that members of the elite all know each other, at least professionally; and secondly that pressure groups have considerable leverage in Scotland in advancing their interests and thwarting others. Others distinguish between different types of networks as pressure groups. Lynch (2001) argues that pressure groups are thick on the ground in Scotland because of the strength of civil society and the traditional strength of the public sector. They can be classified as based on interests (selfish) or causes (altruistic) (Baggot, 1995); or insiders and outsiders (Grant, 1995) which means some are 'more equal than others'. Although pressure groups are important in Scotland, they rarely feature in Scottish policy studies. Some – such as CoSLA - exist as separate and uniquely Scottish entities (Lynch 2001) but according to Midwinter *et al* (1991) interest groups usually only enjoy limited autonomy as they exist mainly as UK subsidiaries, which serves to minimise public clashes over policy positions within the UK.²⁶

²⁶ The Chartered Institute of Housing is a good example of such an organisation.

However, the geography of Scottish politics of itself creates closer public access to the machinery of central government in Scotland, not least by incorporation into the 'Scottish policy community'. This might be due to government funding, involvement in providing advice and expertise or implementation (Lynch, 2001). The civil service has an enhanced role vis-à-vis strong policy communities or networks (used synonymously) using judiciously blended tactics of 'co-option and firmness' to control 'modalities of implementation' (Midwinter *et al*, 1991). The civil service and the machinery of government have been argued to be effectively beyond ministerial control and represented a powerful source of resistance to Conservative politicians in Scotland during the 1980s, undermining the success of top-down policy.²⁷

Applying Policy Theory to Scottish Stock Transfer

It is clear from the literature that policy analysis cannot take for granted the existence of clear policy goals, with stances and decisions articulated in public documents. Nor can implementation of published policy documents and statements be guaranteed - at all, or in the shape intended, as action is subject to influence from many competing directions and sources. Researchers are faced with fundamental disagreement between 'top-down' and 'bottom-up' perspectives, about how policy is made. These differences are both normative and methodological concerns (Hill 1997b).

Fundamental schisms divide theorists on the issue of the power of the state in relation to other agencies and actors. While the same concepts and elements are present in terms of stances, decisions, action, process and power relations, theorists attach different significance to them and to the analysis of relationships between them. Hill and others discuss how research should be conducted into policy, arguing that the choice of methods should be determined by the type of situation. Arguably three types of policy situation can be distinguished (Hill, 1997b; Sabatier, 1986). The first is where rules and frameworks are clear from the outset: what Sabatier calls a 'dominant and clear public policy programme'. Second are cases where the rules appear to develop in the course of policy. Thirdly, there are situations described by both Hill and Sabatier as being 'without rules' or a dominant piece of legislation, where policy is indistinguishable from practical implementation. The first and third types of situations outlined by Hill and Sabatier are of particular interest here in relation to two phases of policy making in stock transfer, outlined shortly. These two main ideal types of policy-making are identified in the summaries below and will henceforth be referred to as 'rational' and 'opportunistic'.

Rational Model

This model is predicated on the assumption that the state and its agents have more power than other actors. The state controls key resources and rules, not limited to legislation, and thereby controls the deeper structure of the behaviour of actors at the local scale, by means of incentives and constraints (Lane and Ersson, 2000). It is understood that rather than

²⁷ Midwinter *et al* (1991) note that Scottish Ministers had broad portfolios stretching across different departments, and therefore almost impossible to manage.

confront its opponents, the state – not least in pre-devolution Scotland – consciously incorporates actors in order to subvert their opposition (Brown, Paterson and McCrone, 1996). This model relies on the existence of clear public statements of policy, against which pre-defined outcomes are assessed (Rhodes and Marsh, 1992). Such policies are mainly the product of political work by elected members, in a linear and logical process of decision-making (Hogwood and Gunn, 1987). According to this model, elected members at all levels are supported by officials paid to implement policy in an assumed hierarchical chain of command and co-ordination. Throughout this model the process relies on policy makers having adequate understanding of problems and solutions as well as valid theory of cause and effect (Sabatier, 1979).

Opportunistic Model

The organising principles and precepts of this model are based on action – what happens on the ground - rather than what is intended by government, even when this is clearly articulated (Hill, 1997b). It does not presume greater power on the part of state actors, nor the primacy of the elected member (Campbell and Wilson, 1998). Rather, it assumes that at the local scale, actors may be in conflict over stances about problems (Hjern and Porter, 1981).²⁸ Yet it recognises that actors may adjust to and accommodate each other, realigning in advocacy coalitions to achieve practical goals, provided there is no conflict about core, non-negotiable positions (Sabatier, 1986). This model highlights the different values, stances and behaviour or actions of actors, emphasising bargaining and adaptation of identities and relationships (March and Olsen, 1996). The model recognises that policy goals may be pursued by visible champions and bureaucrats or invisible entrepreneurs (Hudson, 1993; Kingdon, 1995), exploiting critical junctures and windows of opportunity to clear blockages, and pursue their interests and preferences (Pressman and Wildavsky, 1984; Bowen, 1982). In this respect, policy might be said to emerge, through post-hoc interpretation of practice, action and events.

Phases of Stock Transfer Policy in Scotland

Two phases of policy surface in our account so far and at this preliminary stage, we can put forward a hypothesis of two phases of transfer 'policy' between 1986 and 1997, with quite different possible explanations in terms of concepts and policy theory. Arguably, the first phase of policy was characterised by a local, bottom-up initiative, preceding formal policy-making at the centre. Latent conflict with institutional stakeholders was defused by stealthy incorporation. This produced mutual partisan adjustment between ideological opponents at the centre and in localities, quietly accommodating each other to achieve their own goals.

A second, shorter phase manifested itself in the formal publication of a policy document issued by the centre (Scottish Office, 1996a), without reference to policy networks and pressure groups, though presumably preceded by deliberation inside central government. The policy overtly challenged the deeply held values of institutional stakeholders in the form of workers (providers) and tenants (users) in the sector. Because the policy was 'voluntary'

²⁸ Relevant problems might include the future ownership of British council housing.

rather than coercive, these actors had power to resist the policy of the centre, as witnessed by absence of outcomes. No assumption is made at this stage that either phase of stock transfer necessarily fits either of the ideal types.

Competing Theoretical Approaches

Hill argued that the choice of methods should be determined by the type of policy situation (Hill, 1997b). The more apparent mess, the less policy would be top-down, rational and linear, and the stronger the argument for examining action, actors' networks and relationships (Hill, 1997b; Sabatier, 1986; Hjerm and Porter, 1981). Such situations might be best approached using qualitative methods, including interviews with actors to complement quantitative evidence of outcomes of real action, not necessarily defined before the event (Hill, 1997b). Thus, in the case of informal, less well-documented policy situations, (such as early stock transfer in Scotland), it would be pointless to look for programme objectives and a framework of rules. By contrast, where there was a published policy document, and a degree of formality, planning and intentionality surrounding the process, the researcher ought to rely on document analysis, resource inputs and official records of policy outcomes and impacts, defined according to the originating policy framework.

Rather than adopt such an approach here, a range of different and potentially complementary methods were applied throughout the period 1986 – 1997, in an attempt to reveal which methods are most useful in enhancing our understanding of the transfer phenomenon and of the processes which produced it. The ideal types were examined using a combination of institutionalist, behaviourist and rational choice approaches. Each approach may have something to offer in a multi-theoretical study seeking to elucidate the phenomenon of Scottish local authority stock transfer.

Each carries its own prior assumptions about the power of the state and its agents relative to other actors. Where institutionalists (such as commonly in housing studies) focus on organisations, rules and procedures and often take the centre's intentions as the starting point, the behavioural approach highlights action measured quantitatively, by outputs, though these might not be clearly defined by the centre. Rational choice theorists emphasise bargaining and exchange between actors at all levels, with new institutionalists emphasising more recently that exchange must recognise the underpinning framework of rules. Qualitative research can help to establish stances, decisions, actions and processes, and can help to reveal to what extent local action followed, generated or influenced the structuring of rules and processes, as later chapters will reveal. Evidence was gathered and analysed on the basis of these dimensions though not necessarily in terms of detailed fieldwork, rehearsed in the next chapter.

The last four chapters of the thesis are organised making use of these approaches. Chapter Seven takes a traditional institutionalist perspective examining legislation, in an attempt to clarify the legal structure of rules. Chapter Eight then adopts a new institutionalist perspective, exploring wider administrative rules and financial arrangements involving

resource incentives and constraints at the centre of policy making. Chapter Nine examines the competing stances of actors and organisations using case study material to establish which actors did what and why behaved as they did. In particular Chapter Ten uses behaviourist and rational choice perspectives focussing on exchange, bargaining, power relations at local scale to understand how actors adjusted to the new arrangements, and to explore how their identity was changed. The final chapter returns to appraise the relative merits of the ideal types in relation to the hypothesis, to answer the central paradox about how ostensible opponents could in practice undertake voluntary transfer.

Chapter Three

Knowledge and Understanding in Researching Policy

This chapter discusses the nature of research and methodological considerations surrounding the production of the thesis. It examines the relationship and links between theory, concepts and data about phenomena, linking the theories (discussed in Chapter Two) with the phenomenon of stock transfer. The chapter shows the use of a range of methods: partly quantitative, focussing on secondary and primary datasets and partly qualitative, using semi-structured interviews with key actors. The previous chapter reviewed established schools of theory about policy-making: now their methodological implications are discussed.

The significance of knowledge, interpretation and reflexivity are discussed, examining the researcher's relationship to the data. This relationship has altered over the period of the study as the researcher has learned more about the subject and gained a wider perspective. The researcher's profile has facilitated access to certain kinds of actors and influenced the conduct of the research, particularly the qualitative dimension. The strengths and weaknesses of the methods are appraised. Their strength lies in access to a wide range of policy actors in different interrelated spheres over a long period both at the national and local scale, via interviews and case studies. The main weakness lies in the problems of delayed access to the quantitative data, after completion of qualitative interviews. This has contributed to lengthening the production of the thesis.

Theory, Concepts and Phenomena: Appropriate Evidence

Gilbert (1995) sees all research as a chain, relating theory, concepts and phenomena, observed through the collection of 'facts'. These facts must be interpreted before being turned into a written account. Similarly, Phillips and Pugh (2000) claim that a thesis specifically involves a hypothesis which arises from the data, interpreted via the researcher's imagination informed by theory. In keeping with the notion of research as a chain, Gilbert (1995) invites the researcher to identify the relationships between concepts drawn from theory in order to identify which explanations may be valid.

Housing researchers are challenged to test theory critically, reflexively and rigorously to address shortcomings in this field (Kemeny, 1992). The last chapter showed the two-phase hypothesis of this study and the theoretical basis from which it was derived. This section aims to clarify the link between the type of theory and methods used. A distinction is commonly drawn between normative and other types of theory. As Chapter Two shows, this study is not normative, which requires an examination of the alternatives, methodologically speaking.

Using Theory for Induction or Deduction?

Normative theory²⁹ refers to what ought to be and while Rhodes (1997) argues that the alternative to normative theory is causal theory, Stoker refers to the alternative as 'descriptive/ empirical' (Marsh and Stoker, 1995). Stoker's view of descriptive/ empirical research indicates that explanations can be built off the facts, using induction rather than deduction. This involves no prior assumptions about the relationship between the outcome and its cause (dependent and independent or antecedent variables). Rather, induction permits analysis of the data to establish a theory to explain the phenomenon. This research is consciously empirical, even though empirical studies may be criticised for being bound to time and space, which raises questions about their capacity for generalisation (an issue to which this chapter returns). A choice has been made to take a deductive, rather than an inductive approach to Scottish transfers (the primary focus of the thesis). The approach here is the use of theory to interpret and understand practice rather than develop theory from data (Gilbert, 1995; Rhodes, 1997).

Concepts

Concepts link theory to phenomena and the concepts summarised at the end of Chapter Two included different conceptions of policy: as stance, decision and action or linear processes. It discussed manifestations of power relations and conflict; champions and entrepreneurs; networks and communities; clearance or veto points, critical junctures or punctuated equilibrium; acceptability space and partisan mutual adjustment. These concepts are highlighted to differing degrees in competing theories. Use of a multi-theoretical, predominantly deductive, approach allows evidence pertinent to these concepts to be related to each other in different ways, as shown by the discussion of quantitative and qualitative methods (see page 49).

Issues and relationships are analysed at different levels based on documentation and interviews. The various levels include inter-institutional relationships at the intergovernmental level, transactional relationships between sellers (local councils) and buyers (housing associations), and relationships between institutions and individuals. These issues have the potential to reveal something of the power relations between and inside organisations and thus permit a view to be taken on the relevance of elitist and pluralist perspectives on policy-making.

Phenomena: Observable 'Facts'

Phenomena - in this case transactions of public (council) stock to alternative landlords, are the third link in the chain. Problematically, non-transactions are also phenomena, reflecting inaction and non-decision-making and possibly policy failure, however difficult this is to research. If stock transfer were government policy and elite theory were the most valid explanation for transfer on the ground, then the government's explicit policy of transfer in

²⁹ According to Rhodes, 'normative' in the British institutional context means the Westminster model, involving a neutral civil service, cabinet government, majority party rules.

later years should have produced more transfer.³⁰ Quantitative research can reveal the presence or absence of transfer but it does not permit the counterfactual questions to be addressed, such as why some councils did not pursue transfer: this requires qualitative investigation as in this study.

This turns our attention to how the researcher can establish the existence of transactions. Gilbert (1995) refers us to 'observable facts', though researchers are cautioned against the simple unquestioning acceptance of 'facts' and exhorted to 'clarify concepts and air problems surrounding fundamental definitions' (Kemeny, 1992:24). The most clearly observable indicators or measures of decision and action are completed transactions, though knowledge of their existence relies on recording and documentation, which cannot be taken for granted.³¹ The inclusion of non-transactions is not readily observable other than by its absence. *Understanding* absence of transfer relies to a large extent on insider knowledge. This is where the case study vehicle becomes highly relevant as a means of exploring non-decisions and inaction, as well as of decisions or actions, for a richer explanation.

In order to be able to analyse data about the observable phenomena (transfer), there needs to be an understanding of what constitutes the dependent and independent variables. The dependent variable is the effect or outcome and the independent/ antecedent variables are the cause. The purpose of research is to show the link between the variables, which is affected by how tight the hypothesis is and how closely the link can be modelled or demonstrated (Procter in Gilbert, 1995). The existence of a stock transfer transaction (when present) is the dependent variable in this study. Transactions reveal quantitative evidence of decisions made and actions taken, regardless of whether the approach is inductive (Chapter Five: England) or deductive (Chapter Six: Scotland). However, using an inductive approach, the absence of stock transfer reveals nothing about the nature of the (potential) seller or the housing stock or the system within which other transfers occurred.

Based on deduction from an institutionalist perspective, the independent - causal - variables are rules and procedures (explored in Chapters Seven and Eight). An institutional approach also produces observable 'facts' in the form of policy documents, rules and procedures; and the allocation and use of resources both by the centre and at the local level. Some of the observable facts are thus in the form of system inputs and intentions, while others appear as outputs. However, since institutional theory is not presumed to offer the only explanation, interviews and case studies of local action allow different concepts about actors and networks to be tested (Chapters Eight - Ten).

Thus in the case of Scotland, transactions and non-transactions have been chosen as the outcome / dependent variable for qualitative data analysis, allowing political and ideological

³⁰ Particularly from Conservative-controlled authorities which though few in number nevertheless existed. Later chapters examine the link commonly made between the presence of transfer and Conservative control of authorities.

³¹ Detailed appendices support Chapters Five and Six in showing how the data were collected, cleaned and analysed.

preferences to be examined, following spatial and temporal characteristics of quantitative evidence of transfer. Rules are *assumed* to be a constant factor at particular points in time, though their interpretation by actors is not. The extent to which the 'facts' are observable relies - in this case - on the existence of and access to data about transactions. This issue is explored further under the heading of primary and secondary sources of quantitative data (see below), and reflexivity, which affects both collection and interpretation of evidence.

Knowledge, Interpretation and Reflexivity

A thesis can never be unbiased observation and research must be reflexive, revealing the central importance of the researcher's role as interpreter (Phillips and Pugh, 2000). While more empirical housing research needs to link theory and evidence, researchers are urged to act reflexively, building interpretation from statistics and facts (Kemeny, 1992). Rhodes (1997) responds to postmodern critics – though somewhat grudgingly - accepting that there is no reason why opponents should be convinced by a case built on one person's criteria. He argues that academics need to anchor their knowledge in qualitative narratives predicated on real world interactions, which reconstitute and reconfirm the academic's knowledge. While Rhodes accepts that the researcher's challenge is to make explicit, acknowledge and defend their criteria 'reflexively', he argues that the researcher must also move beyond self-referential discourses to render their expertise more accountable (Rhodes, 1997).

The notion of reflexivity is neither explained nor explored in these texts, though there has been a burgeoning literature in recent years. The validity of any researcher's claim to authority is questioned in a discussion of reflexivity in research methods (Alvesson and Skoldberg, 2000). They argue that the two key components of reflexivity are careful interpretation and self-reflection on the part of the researcher. The former must reject any assumption that the relationship between the 'data' and 'reality' are unproblematic or unequivocal. The element of reflection requires the researcher to pay attention to his/her own context and views which can influence interpretation at various levels - perception, cognition, language, theory, ideology and culture (see next section). This undoubtedly makes research more rather than less difficult, but neither impossible nor invalid, provided the challenges are recognised and there is no pretence at finding *'the truth'* rather than *an* understanding. Thus,

It is pragmatically fruitful to assume the existence of a reality beyond the researcher's egocentricity ... and researchers can say something meaningful about this reality.

Alvesson and Skoldberg, 2000:3

Similarly, Steier argues that truth is not 'out there', waiting to be found. Researchers are challenged to explain how they can make sense of another person's realities (Steier, 1991). Rather, there are many different versions of 'the truth' disguised as narratives constructed

by academics who ought to reveal their own relationship to the data, without implying that their story tells 'how it really is, out there'. This discussion begs the question as to whether any research can establish or explain anything with any certainty. Stoker distinguishes positivistic and probabilistic positions on research (Marsh and Stoker, 1995). While the positivist position assumes that the researcher can measure and *know* phenomena comprehensively, reflexivity in social and political research is a response to the limits of positivism (Alvesson and Skoldberg, 2000). Critically, research requires an agent - the researcher - and cannot of itself, as it were independently, make everything definitively known. Instead, the researcher should make explicit their own interpretation of the 'facts'.

By contrast, the probabilistic approach is about establishing understanding (Moysier and Wagstaff, 1987; Gomm, Hammersley & Foster, 2000). Gomm *et al* see the probabilistic approach as enumerative (rather than analytic) induction - in other words, the researcher can only conclude that X may lead to Y but not necessarily that this will be the case. The challenge to the researcher is thus to give an account of the phenomenon which reveals the interplay of variables and forces, showing some of the possible interpretations in a multivariate world (Gomm *et al*, 2000). Such arguments are relevant in research generally but there are particularly clear limits to the resources at the disposal of the part-time student, which make a reflexive approach even more crucial in a doctoral thesis.

Alvesson and Skoldberg (2000) highlight the importance of acknowledging the central importance of the role of interpretation of data (or 'capta'), as well as the characteristics and role of the researcher and their relationship to the data. Such awareness involves judicious use of the personal pronoun - 'I', 'my' and so on - precisely to signal the researcher's attention to their own role and relationship to the data. Such use of personal pronouns is commonly spurned in academic circles (and by computer spell-check devices). Yet this is a critical component of reflexive research. Paraphrasing Steier's question - 'why do research at all if it is only self-regarding?', we should consider whether anyone has the right to do research and claim anything *without* acknowledging their own relationship to the data. My relationship to stock transfer has changed from being responsible for assisting others to deliver transfer in the field 'now', to more detached reflection and publication after the event.

Research Journey

It is pertinent at this point to declare and account for my self and my relationship to the data, as my relationship with the phenomenon and data has changed over time. Some of the relevant dimensions are visible to others (including respondents) while other matters affect my perception of the issues. I am white, female, a mature student and parent, with competing demands on my time - factors recognised by Phillips and Pugh (2000) as affecting the social context and study experience of the part-time researcher. I am also middle-class, educated, audibly not Scots, and with personal political views and loyalties. I am not a tenant but a former housing manager. I was increasingly visible on the professional conference circuit from the mid-1990s, and publishing intermittently in the trade

press on transfer discussions and activities in Scotland. This places me as having insider knowledge and recognition in the professional domain. These factors may all be relevant to access to actors, and to the conduct and analysis of interviews.

My background in housing is that of practitioner, with professional experience dating from the late 1970s, expanded by experience in a voluntary capacity as a housing association committee member from the mid-1980s. Paid experience lay at the frontline within a state landlord agency (SSHA) and managerially in the voluntary sector. Latterly I had been involved in representing (and lobbying on behalf of) the Glasgow voluntary sector, requiring extensive liaison with local authorities and central government, and thus familiarity with the settings and individuals. A period of freelance consultancy (1988 – 1990), included both abortive and successful attempts at facilitating community ownership transfer in Lanarkshire, seen as a Labour stronghold in favour of council housing. This means I have a sense of personal history of the events of the period under examination: the challenge for me as researcher has therefore been to detach and transcend my own perspective.

A job move in 1990 to academic employment on housing issues, entailed a shift from advocacy and consultancy to research, including the management of a database on the emerging 'community ownership transfers'. Academic output increasingly needed to be theoretically informed, and so the opportunity to embark on postgraduate research in 1994 was both a response to external pressure and a vehicle for personal development, creating its own challenges. My involvement in and knowledge of stock transfer meant that I was visible to professional actors as well as to some politicians and civil servants,³² increasingly as a commentator, and therefore perceived as a potential combatant - whether as threat or ally since I was occasionally publicly critical of aspects of the policy. This familiarity both blocked access to data at times, though it later facilitated access. However, I was probably not known to tenants and my perceived demeanour and status might have interfered. Moreover, while I regard myself as broadly independent of the various stances taken on this contested policy area, there is no guarantee that others will see me in this light, in spite of my best efforts. This may have affected interview access and conduct, establishing good rapport with some but failing to access others.

My personal and professional situation prolonged the process of research and writing, which had both benefits and drawbacks. Among the drawbacks were elongation and extension of the study to a PhD, which produced a more pragmatic and thus less strategic research design. In addition, much of the analysis was completed years after completion of the interviews (in 1998). Nevertheless, the delay has also meant better access to quantitative data at a later stage. Moreover, I have a more distant and detached relationship to analysis

³² I spoke at and chaired many conferences, published in professional press from 1995 onwards and remain involved in commenting on the development of transfer. After completion of the majority of interviews in 1998, I was seconded to the Scottish Parliament in 2000, then contracted to research stock transfer data for the Scottish Executive in 2001, which indirectly led to access to the data on transfer in England. The latter are used in this thesis.

and writing up than in earlier years, informed by more recent opportunities to analyse contemporary events.

As a one-time protagonist, I have thus probably influenced others' thinking about stock transfer but my own understanding of the phenomenon has also changed in the process, as written output is merely evidence of dialogue between the researcher and others - a 'tiny negotiated order, frozen in time' (Kemeny (1992:166). Alvesson and Skjoldberg (2000) caution us that researchers risk being steered by their own text production. Whereas my initial focus and approach were distinctly practice-based, for policy (Taylor, 1995, 1996c, 2000), the process of research and the use of different theoretical and political perspectives has both broadened and deepened my understanding of the phenomenon.

Methods Used

This section summarises the main methods used in this study, referring to the methodological literature, and appraising the strengths and weaknesses of the approach taken. The approach has been both quantitative and qualitative, using case studies to analyse events at the local scale. Where previous generations of political scientists have argued about quantitative vs qualitative methods, there is greater recognition of the relevance of combining the two: after all 'statistical analysis is not a rival to the institutional approach - they complement each other' (Rhodes 1997: 81). Fielding (in Gilbert, 1995) notes that both types of data and analysis are present all the time. Devine (in Marsh and Stoker, 1995) argues that both methods should be appropriate to research goals, and so must be combined appropriately.

Literature

Secondary Texts: Focus On England

Apart from the policy-making literature reviewed in Chapter Two, the remaining literature about specialist policy content is taken from housing generally, with specific reference to stock transfer or local housing companies. Material was gathered over a period of years from 1993, culminating in a final trawl in October 2001, updating a commissioned, published review of the research literature on stock transfer across the UK (Taylor, 2000).

If contemporary and ephemeral coverage is excluded, (along with work by the researcher), there are relatively few texts on the subject. At the level of textbooks, material is mainly about England whilst purporting to be about the UK. There are few key authors in the field: five are academics, some of whom have completed government-commissioned research (for London or Edinburgh), with one as a refugee from a failed partial transfer in England. Early *academic* observers about Scotland have long since transferred research attention elsewhere,³³ Another commentator works for the UK professional housing body. Then there are consultants advising councils how to transfer (either in England or in Scotland) with the

³³ A plethora of different research was underway in 2001/2, funded by the Joseph Rowntree Foundation, and the National Audit among others.

latter also having recently evaluated transfer for the government. Research centres on government commissions with a focus 'for policy', on making transfer work better as a process. Failure is barely examined. Research is seldom undertaken outside of this sphere and is limited to the organisational or political consequences. Meanwhile, the largest and best source of material on fast-moving stock transfer developments is the trade press.³⁴

Primary Texts and Documents: Scotland

Primary literature has been gathered mainly about Scotland because the secondary literature is so weak in this area. Such primary sources have focussed on material produced by central government, mainly about the system and context for transfer, and by local government (as potential sellers) at the level of case study areas. This is analysed and reported in Chapters Seven and Eight about rule changes to the system. Institutionalist theory starts with documents, to reveal the stated intentions of politicians in control of public institutions, and the rules and procedures created to shape behaviour from the top down, or from the centre out. Thus taking the start point that institutions shape behaviour, documents, structures and rules may present a good place to start to examine practice, even if they do not reveal the whole picture. In this study, primary documents have been gathered about the legislation, guidance, rules and resources in Scotland as a means of understanding what may have shaped behaviour and by what means.

As discussed in Chapter Two, neo-institutionalists have come to acknowledge the role and motivation of individual actors within institutions (Rhodes, 1997; Lane and Ersson, 2000). This requires use of qualitative fieldwork with actors to complete the researcher's understanding of policy intentions, and to complement the interpretation of quantitative evidence of their actions.

Quantitative Data - 'Who?', 'Where?', 'What?'

The quantitative approach refers to the attempts to show the whole picture of local authority transfers, revealed by the numbers and characteristics of transactions in Scotland and England, which deals with the who, where and what of stock transfer. A behavioural emphasis on decisions and actions impels the researcher to look for quantitative evidence of outcomes of decisions and actions. In this case such evidence takes the form of evidence of transfer transactions and their characteristics, as far as they can be established. Such data collection and analysis was undertaken during 2001 and 2002 (although it appears in this thesis before the qualitative analysis).

Scotland: Combining Primary And Secondary Data

Given the focus of this study on Scotland, and given the weakness of published literature homing in on Scotland, considerable effort went into primary data collection in Scotland from

³⁴ The most striking example is an independent magazine 'Social Housing' based in London, with limited circulation among people interested in the financial aspects of stock transfer. It first became established in the early nineties and aims to carry a database of all stock transfers, though (like the textbooks), in practice it mainly covers England, in spite of the accumulating evidence from the researcher and others of different approaches.

1994. The study originally sought to make use of secondary sources of data gathered informally by junior officials in central government (Scottish Development Department and its successors). Procter (in Gilbert, 1995) shows that researchers sometimes depend on secondary sources in order to gather data at all. The major disadvantage of secondary material is that the researcher has no control over the method of collection used, and the data may not otherwise be available within their resources or timescale. In this case, the inadequacies of the data, and periodic withdrawal of access to the data prompted the researcher to collect primary data from sellers and buyers for verification and extension of the data.

A survey of all authorities (sellers) was undertaken in 1995 purposely prior to personnel changes triggered by local government reorganisation; and again in 1996 to maintain contact with the relevant authorities after reorganisation, to consolidate data (see Appendix Five). Some surveys enjoyed good rates of response and provided data, which appear in the research database, following verification with buyers. Authorities were later contacted in January 1997 to establish their responses to government guidance on large-scale transfer³⁵ and offering support with estimating stock value. A good rate of response was achieved by this survey, which is discussed in Chapter Eight.

Contact with buyers in 1998 allowed the researcher 1) to complete missing information from sellers and official sources, and 2) to extend the parameters regarding post-transfer investment, in the absence of good secondary data at the time. The response rate on this survey was insufficient for robust analysis and was supplemented with later, secondary analysis of official investment records discussed in Chapter Six, with survey material appended.

The researcher was commissioned by the Scottish Executive in 2001 to retrieve as much information as possible from existing sources about all stock transfers in Scotland to housing associations by local authorities, Scottish Homes (and New Towns).³⁶ Resources and backing from government authority allowed secondary data from previously inaccessible sources to be brought together, with paid assistance under the supervision of the researcher. While primary data collection clearly gives the researcher more control over definitions and the type of data requested, it does not necessarily produce a complete sample (Gilbert, 1995). The main source of secondary data, minimal records of ministerial consent to transfer, was incomplete and inaccurate, though secondary sources were otherwise invaluable, particularly for post-transfer investment. In this respect, combining primary and secondary data collection contributed to the production of a more robust

³⁵ Correspondence following publication of the guidance presumed certain, rather ambitious levels of receipts from stock transfer sales.

³⁶ See Appendix Six for details of the basis of data collection and analysis. Civil servants confirmed in March 2002 that no analysis had been undertaken. The government's Community Ownership leaflet (Appendix One) drew on a 'good practice' dissemination project by private consultants, based on prior internal government sources only.

dataset overall, as well as shedding light on interesting aspects of the policy process and problems of definition, picked up in later chapters.

England: Secondary Official Data

In the case of England, this study relies essentially on secondary sources. Official government statistics were made available readily on request to the researcher in January 2001.³⁷ The criteria were rather limited though they permitted interesting analysis of trends: and government officials confirmed that their data 'tend not to be analysed'.³⁸ From June 2001, financial trade press coverage was complemented by a magazine produced by the representative body for English housing associations (NHF), which commented on policy. Further data were accessed in the course of 2001 from NHF and the Housing Corporation³⁹ about 'transfer' associations, and some of their characteristics. This allowed for a fuller spatial and temporal analysis of transfer in England.

Once again, the shortcomings of using official statistics must be stressed (Procter, in Gilbert, 1995). It became important to identify key trends with which to compare the Scottish activities, as a means of defining transfer. Given the lack of analysis in published sources about English transfers, this was not possible without access to existing data. However the researcher had even less control over recording methods than in the Scottish case, and was only able, with difficulty, to identify how the data were collated, stored and maintained. The implications of these issues in an analysis of policy-making are explored in the relevant chapters.

Referring to the social construction of knowledge, Latour and Woolgar are cited as cautioning researchers not to take 'facts' at face value, though empirical housing researchers commonly do precisely that (Kemeny, 1992). Kemeny argues that the production of official statistics is loaded: due care is thus especially required with secondary, official data. Latour and Woolgar suggest that data about artefacts may be susceptible to manipulation in an attempt to show phenomena, or events, as in some way 'real' (for example - see Appendix One). Latour and Woolgar argue that the progression from artefact to fact should be seen as a spectrum, ranging from speculation to unquestioned status as 'fact' resulting from a body of evidence (Kemeny, 1992). For a researcher this should be gathered through fieldwork, writing and dialogue. Arguably, transfer as 'fact' or definition has undergone such a progression from the 1980s to date. Such a progression results from the routine work of policy actors and commentators, without deliberation or reflection. Chapters Four to Six will discuss assumptions about what constitutes transfer in terms of scale of outcome as opposed to significance of episodes of decision-making.

³⁷ The request was triggered by the commission from the Scottish Executive and the researcher's aspiration to produce comparable datasets, in the absence of published analysis of data on England. Current raw data are now available on the website at the DTLR.

³⁸ In March 2002, the researcher was invited to provide the government department with analysis of the data.

³⁹ The Housing Corporation is the government's regulatory body for England.

Bearing in mind all these caveats, the net effect of both datasets is a potentially complete sample of transactions for England and Scotland covering the period 1986 – 2001, though analysis here focuses on the period to 1997. The extended period (especially for England) is deliberately reported to shed light on definitional issues, in relation to the critique of the current literature. Data have been analysed on a temporal and spatial basis and detailed appendices show the way in which data were gathered, cleaned and analysed with the results and analysis reported in Chapters Five and Six and summary tables included at Appendices Seven and Eight.

Qualitative Data: How And Why – Presence And Absence Of Transfer

Quantitative, behavioural approaches cannot reveal anything beyond the absence of transfer. Thus the phenomena which are not represented are transactions which were aborted at an early stage, still-born due to lack of tenant support, or never conceived. However, behaviourists also increasingly accept the case for qualitative evidence to extent of gathering information about the motives and perspectives of these actors (Marsh and Stoker, 1995). In this case qualitative data have been gathered for Scotland only, via interviews conducted mainly during 1998, a year after the new government had taken over and before much of its policy on housing had become clear. This represents an unusual window in which to talk to actors.⁴⁰ These took place with actors at the centre and in case study areas, to explore the rationales, and motivations and processes of stock transfer: the how and why of transfer in Scotland.

Using Case Studies

Case studies are useful because they allow phenomena to be examined under a microscope. They are thus commonly used in housing research, and to good effect. Robertson and McLaughlin (1996) cite Yin's argument that a case study is not a method, but an approach at a scale which is manageable for the individual researcher. It is also especially useful where the phenomenon is indistinguishable from context (Yin, 1993: 3). Though not used in this way here, case studies may be used inductively *for* policy (as commonly in government commissioned research on stock transfer), or in detailed, open-ended examination. Gomm *et al* (2000) suggest that case studies are excellent for illustrating, testing, (including confirming and contradicting) theory. Case studies are used in this way here in relation to stock transfer, drawing on Eckstein's arguments about the value of case studies for deductive purposes.

Generalisability and Replicability

Case studies have value beyond mere description and can allow the researcher to examine actions, decisions and outcomes at a scale, which allows wider causes and effects to be revealed, indicating scope for generalisation (Yin, 1993). Eckstein (in Gomm *et al*, 2000) maintains that though case studies are not good for quantitative data collection, their

strength and potential lies in developing understanding, although their capacity for revealing the interplay of factors is not generally acknowledged. In political science, case studies are used more often ideographically than nomothetically - that is, limited to the thing itself, rather than seeking to generalise or extrapolate.

In a lengthy discussion about generalisability, researchers are alerted to beware of the risks of seeking to make inappropriate or unsupported generalisations from case studies (Gomm *et al*, 2000). Case studies are commonly used as a means of exploring the real world, but for a variety of purposes. Some of these are focussed on historical narratives to reveal the unique character of a particular case.

Cases can be illuminating and more effective in describing the real world because they are less threatening than first hand experience.

Gomm *et al*, 2000: 9

Others may be used as a means of understanding causal relationships between variables in a number of cases, with a view to generating universal laws or theories based on deterministic rather than probabilistic principles. Even though it is not an ambition of this study to generate universal theory, nevertheless there is an aspiration to ensure that the cases selected here say something about stock transfer in Scotland beyond the cases themselves.

Gomm *et al* conclude that expert opinion varies about whether case studies can or should be used for purposes of generalisation. They point to a trade-off between the detail and abstraction: the former gives a case study its uniqueness or authenticity while the latter emphasises potential for generalisation or its replicability (see also Yin, 1993). The distinction between the two hinges on the isolation of those factors which are common from those which are contingent. Gomm *et al* exhort the researcher to be aware of the methodological limitations of cases.

Researchers do not generally appreciate the inductive and deductive theoretical possibilities beyond a merely descriptive approach to case studies (Eckstein, 2000). Going for the high ground, Eckstein argues that it is impossible to take too rigid a line about what theory is or political science would die altogether. Meantime, he asserts the need to 'generate theoretical statements conducive to the goals of theoretical activity' (Gomm *et al*, 2000: 126). According to Eckstein, the significance of the case should not be undersold in view of its potential for accretion of concrete evidence within a theoretical framework.

Types of Cases

Case studies are a useful device for understanding the real world, and could breathe new life into institutionalism by embracing new ideas about theory and method (Rhodes, 1997).

⁴⁰ Had interviews been postponed until transfer was more clearly on the new Labour agenda, interviewees might have been too preoccupied to give their time or been swayed by views on the current situation.

Cases are often used ideographically, but Rhodes argues that they can be used to test theory, and thereby to facilitate generalisation. Rhodes draws on an early typology of case studies developed by Eckstein about the scope for generalisation, depending on the design of the research. Where Yin proposes three types - descriptive, exploratory, explanatory, Eckstein proposes a more elaborate typology. These are summarised below based on a subsequent contribution by Eckstein to a recent edited collection on case study method (Gomm *et al*, 2000). Eckstein's typology is a spectrum progressing from 'intuitive vision to systematic procedure' in the research design. Each type is annotated (see Table 4 below) in terms of its relevance in relation to the case studies selected for this research.

The table shows a range of types of case study with the 'disciplined-configurative' type most closely fitting the approach used here, as judged after the event. Had the typology been available earlier to the researcher, different research design decisions might have been made to build a consciously heuristic series of cases. However, there was no underlying hypothesis at the time of the interviews and the approach to their analysis has been deductive, as previously discussed. The initial purpose of the case studies was to explore events more openly and in more detail at the local scale, to establish the sequence of events and rationales for decision and action from the various participants' perspectives, using policy concepts to inform the structure of the interviews (see below).

Case Study Selection

The purpose of selecting a small number of cases and actors was to understand the impact of a range of factors drawn from political science, which might have impinged on local decision-making. In reviewing the basis of selection we need to distinguish between probabilistic and purposive sampling (Gilbert, (1995). Whereas purposive sampling is random, probability sampling applies here and has involved a selection of those cases picked because they are known to feature a particular activity or characteristic and because of their usefulness for testing explanations or hypotheses. Thus, for example, one authority (Stirling) was chosen because transfer attempts did not get off the ground and because it was Conservative-held.

Table 4: Eckstein's typology of case studies

Type of case study	Description / explanation offered by Eckstein	Comments on relevance to this study
Ideographic-figurative	Rich detail in description, crude but vivid, elegant subtle and persuasive Deductive Limited, intuitive analysis and no systematic accumulation of data. Welter of detail can make it impossible to analyse and thus open to many plausible interpretations Impressive feel for case but may not 'add up' as observations are not self-explanatory, yet good for understanding the thing itself	Commonly used by political scientists See supporting appendix Not applicable in this study as data were systematically collected (Yin comments that if only description, difficult to tell whether the case experience is different below level of policy rhetoric from centre)
Disciplined-figurative (terminology borrowed from Verba)	Description and explanation as above – most common use of case study but distinguished from above by virtue of systematic data collection and analysis Unique explanation of single cases resting on a general hypothesis with explicit basis Interpretation and generalisation based on theory Can put theory to work critically: can impugn theory where consistent framework used and forces rigorous articulation of theoretical statements Remains probabilistic rather than positivistic (i.e. not logically compelling explanations)	Deductive as in this study, and not just passively Primary focus of cases in this research Deliberately systematic approach to data collection even though transactions examined may not be use completed but failed or aborted
Heuristic	Discover puzzles for theory to solve Build series of cases one after another with increasingly refined questions Difficult to analyse as not directly comparable due to research design choices Grounded theory Increasingly attractive to political scientists	Inductive Often used in govt commissioned research: for policy Would be relevant in a more deliberately designed and longer-term study Similar to Yin exploratory type of case study, for preliminary work to generate hypothesis.
Plausibility probe	Using hypothesis, probe plausibility of candidate theories May invalidate or confirm theory- may simply undermine validity of they by showing where does not apply even if cannot prove opposite Can be empirical, preliminary, inconclusive - Expose whether theoretical rules or prescriptions are valid and worth testing on a larger scale	Inductive – attractive to consider for future work under New Labour in examining which councils might proceed to stock transfer and why – potentially useful outcome of this research
'Crucial'	Theory formulation: postulation of verifiable observations Must work hard to elucidate true principles and experimental work to falsify: 'hopeful fishing'? Inductive Validation of hypothesis and theory especially where multiple cases Barely relevant in human sciences though value in avoiding amassing huge irrelevant datasets	Not relevant at this stage or on this scale

Source: adapted from Eckstein in Gomm *et al*, 2000

Case study selection first begs the question: what is the unit of analysis in a case study. A case can be a very small element (Robertson and MacLaughlin, 1996). One case might be a whole series of small incremental actions and decisions, however apparently trivial:

... a phenomenon for which we report and interpret only a single measure on any pertinent variable.

Eckstein in Gomm *et al*, 2000: 124

In this study, the case could be an area, a seller, a buyer or a transaction (including non-transactions). Five case study areas (sellers) were selected for detailed examination but, following Eckstein, if transactions (and non-transactions) are the phenomenon, then there are many more than five cases! The table below shows the numbers of (potential) transactions for which data are available in each area and the number of buyers examined, as follows.

Table 5: Case study phenomena

<i>Seller area (district councils before 1995/6)</i>	<i>No. of buyers attempting transactions examined in study</i>	<i>Relevant no. of transactions (completed or attempted)</i>	<i>Partial ⁴¹</i>	<i>Completed transactions</i>
Glasgow	3	25	*	#
Motherwell	1	2	*	#
Dundee	1	5	*	#
Berwickshire	1	1		#
Stirling	1	3	*	
Totals	5	8		

On the basis of transactions, there are 36 (potential) cases rather than 5 areas/ sellers, with individuals interviewed in eight (potential) buyer organisations. As Appendix Ten and later chapters show, the case studies are approached via the perspective of sellers and buyers though some of the national level actors also comment on particular area approaches. The cases were chosen for their similarities and differences embracing both small/ partial and whole/ large-scale transfers at different times, and completed and aborted transfers. Thus Stirling stands out as a case where transfer attempts (plural) failed and Berwickshire stands out as the only case where the transaction was not small / partial. The other three seem more similar though, as Appendix Ten shows, there are important differences of scale and timing.

Interviews: Rationale, Type and Focus

Rational choice theory emphasises the importance of qualitative data to be able to access the rationales and motivations of actors in the system. The process of stock transfer involves an interaction between many different layers of interests. A rational choice

⁴¹ *Partial transfer refers to those cases where only a proportion of the stock was sold leaving the seller with stock to rent. Partial transfers contrast with whole transfers where the disposal affects the entire stock of the landlord.*

approach allows aspects such as exchange and bargaining behaviour, adjustment and advocacy to be brought to the fore in the analysis of actions. This involves use of qualitative methods including interviews with key actors. The qualitative focus is limited to Scotland as the main focus of the study. In all some 30 interviews were conducted in the course of 1998 and early 1999. The appendices detail who was interviewed, their role in transfer, their level / scale of operation and their status at the time of the interview.

Various types of interview are possible involving different degrees of structuring. Highly structured interviews are easier to analyse with the corollary that less structure makes it harder to analyse (Robertson and McLaughlin, 1996). Semi-structured interviews can be seen to be 'conversations with a purpose' though Walford (1994) shows semi-structured interviews as best for developing understanding, which was their purpose in this study. Such interviews are useful for exploring dimensions of decisions and actions (which by extension also applies to cases of non-decision and non-action) (Fielding, 1995).

A standard list of questions was prepared in the interests of achieving replication logic (Yin, 1993) so that a consistent framework was being used for all respondents, regardless of the level or extent of their authority. The questions were loosely structured and worded in an open manner so that respondents could answer as fully as they saw fit. The interview schedule was designed to facilitate discussion around the concepts discussed in Chapter Two: thus the interviews relate to those concepts, but they were not referred to specifically and do not correspond directly. In this respect the interview was rather more of a 'guided conversation' (Fielding, 1995) allowing the researcher to explore certain defined themes.

The schedule was forwarded to each of the participants prior to the interview, to jog their memory of events and to serve as a topic guide / agenda. In some cases the standard questions were supplemented with additional questions, arising from documents or other interviews. The emphasis was not necessarily on detailed recall but on the broader issues in the mind of the respondent. Fielding (1995) argues that such semi-standardised interviews are valuable for extracting a range of opinions from different perspectives, precisely their use in this case. This use of the interviews to establish a definition used is thus a legitimate use of semi-standardised interviews, and avoids imposing a standard definition when none exists (see Appendix Two). By contrast this approach has helped to reveal perspectives and meaning of transfer.

The interview schedule was prepared to elicit information and perspectives about the various concepts discussed at the end of Chapter Two. These focussed on their perspectives of the origins of transfer, the rationales and motivations of the actors and their stance in relation to transfer both at the time and since. The schedule is reproduced at Appendix Four. The main areas identified for interviews can be noted in summary here:

Interview themes

- concept and definition of stock transfer*
- origin of policy – whose idea, where from*
- respondent's objectives*
- respondent's role and contribution to stock transfer*
- respondent's main contacts, supporters and opponents*
- view of outcome of transfer*
- key decision-makers and drivers*
- policies, instruments, agencies driving and blocking transfer*

Selection and Access Issues

Interviewees were selected from both the local and national stage, as shown in the appendices. Arguably all of the people selected operate at some level in the policy elite. According to the weakest definition, a policy elite can be defined as including anyone who has authority to give an order whereas at its strongest / purest, a member of a policy elite must be omnipotent (Moyser and Wagstaff, 1987). In this study, everyone interviewed was assumed to have some power and formal authority. This includes tenant committee members of housing associations who might not otherwise be regarded as part of the housing policy elite.

The value of studying elites lies in increasing *understanding*: only members of elites can reveal the sort of advice and information to which they have access (Moyser and Wagstaff, 1987). This relates to their stance on particular issues, decisions taken, actions and processes pursued, attitudes and intentions beneath / beyond the documentation. Thus, interviewing policy elites helps to unpack the mystique surrounding the behaviour of elites.

Moyser and Wagstaff, (1987) suggest three different approaches to identifying individuals in elites - reputation, positional, decisional. In this study, a mixture of all three were employed. At the local scale, the choice of interviewees was primarily decisional - i.e. what decision had been taken (or not) by the organisation; the choice was second order reputation (based on insider knowledge) of what kind of decision had been taken and third order positional i.e. based on their role in the organisation. As for interviewees at the central / national stage in Scotland, the choices were primarily positional (eg grade of civil servant or Ministerial position) and only then by reputation (using limited snowballing).

Most interviewees were contacted initially by letter, in May 1998, to explain the purpose of the research and interview and to request a suitable time and date. All responded positively and some very quickly, particularly in Dundee, with the result that new quantitative data

were brought forward during interviews with senior personnel.⁴² However, in Dundee and to a lesser extent Glasgow, it was more difficult to achieve consistency of research design. Interviews among housing association committee members (buyers) could not be completed, as the individuals were unavailable or unwilling to take part, due to other difficulties for their association. Some tenants were also reluctant to be interviewed: the reasons given were ostensibly definitional, (because they did not regard their association as having been involved in a transfer), or because their organisation was in the process of being 'merged'. Had the difficulty of accessing a suitable Dundee committee member for interview been anticipated, an alternative case study might have been chosen.

Some respondents suggested others who should be interviewed in referring to those they regarded as key actors. For example one additional interview was conducted through snowballing since this person had been suggested as being a key influence by at least three respondents from different perspectives. Although snowballing is a useful technique, not all possible leads were followed up due to lack of time and other resources, because the individuals were retired, ill, or otherwise difficult to contact.

Conduct of Interviews

Writing about interviewing members of policy elites, Walford argues that to use semi-structured interviews successfully, the researcher needs to have good credibility which depends on being able to demonstrate sound knowledge of the topic (Walford, 1994). It could be argued that my insider knowledge (discussed above) permitted such credibility, at least with the policy elite. Walford argues that senior and powerful elite interviewees are very skilled at answering questions (or avoiding answering questions). They may also play games with the interviewer to test their credibility or trustworthiness, depending on the relative status of the researcher and respondent. This requires considerable skill on the researcher's part to manage rushed interviews, interruptions and self-aggrandising answers especially - notes Walford (1994) - from retired civil servants. These issues are mentioned in more detail in the course of the analysis in later chapters.

Matching and Interview Response Effect

Fielding alerts us to the importance of issues about matching between the researcher and respondent in face to face interviews (Fielding in Gilbert, 1995). This relates to the previous discussion about reflexivity. Relevant Issues include age, gender, class, religion and race, any of which can affect the conduct of the interview (Robertson and McLaughlin, 1996). Tensions did not appear evident in any of the interviews about religion or race. However, most interviewees were male and many were older or senior to the researcher in different ways. Yet, the researcher was already known to most interviewees and hopefully credible not least due to my status as a lecturer (revealed in the letter of introduction). The researcher's views about transfer were not disclosed and would not have been known to the

⁴² This was included in the database and is part of the analysis in Chapter Six.

respondents. Thus gender and age gaps did not present an obstacle whereas the researcher was aware of a class gap which may have interfered particularly with obtaining and conducting interviews with tenant committee members. Surface matching was not strong on gender, age and some class grounds: this was not a material obstacle to access but may have had some filtering effect on the perspectives given, analysed and recorded.

Management of Boundaries and Focus

Most of the interviews were conducted over the summer of 1998, in the respondent's work place or home, with some held in more informal city centre locations to suit both parties. Most interviews took around an hour though some were closer to two hours in length. Interviews normally followed the order of the standard list starting with the definition of a stock transfer. This was a useful open and opening question although it occasionally led the interviewee astray into details and the interviews had to be managed carefully to ensure that the time was used to answer the questions. Nevertheless, useful insights were gained in this way. The researcher always took care to introduce the interview by clarifying that the boundaries of the study ran up to May 1997. However during 1998, it was often very difficult to prevent leakage into the interview of post 1997 material, more relevant to contemporary and fast moving transfer developments under the Labour's government's New Housing Partnerships programme.

Scottish Homes and New Town transfers also leaked into the interviews in ways which were not intended by the research design but which showed the interconnections within the policy stream: a more structured method would not have revealed such leakage and conflation. It was also necessary, but difficult, to steer respondents away from discussion of the rights and wrongs of transfer policy content, although the focus of the study was flagged as being about the process of reaching decisions rather than policy evaluation. The researcher became increasingly skilled at steering respondents back to the main focus.

A small number of interviews were taped, especially in 1997 before the standard questions were finalised. These were not transcribed but as with other interviews, notes were made in relation to the schedule, checked and annotated. Some later interviews were taped, especially with senior people under diary pressure, to minimise the need for note-taking and resulting delays. In general, the order of questions was less standard in an attempt to keep the flow of conversation as natural as possible. It could be argued that all interviews should have been tape-recorded, but some respondents may have been intimidated by this, and others (notably senior civil servants) might have revealed less while literally on the record.

Regardless of whether the interview was taped, notes on each interview schedule were read through afterwards and annotated by the researcher to record observations on how the interview had gone, whether there were any gaps or omissions, or any non-verbal signals, which might be significant. The researcher also noted methodological points at this stage about the capacity / willingness of the respondent to recall key events or to reflect on what

had happened. In the course of the interview, it was noted when a respondent had to be prompted about particular issues if they had not been mentioned spontaneously.

The researcher should as far as possible use respondents' own words to generate and define the constructs for the researcher's narrative (Fielding, 1995). Where an interviewee used a telling phrase, a detailed note was made of the expression. No commitment to confidentiality was given or sought. On the whole however, this account has been written *without* attribution in mind and most interviewees' views have been paraphrased rather than quoted directly. This is partly a consequence of not recording interviews and of a long gap between the interviews and the analysis and reporting. Some have however been quoted directly to give a flavour of their perspective.

Analysis of Interviews

The interviews have been analysed in a number of ways. First, it was important to construct a narrative for each of the case studies to ensure as far as possible a complete account for each area selected. Respondents' perspectives on definitions were analysed and have informed the study's definition of transfer, used in consolidating quantitative data for Scotland. Secondly, given that the schedule was prepared based on a review of the literature about how policy is made and implemented, the various concepts were examined deductively, across case studies and roles. These inform the discussion from Chapter Seven onwards, about the changing rules and incentives and decision-making and action centrally and locally, allowing a discussion of the issues in relation to the literature on housing policy and on theories of the policy process. Thirdly, on the basis that this only partly answers the questions set out in earlier chapters, the interviews were revisited on an inductive basis highlighting the common themes which emerge. However this form of analysis is not necessarily limited to the concepts derived from the review of the literature. In addition, networks were informally mapped from the questions about contacts. This analysis informs the discussion in Chapter Nine.

Discussion of Methods

An appraisal of methods is appropriate at this stage, focussing on the strengths and weaknesses both of design and as experienced in use, although the design and use of methods has sought to minimise any adverse effect from potential weaknesses.

Strengths

Having started with a weak dataset, efforts to refine the data have ultimately been effective and produced more data than might have been hoped for at the outset. The data permit both a comprehensive and comparable quantitative account of transfers at the national scale in Scotland and England during the late eighties and early nineties and a more exploratory, qualitative account at the local scale, albeit only in Scotland. The use of interviews in case studies for has allowed non-transactions to be explored too. Although low response rates were potentially a problem early on, in the end good quality information was

achieved which gives a degree of confidence in data corroborated from different sources. Yet it remains remarkable that so little hard information has been gathered or analysed by central government or other agencies. This is surprising given the apparent priority attached to this area of policy and the amount of scarce resources consumed over the period. It might signify lack of priority to policy monitoring generally, or it may indicate that government was not interested in the consequences, either because the policy was set to continue regardless, or because there was a wish to conceal certain aspects – for example to maximise room for manoeuvre.

Some of the early research was guided by unstructured curiosity, which had the merit of being open to ideas appropriate to that early stage. This allowed questions and dimensions to be developed and focussed. Later fieldwork (surveys and interviews) were informed by concepts drawn from the bodies of literature on housing policy and policy theory. So while the study has been predominantly empirical it is not been barefoot empiricism. A consequence of the more focussed approach at a later stage is that structuring questions may mean missing out on unanticipated perspectives or details. Nevertheless, this risk should be smaller with a more open approach having been taken at an earlier stage (Robertson and MacLaughlin, 1996). Similarly, March and Olsen (1996) argue that informal and systematic approaches are needed to complete the research picture: in this way, open and semi-structured approaches complement each other.

A further strength is the variety of perspectives gathered, by making contact with people active in this area over the ten years in question. Interviewees were throughout Scotland and not limited to Glasgow, which normally dominates the debate. The researcher has successfully sought and gained access to senior central government politicians and civil servants, usually regarded as the powerful elite. Their views can be set against those of tenants often living in unacceptable conditions, which were, arguably, a major part of the rationale for stock transfer. It has captured interesting and vivid insights from these various perspectives, to obtain a more authentic and rounded picture of the process of policy-making. Generally the fieldwork has succeeded in accessing for the first time oral evidence from important actors at the national scale and the local scale through the case studies.

Yet remarkably, almost all of the interviewees found it difficult to reflect on their own history or participation in policy as a *process*. Those (including elected politicians) who had this facility were rare and as often as not apologised for being cynical as though their observations were not valid or 'not what was required'. Some indeed seemed to think it not of interest or even relevant and would try and provide *details* of policy content in an effort - it seemed - to give better interview value. This both reflects the preoccupation of people involved in housing with the administrative detail of tasks rather than the process, and alerts us to risks of 'social desirability'. In other words respondents tell the researcher whatever shows them in a particular light (Fielding, 1995). This was evident to the extent that individuals, faced with questions about who was key to particular periods or events, were

reluctant to volunteer their own names and deferred to others' greater influence. This may be explained by natural reticence or modesty, though it may also represent the inability of respondents (in this field) to be able to examine processes and their own role in them.

There were some benefits in undertaking the research *after* the end of the Conservatives' period of government. Some people seemed to have 'moved on' and were more detached from the issues than might have been expected while the Conservatives were still in office. By comparison, earlier timing of interviews might have run into problems of defensiveness on the part of those pursuing the policies. That there was a new government and a new, changed policy may have liberated some respondents – not necessarily the civil servants – into being more candid about the Conservative period than they would otherwise have been. Nevertheless, respondents often had to be steered off debates about current policy.

Weaknesses

Such an elongated period of research as involved in a part time PhD thesis implies some weaknesses. Chief amongst these is that data collection was more organic, reactive and later than was ideal. Had good quantitative data been available sooner, different case studies might have been selected, different questions posed to interviewees and analysed differently. Not all interviews were conducted with a solid prior grounding in the policy theory as pressure on the researcher's time and respondents' availability drove the premature timing of some interviews.

While oral evidence is mainly a strength, a potential weakness of oral evidence lies in the inherent unreliability of recall, with a 12 year time gap between the earliest transfers and the interviews. Recall can be difficult over such a long period. The research is open to allegations of filtered recall. Interviewees were generally relaxed and comfortable about speaking about their experience, although many respondents initially claimed poor recall and some even articulated concern that they might be guilty of reinventing or reinterpreting the past. Respondents may filter out those matters they do not wish to recall: they may reinterpret the past in the light of what they know now and how they wish to be seen by the researcher.

The interviewer was aware of this possibility from the outset and took the opportunity, as far as possible, to corroborate factual aspects of events between interviews, or to check with interviewees on minor discrepancies about dates, for example in relation to publications or guidelines where dates were known. However, the researcher sought to avoid challenging respondents with other evidence even though it was sometimes useful to puncture complacency about past glories with more pointed questions about how practice might be seen by others. One interviewee repeated continually that transfers really were not important at the time (in spite of his heated and acrimonious public correspondence with the Minister in the press at the time). He was quite unable to grasp why research about policy history might be of interest to anyone. In practice, some of the early open questions triggered detailed - often humorous or wry - memories of discussions, people and meetings,

with candid and indiscreet tales indicating a good rapport in the interview. These also give grounds for confidence in the recall capacities of most interviewees.

A small number of people were reluctant to offer any criticism but stressed how helpful everyone had been while seeming to allude to some unhelpful behaviour, without wishing to be drawn further. These were in the main committee members in new associations who were not familiar with the researcher and may have felt uncomfortable or intimidated by a research interview. The potential recall problem is compounded by poor policy definition, personnel turnover and inadequate information systems to follow the many small transactions at the time and since. As a result, the quantitative data only show completed transactions and thus we cannot now see how many proposed transfers were not completed. In addition, the data for England are secondary data about the dependent variable, covering a more limited range of criteria.

There were problems too in researching the actions and decisions of central government. Although there was an ostensible willingness to be helpful, in practice it was quite difficult to obtain an interviewee from the Scottish Office. Some who had been involved at earlier stages, had later moved on to other roles within the Scottish Office and felt too far away from the issues to either want (or be able) to spend time being interviewed. One respondent was heavily involved in transfers both at the start and towards the end of the period in a senior capacity (now retired). He did in the end participate, though with much persuasion and his agreement to be interviewed was prefaced by multiple caveats about how little could be said, though in fact, his comments were most revealing.

Civil servants were notably painstaking in their choice of words while on the record. They answered strictly only those questions asked without elaborating and needed to be drawn. By contrast once the tape recorder was switched off, they became quite forthcoming more informally. The sensitivity in the British Civil Service around disclosing advice given to Ministers is well-established (Campbell and Wilson, 1995; Moyser and Wagstaff, 1987). This creates a cloak of secrecy around the role and power of the civil servants themselves. One became quite agitated in this study at the implication that he might have been responsible for *persuading* a Minister of the benefits of a policy! The same person was identified separately by the Minister as the source of the idea – Tenant's Choice and was also the only interviewee to turn some of the questions round to the researcher. Another adroitly conveyed intellectual distance from what he regarded as a 'rather silly' (or brave) ministerial idea which was ultimately unsuccessful.

Governmental secrecy undoubtedly affects the capacity of studies such as this to delve more deeply into policy processes but this must be seen as an occupational hazard in political research. Although documents were produced and correspondence conducted by various parties throughout transfer discussions, these had often been 'archived' or 'purified' - literally burned, shredded or otherwise 'unavailable'. This meant that respondents' recollections could not always be verified against written sources. Scottish Office files,

though not obviously in the realm of official secrets, were certainly not available for perusal by outsiders. The reason given was that there would be too many different files and departments involved: they might well have been irretrievable in any case. Local authority respondents were more immediately forthcoming though, in general, little attempt was made to access their files after reorganisation. This is undoubtedly a problem with policy research going back over such a period. Yet this research was seeking to explore aspects of stock transfer which were in any event less likely to have been documented. In that respect, the success in achieving interviews with so many key actors across the range, compensates for any perceived lack of documentary evidence.

Finally there is a danger that a content specialist researcher – such as myself - will have both inside and outside knowledge of and a partisan relationship to the subject. While I was neither vocally opposed to transfer, nor unreservedly in favour, public criticism of aspects of government policy may have interfered with my access to respondents, the conduct of interviews. However objective I try to be, my own stance cannot fail to affect my ability to gather views, and decode, interpret, analyse and report the data.

Conclusions

A range of sources and methods have been used to fill gaps in our knowledge about what constitutes a transfer, what transfer decisions were made, by whom and on what basis. This has produced a complementary range and balance of quantitative and qualitative evidence about transfer. A limited number of areas were selected reflecting both similar and different characteristics of timing, scale, geography and politics. Within each area, certain buyers and transactions were selected for detailed investigation and a range of actors were approached with a standard set of questions, derived from a critical review of policy theory.

The approach has been multi-theoretical and deductive, making conscious use of competing theories in analysing interviews, allowing policy concepts to relate differently to each other. The use of theory has allowed my relationship to the data to develop and come to surface, while my understanding and capacity to interpret has gone deeper as a result of the fieldwork and theory combined.

This chapter has focussed on the overall method highlighting appendices covering the case studies, the approach to the interviews with key actors centrally and locally. Later chapters discuss what these interviews reveal about the process and the policy of stock transfer in the various cases. The cases are not designed to be representative as such although some generalisation should be valid in illustrating empirically how decisions are made in different places at the same time within the same national policy and resource context.

Reference to documents and literature, supplemented by statistics and interviews, colours in the institutional picture but since institutions, rules and procedures are not the whole story, the interviews draw out relevant material about behaviour, motivations and choices in Scotland. This allows an examination of the balance and source of power amongst the

actors and assists in engaging with debates about the significance of state power in determining policy change. Having reviewed how the research was conducted, the following chapters can now turn to the literature on housing policy to find out how Scotland features in the UK literature on housing policy.

Chapter Four

Stock Transfer – The Specialist Literature

This chapter examines the UK literature on housing stock transfer, focussing on evidence about the past, rather than polemic about the future. It draws on research evidence gathered since the early 1990s. It mainly uses secondary material, including housing textbooks, political memoirs, research reports and academic contributions as well as contemporary magazine articles published by the professional body and by pressure groups, where the focus is often on particular cases. Limited use is made in this chapter of policy statements and documents.

The chapter is organised according to four main sections: *what* has been transferred where by whom, to whom; *why* transfers have been conducted; by what process – *how*; and finally transfers as outcomes. These permit an examination of the development and implementation of central and local policy, power relations between actors and processes of engagement at the local scale. It explores the different interests and stances of policy actors and comments critically on the limitations of research and the existing literature in advancing our understanding of the interplay of interests in the transfer process. Thus the chapter presents a critical review of research and housing policy literature on the phenomenon of stock transfer. Finally, it reveals the narrow focus in published material on certain aspects of a particular type of transfer in England as though this were valid more widely. It is argued that the literature fails to represent different approaches or spatial and temporal patterns of transfer in England and Scotland. Therefore to understand the phenomenon of transfer in the UK, increasingly we have to return to the data.

Who Transferred What, Where

In an end-of-century review of council housing, John Perry⁴³ argued that the end of council housing was nigh. He introduced his argument by referring to the reduction of public sector housing stock in England through the Right to Buy, showing a drop from 5 million to 4 million houses between 1980 and 1988. Transfer accounted for the 'loss' of a further 450,000 properties in England in 1988 - 2000, and an accelerating pace of change year by year. Indeed, while right to buy sales outstripped transfers until 1997,

Transfer is now [under New Labour] having a bigger impact than the right to buy...a trend ... certain to continue

Perry in Wilcox, 2001: 31

Perry referred to two types of transfer experience in England whereas Scotland and Wales were discussed in terms of *future* practice, as though they did not have a history. Similarly, Cowan and Marsh claimed in 2001 that the transfer process was 'just getting underway in Scotland'.

Location

Elsewhere, even in textbooks which claim to cover housing in the UK, reference to Scotland indicates one Scottish transfer (Berwickshire), although

... smaller scale sales [unspecified] have taken place to community based landlords using HAG from Scottish Homes.

Harriott and Matthews, 1998: 240

Neither the JRF annual compendium⁴⁴ nor the trade press⁴⁵ carry information about transfers in Scotland (beyond reference to Berwickshire), although primary research on Scottish transfers showed at least three different types of transfer. The first involves small-scale subsidised transfers by local authorities (Taylor, 1998; Graham *et al*, 1997). The second stream involves disposals by Scottish Homes, privately funded without subsidy (Graham *et al*, 1999). The third category – also unsubsidised - refers to New Town transfers at wind-up (Muirhead, 1998).⁴⁶ In passing, Graham *et al* (1997) contrast Scottish Homes transfers - denoted 'policy-led' – with 'development-led' council transfers, motivated by the need to access to development subsidy to improve the stock. Murie misleadingly refers to such transfers as 'LSVT' (Currie and Murie, 1996: 66).

Information about transfers in Scotland is usually published by Scottish Homes or the Scottish Office (Clapham *et al*, 1991; Graham *et al*, 1997; Taylor, 1998; Taylor, 2000) but does not enter secondary discourse purporting to be about the UK. As a result, transfer phenomena in England and Scotland are not usually compared and transfer remains ill-defined in the secondary literature. We return to a comparison here but first we have to look at the headline figures for England.

Although published data about transfer are generally limited to England, textbook coverage of the incidence of transfer is surprisingly poor even for England, given the potential significance of the changes being wrought. The first reference to 'transfer' is in Malpass and Means (1993) drawing on interim findings from government-commissioned research: by 1991, 16 authorities voluntarily divested themselves of their entire rented housing stocks. Although the 77,000 tenancies affected represented less than 2% of all council tenancies in England, even in 1991 transfer was presented as:

⁴³ Policy Director of the Chartered Institute of Housing – the professional body for housing in the UK.

⁴⁴ Annual compendium of housing finance Housing Finance Review - published by Joseph Rowntree Foundation JRF. It has become a key data source for British housing practitioners and researchers alike, since first publication in 1995. It lists annual summaries of completed transfers, drawing on official sources, with commentary though without much explicit data analysis.

⁴⁵ Social Housing magazine: though seldom cited in the secondary literature, it has been the best source of raw information on completed transfers. It is issued monthly to subscribers and from 2002 on the Internet. The May issue carries an annual update to March of that year, showing all UK transfers to date and listing every single transaction since 1988, with stock numbers, buyer names, prices paid, subsidy used. Borrowing details are shown with amounts and names of lenders, who support the magazine with advertising. A late addition to the trade press is Transfers Today published by the National Housing Federation since 2001.

⁴⁶ Neither of the second and third streams are within the remit of this study, though as later chapters show they leak into the local authority stream.

... a major contribution to central government's privatisation drive

Mullins in Malpass and Means, 1993: 169

Mullins's later work focused on the regulatory implications of transfer but he cited JRF figures showing LSVT transfers affecting almost 250,000 houses up to 1996/7 (Marsh and Mullins, 1998). By March 2000, the trade press showed over 400,000 houses affected by a total of 134 transactions, accessing private funding of over £7 billion (Social Housing, 2000). This starts to reveal different dimensions and measures of the phenomenon.

Transfer is commonly shown as a Tory shire phenomenon in leafy suburbs and rural areas of England (Harriott and Matthews, 1998). Elsewhere,

The LSVT programme worked in the shire counties and areas where positive asset values meant that stock transfer generated a windfall gain for the local authority... [but] the programme did not offer incentives ... where there were negative values associated with the stock - in urban areas .

Murie and Nevin in Cowan and Marsh, 2001:32

Only two of 68 transferring councils prior to 1998 were in disadvantaged urban areas (Murie and Nevin in Cowan and Marsh, 2001). In 2001, these commentators⁴⁷ argued that changes in the 1996 Housing Act in England had catalysed interest in stock transfer among Labour and Liberal Democrat authorities in some parts of England. The authors neither offered nor referred to published analysis of the data on transfer, nor considered why some areas pursued or did not pursue transfer before or after 1997. They did not examine or report the authorities' political characteristics, nor what type of transfer applied in different areas although they referred increasingly to two types. There have been no attempts by academic or trade commentators to examine the constituent characteristics of transfer. Although Harriott and Matthews (1998) suggested that 'transfer' policy might be approached and analysed according to four categories, they then proceeded to confuse matters by referring to various individual and collective exit mechanisms⁴⁸ in public housing as 'transfers', without distinguishing different types of transfer as such. Such lack of definition risks unquestioning acceptance of facts about transfer, with assumptions based on recorded transactions (to which Chapter Three refers).

⁴⁷ The authors' primary concern is New Labour's policy shift post-1997 towards transfer - a move 'from antipathy to acceptance'.

⁴⁸ These include the Right to Buy, Tenant's Choice, HATs, Tenants Incentive Schemes and LSVT: some create owner-occupation; others permit continued renting by alternative landlords; others again require a change of landlord - HATs - see glossary.

Types of Transfer – England

This thesis attempts to remedy the issue of definition by distinguishing two emerging types of transfer in England (see Chapters Five and Six). By the late 1990s a second type of transfer was emerging as over £300m became available to deal with stock in poor condition in poor, urban neighbourhoods (Harriott and Matthews, 1998). Policy innovation produced incentives for transfer in November 1995 - thus under the Conservatives (Cowan and Marsh, 2001). Yet until 1999, all transfer information in the trade press was labelled LSVT even though it contained reference to partial, grant-funded transfers. For the first time in 2000, the database distinguished LSVT and ERCF transfers, which the government dataset had not done by 2002. For the moment, we will refer to these as LSVT and ERCF-funded⁴⁹ based on the literature about English experience.

LSVT – Whole, Single Disposals?

Over 400,000 houses were transferred in the LSVT category between 1988 and March 2000 (Social Housing, 2000) and at an increasing annual pace, outstripping the published 'pipeline'. The average unit price was just over £9,000. Gross funding facilities of around £6.5 billion were secured against purchase values of £3.7 billion⁵⁰: no grant was involved. Social Housing commented simply that the difference between borrowing and price is due to additional finance required to fund repair and renewal works. Previous issues (Social Housing, 1999) had already highlighted wide fluctuation in average prices and funding falling overall, though without explanation. By 2000, falling valuations were reported to be hitting new 'lows' reflecting rent controls and 'more transfers of urban housing commanding lower prices' (Social Housing, 2000: 5). This chapter returns to pricing and valuation in discussing transfer as a process, to illustrate the importance of bargaining in transactions. Later chapters explore spatial and temporal differences in the figures to produce a better definition of the phenomenon. We can note at this stage the greater scale of LSVT with ten times more *stock* transferred via LSVT than via ERCF in 1991 (Cowan and Marsh, 2001: 32). It is not assumed that LSVT indicates any particular scale of transfer and means whole, single disposals, in contrast with partial disposals. For the moment, measurement based on the number of houses affected may not be the best means of assessing significance.

ERCF-Funded: Partial With Subsidy?

In 1995/6, research for a client consortium (including the DoE, the Housing Corporation and mainly Labour controlled metropolitan councils) showed ways in which government funding could be used to assist partial transfers of stock in run-down estates (KPMG, 1996; Murie and Nevin, 1999). The stock had negative value (reflecting poor property conditions), producing no capital receipt to pay off debt. This provided a basis for the Conservative government in England, to incentivise regeneration, bolstering private investment with

⁴⁹ *Estates Renewal Challenge Funding. NB Chapter Five and Appendix Six discuss the dataset further.*

⁵⁰ *Purchase value is almost the same as sale value with some important deductions. Purchase value is best compared with borrowing whereas sale value or receipts are best compared with historic debt.*

subsidy, for which authorities would have to compete (Harriott and Matthews, 1998). Bidding started in 1996 though transactions and spending are recorded as starting from 1997.⁵¹ Early case examination revealed substantial variation in unit costs and marked disparities between planned and actual costs in transferring the ownership of certain (usually tenanted) council estates to other social landlords (Nevin, 1999; Murie and Nevin, 1999). One year into the programme, *actual* public investment exceeded private funding and per unit investment was way off target,⁵² suggesting rather turbulent or chaotic implementation, in spite of almost rational policy-making beforehand. As no published analysis of the outturn data is available, the data are explored further in Chapter Five, because they represent a form of partial, subsidised transfer which, it is argued, has obtained in Scotland since 1986. A distinction between whole, single and partial, subsidised disposals avoids reference to local subsidy terminology and allows a more abstract definition to be developed as well as some comparison of streams in the two countries.

Comparing Whole and Partial Transfers in England and Scotland

The only source of comparison to date between Scotland and England was in a review of research evidence published by Scottish Homes (Taylor, 2000), using work in progress for this thesis (see Table 6). Measuring the scale of the phenomenon in terms of the volume of houses affected (rather than numbers of transactions) indicated less stock affected in Scotland, but a considerable degree of transfer activity nevertheless, clearly not reported at the UK level. The period of activity was similar and the acquiring landlords were generally housing associations though there appeared to be more diversity of purchaser in Scotland. What is striking is the apparent difference in price (or value) between different types of activity. Also striking is the balance between partial and whole stock transfers in England and Scotland: where in England, whole stock transfers exceeded partial by 10:1, the ratio was precisely the reverse in Scotland. Perversely, Malpass cited the researcher's data (above) to show a European audience that there has been just one (whole stock) transfer in Scotland, while there have been whole and partial transfers in England (Malpass, 2001:3). Chapter Six returns to a comparison based on a more thorough and consistent data analysis than was possible in 1998.

⁵¹ See Chapter Five

⁵² The subsidy was to be administered by DETR direct and was discontinued by Labour after three years of operation. Private investment was intended to take care of up to two thirds of the costs with public investment covering a third (and up to half). Estimates in 1996/7 indicated ERCF proposals affecting 63,000 properties would cost the Exchequer £564m - almost £9,000 per unit. By 1998/9 only 3,600 properties had consumed half the budget at £72,000 per unit (Nevin, 1999) with a ratio of private investment to public subsidy approaching 1:5, rather than 2:1. However, outturn figures were different again - fewer houses transferred at less public cost and with less public investment though private finance came closer to the planned ratio (Social Housing, 2000, vol. 12, no 5, page 5).

Table 6: Stock Transfer In England And Scotland 1986 - 1998

	Total nos.	Destination landlord	Price ranges	Period
Scotland (1)				
Local Authority – partial	25,150	Mainly HAs	Under £3k	1986 - 98/9
Local Authority – whole	2,054	HA	£5k	1995/6
Scottish Homes	38,817	Mainly HAs; various other	£7k up to £12k	1991 – 98/9
New Town Development Corporations	29,463	HAs; LAs; SH	Up to £11k	1991 – 97
England (2)				
Local Authority – partial/ ERCF	30,000 est	HAs and LHCs	NK	1996 - 98
Local Authority – whole / LSVT	328,451	HAs	£2 – 13K	1988 – 98

Sources:

- 1) Sources: updated from figures cited by Taylor in Wilcox (ed), 1998 based on personal communication.
- 2) Social Housing, December 1998 Vol. 10 no 12; Nevin, 1999

Having established what is known about transfers, we need to examine what the literature indicates about the reasons for pursuit of transfer to increase our understanding of why some councils (and not others) have pursued stock transfer from a political viewpoint.

Why Transfer And For Whose Benefit?

For some there is only one rationale for transfer: it boils down to PSBR restrictions on council borrowing (Harriott and Matthews, 1998). The opportunity for borrowing by housing associations to count as private borrowing 'undermined the lingering attractions of municipal landlordism' (Cole and Furbey, 1994; 205). While resources are clearly important, if this was such an overwhelming case, why did *all* councils not go down the transfer path? Voluntary transfers are seen by others as 'local responses to wider national housing policies', highlighting the significant role of local key actors and negotiation or bargaining (Malpass and Means, 1993: 169). Though the housing policy literature commonly takes central government objectives as the starting point for policy analysis, this section examines central and local objectives and rationales for transfer in turn.

Aims Of Policy

Central Government

Arguably stock transfer resulted from a succession of policy developments by central government from the early 1980s, which helped create the right atmosphere and propitious circumstances for local transfer initiatives (Kemp, 1990; Malpass and Means, 1993). The literature refers to objectives being developed in the run-up to the 1987 General Election, though it was only after that election that William Waldegrave MP, Minister of Housing under Nicholas Ridley, made clear the government's overriding intentions to 'get rid of the state as a big landlord' (Kemp, 1990; 797). This had not been articulated so clearly before the

election though those in favour of council housing had been able to 'see the writing on the wall' (Kemp, 1990).

Thatcher's memoirs show the discussion between the former PM and her Secretary of State, Nicholas Ridley, in 1986 about how the forthcoming manifesto should deal with housing (Thatcher, 1993). Housing, health and education were identified as three key targets for radical reform. With the right to buy regarded as a major political success, the aim of the 1987 manifesto was to further redistribute power in housing, by offering tenants the right to form co-ops and to transfer the ownership of their individual homes to alternative landlords. Thatcher describes Ridley's proposals as visionary:

...a limited number of radical and striking measures rather than a clutch of irritating little ones.

Thatcher 1993: 570

Thatcher saw Ridley's proposals as a beautiful mixture of government intervention and discipline on local authorities, unsettling Socialists and paternalist Tories. Deregulation and choice for tenants would

...weaken the almost incestuous relationship between councils and tenants.

Ridley cited in Marsh and Mullins, 1998:128

The former PM's view was that *compulsory* transfers through Housing Action Trusts (HATs) and Housing Revenue Account ring-fencing would generally assist in stimulating *voluntary* disposals (author's italics).⁵³ Thatcher devotes much energy in her memoirs to berating the House of Lords for caving into propaganda and diluting the force of the HAT proposals by introducing a requirement for tenant consent. This was to prove exceptionally significant as later chapters will show.

The literature shows four stated objectives of housing policy following the Conservatives' re-election in 1987 (Kemp, 1990; Robertson, 1992; Cole and Furbey, 1994; Currie and Murie, 1996; Harriott and Matthews, 1998; Audit Commission, 1993). Though there are important differences in the detail of legislation and the programmes the government put in place in the two jurisdictions, White Papers for England and Scotland alike featured four aims, namely to:

1. encourage the spread of home ownership;
2. revitalise the private rented sector;
3. assist local authorities to become enablers; and
4. target public expenditure more effectively.

⁵³ Thatcher's memoirs reveal misgivings in 1987/8 about the implications of rent rises for social security spending, which she saw as the most difficult aspect of the proposals. However, this was subservient to the goal of reducing municipal influence in public services and challenging insensitive, 'incompetent and corrupt state landlords' (Thatcher, 1993: 599).

A range of measures had been used during the 1980s to introduce greater discipline into the management of council housing but these were 'not enough', hence further legislative⁵⁴ and non-legislative measures were considered necessary (Kemp, 1990). Kemp argued that the 1987 White Paper signalled the most important recasting of housing policy since 1919, by imposing compulsory housing transfers on some local authorities, deregulating private rents and exposing the voluntary sector to more private borrowing and more financial risk. The whole set of proposals *implied* an aim to eliminate council housing, which was greeted with hostility by political opponents, tenants' groups and trade unions who could be argued as viewing council housing as a source of votes, shelter and employment respectively (Kemp, 1990).

More specifically in relation to English council housing, Kemp shows the government's objectives as seeking to produce:

1. greater diversity to break up council housing monopolies;
2. increased private investment;
3. better (housing management) services for tenants;
4. empowerment of staff and tenants.

The Scottish White Paper (Cmnd 242) flagged four different aspirations:

1. to increase choice;
2. improve supply and quality of housing;
3. encourage greater responsibility;
4. deal with residual homelessness.

This chapter returns to the first four objectives to establish what might have been known about whether these objectives were delivered in England, whereas later chapters examine the different emphasis in Scotland. The UK literature tends to default to the English mechanisms, though the legal and resource arrangements in Scotland were clearly different (Gibb and Munro, 1991).

In England, the government took powers to compulsorily transfer council stock to HATs, *requiring* change though in the end not entirely successfully (Malpass and Means, 1993). The Conservative government also proposed two specific mechanisms confusingly called Tenant's Choice and Tenants' Choice, which became law in the form of the Housing Act 1988 and the Housing (Scotland) Act 1988 respectively. The mechanism took a different form north and south of the border: a collective right in England but an individual right in Scotland. Both mechanisms allowed tenants to initiate transfer of ownership of a rented property to another, 'approved' landlord,⁵⁵ though again not entirely successfully (Tulloch, 1998). Whether this constitutes concurrent policy is a theme to which we return (Midwinter *et al*, 1991).

⁵⁴ Acts were passed both in 1988 and 1989 in England. The 1989 Act imposed severe constraints on English councils' housing finance arrangements and required local surpluses (usually in low debt authorities) to subsidise Housing Benefit (Wilcox, 1994).

⁵⁵ Approval of the receiving landlord was delegated to the Housing Corporation and Scottish Homes respectively. Tulloch shows at best lukewarm enthusiasm for implementation, at worst positive obstruction by agency staff.

Transfer - as it emerged - was not the intended method of achieving the government's objectives. Indeed, while many observers agreed that central government generally welcomed transfer in principle, the Treasury in particular was concerned about the risk of lending (to refinance council housing) swamping and distorting other borrowing. Thus, in the end government sought to contain the flow of transfers in any one year and in any one transaction 'so that mass landlordism was not simply reproduced in another sector' (Cole and Furbey, 1994: 205). This suggested central government was seeking to channel the behaviour of local actors.

Local

The rationale at the local scale was very different from that of central government (not least in rhetoric). Early government-funded research clearly showed 'community ownership' (as stock transfer in Scotland was first known) as a Labour council initiative dating back to the mid-1980s, rather than originating with central government, predating the Conservatives' 1987 election manifesto by at least two years (Clapham, Kintrea and Whitefield, 1991).⁵⁶ In response to public resource cutbacks and private opportunities Glasgow City Council developed new ideas for increasing private sector investment in council housing. Central government officials and ministers were initially sceptical of Glasgow's proposals and after months of negotiation, proposed an alternative, channelling additional public resources through a government agency thus using established mechanisms while distancing the council from financial administration (Clapham *et al*, 1991). A Scottish Office letter showed government in Scotland to be 'sympathetic in principle' (SDD, 1988) (see Chapter Eight).

The first transfer in England was promoted by Conservative-held Chiltern DC in 1987 (Kemp, 1990; CSL, 1992) and observers highlighted ideology at the local scale as being an important driving force in the early years (Malpass and Means, 1993). The English White Paper *acknowledged* that a number of councils were *voluntarily* taking steps to transfer their stock (DoE, 1987). Guidance was published *following* the first batch of transfers (DoE, 1988) revealing government's primary concern about establishing effective separation and independence of the new landlord body from the council. Later waves of guidance structured the programme - now known as LSVT - limiting the scale of transactions, consolidating valuation methodology and introducing levies to allow government to benefit from unanticipated surpluses. This was portrayed as 'maturing into a managed programme over time' (Cowan and Marsh, 2001: 32). Where the earlier behaviour supported Bowen's notion of path-clearing to create a bandwagon (Chapter Two), later English moves to develop partial transfer with subsidy showed a more deliberative process of policy-making

⁵⁶ Glasgow City Council called its new idea 'community ownership' to increase its acceptability. The council facilitated staff to assist tenants to form pilot co-operatives (private bodies) with a view to funding by private sector grants from central government, topped up with private loans (Nicholson *et al*, 1985). In 1986 central government revised the proposals providing funding for three pilot groups channelled via the Housing Corporation (then controlled from London): - known as Phase 1. Phase 2 re-surfaced later that year, in a form closer to the original council proposal. Both involved the council in selling part of its tenanted stock to housing associations (Clapham and Kintrea, 1994).

with mutual accommodation of conflicting objectives to achieve shared goals (Lindblom, 1979; Sabatier, 1986).

Commentators often imply that what came to be known as 'transfer' was the *intended* outcome of central government's policy, yet without offering supporting evidence. The financial pressure resulted from deliberate decision-making to squeeze councils but it could equally be argued that central government could not know the consequence of that pressure. Transfer could be interpreted as bottom-up problem solving by invisible entrepreneurs (Kingdon, 1996). Transfer results from the local interplay of 'push and pull factors' (Perry 2001). While the single push factor was the backlog of repairs, there were four pull factors, one of which was assistance with historic debt (in Scotland), though it should be noted that the latter was only introduced in principle in 1998 (Scottish Office, 1999) and eventually also to England (DETR, 2001). The other three pull factors include: 1) potential investment through private borrowing, 2) protection of housing stock for rent, 3) use of surplus receipts to pay off historic debts. Yet surplus receipts could not be assumed for every council in England or Scotland (Bramley *et al* 1993; KPMG 1996; Anderson 1997, Scottish Homes / CoSLA 1998).

A combination of higher rents and lower outstanding debt made for considerable 'equity release' in early English shire transfers. There were incentives for councils to transfer in the early 1990s if the receipt extinguished debt and covered transaction costs, leaving a surplus receipt. However a different structure of rent pricing made for much higher valuations in certain areas of England allowing more generous receipts to be generated in those areas (Wilcox, 1994). The opportunity to secure extra resources in this way provided behavioural incentives for cash-strapped actors in local government, allowing surpluses to be recycled into housing investment (Aldbourne Associates, 1998; Brown with Taylor, 2001), pay off debts and fund other facilities (Wilcox, 1994; Mullins, 1996).⁵⁷

Based on early government-funded research using local case studies, it was concluded that stock transfer was a 'self-administered suicide pill' or alternative medicine to government interference (Malpass and Means, 1993). Similarly action at the local scale was partly defensive - a form of 'coerced exchange to prevent a reduction in welfare' (Kemp, 1990: 804).

Unspecified actors on the local government stage saw opportunities to

...escape from draconian central control ... towards the more benign treatment of housing associations

Marsh and Mullins 1998:148

⁵⁷ Some councils used funds to make the whole council debt free or fund swimming pools and recreational facilities.

Later commentators concluded that

... rather than dissatisfied tenants driving a transfer process, it was disabled landlords who sought to resolve their dilemmas through transfer.

Cowan and Marsh 2001: 31

Both the early Scottish and English initiatives point to slightly different forms of bottom-up action at a time of turmoil with ostensible loyalists operating as invisible champions to protect their interests (see Chapter Two). Yet housing associations' behaviour was arguably more subject to control by the regulatory body than councils were by central government (Kemp, 1990; Malpass, 2001), even before increased regulation in 1996 (see section on outcomes below). Central government certainly was not prepared for the first transfers in the form in which they emerged (in England or Scotland) which left a vacuum to be filled by local action to create a process, later consolidated via waves of government guidance and revisions to the legal framework. This does not indicate what Sabatier called a 'dominant and clear policy programme' but lies in precisely the middle ground indicated by Hill and Sabatier, where rules emerge in the course of policy, maturing into a managed programme. We return to conflict between policy objectives and their contradictory consequences, once we have established *how* transfer is conducted since the processes and rules help to structure actors' behaviour (Rhodes, 1997; Lane and Ersson, 2000).

Managing the Transfer Process, Balancing Conflicting Interests

The process of conducting a transfer is a core interest of this thesis in power relations in the policy process. These issues have been of considerable passing interest to researchers, though not necessarily their primary focus. Latterly central government research has examined the effectiveness of the process, for the purposes of streamlining future administration⁵⁸ (DTZ, 2000). Though he believed more transfer was a certainty, Perry's commentary on the interests at play in the *process* of transfer would lead one to conclude that transfer was far from a foregone conclusion (Wilcox, 2000). He shows a range of formidable obstacles to transfer, including lender perceptions of risk resulting in higher rates of interest, tenant opposition in ballots, complexity and fear of challenge and the capacity of the profession (or lack of). This indicates the range of dimensions and stakeholders whose stances and interests have to be accommodated through a process of consent and approval, emphasising the significance of bargaining.

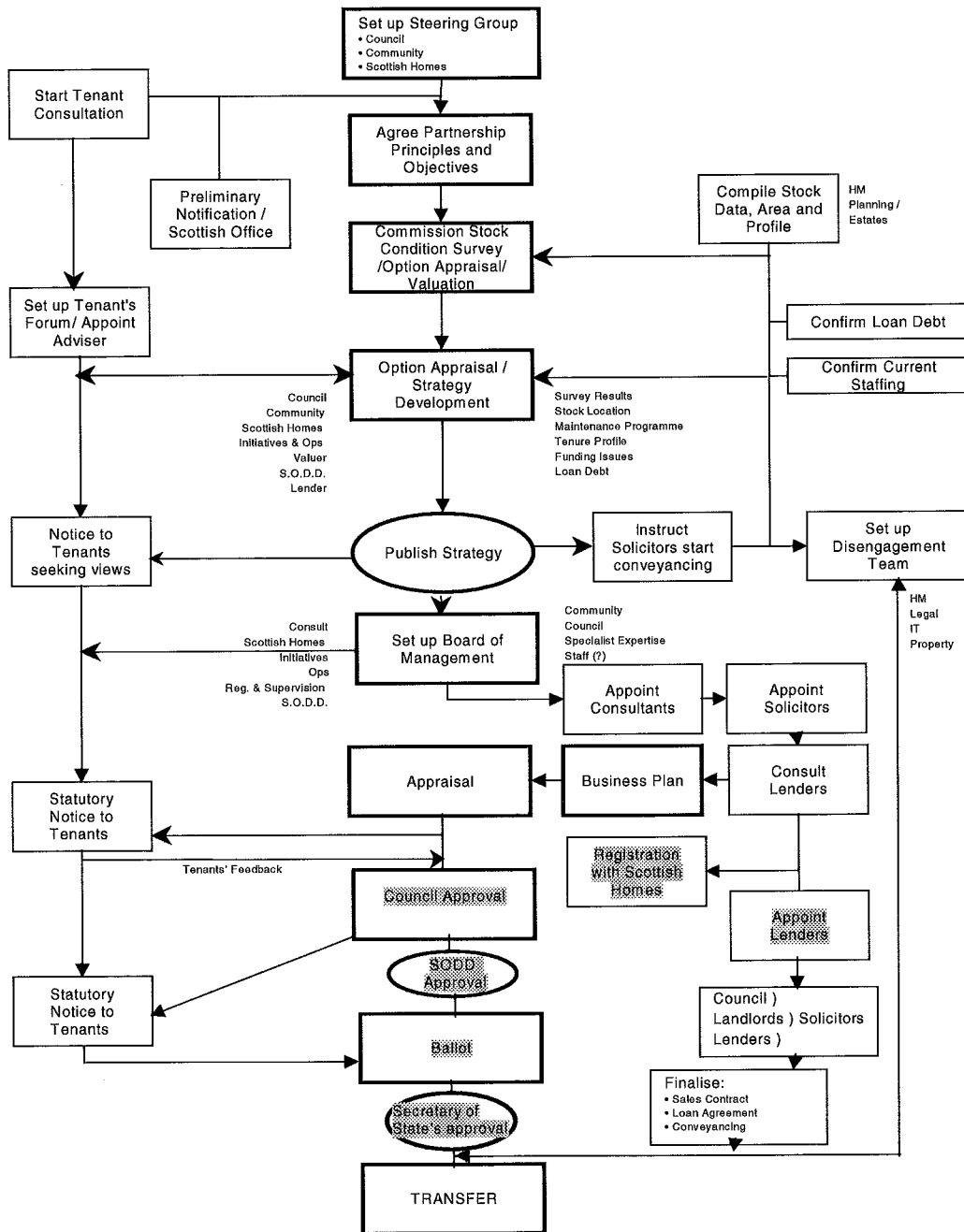
Process - Stages and Interests

Understanding of the process was slow to become established and was first documented by government in England five years after transfer (DoE, 1993). The process is essentially

⁵⁸ Ten years on government consultants recommended better future process on a number of issues: problem analysis, communication and consultation with stakeholders including tenants, separation of conflicting interests, training, planning and managing change (DTZ, 2000). Many similar points are made in Scottish Executive guidance on transfer first published August 2000 (in response to criticism from a Scottish Parliamentary committee on the lack of an explicit framework for developing or appraising NHP proposals).

about *local* administrative decision-making within a framework of rules defined at the centre. It is represented as though distilled to a number of key stages. This assumption of a linear progression reveals a rational model of policy-making, with solutions found to problems arising at each stage (Hogwood and Gunn, 1984). Figure 2 provides an example of such a flow chart taken from later Scottish draft guidance.

Figure 2 : Sample Stock Transfer Flow Chart



Source: Scottish Office Development Department, 1996a, amended

Key approvals (shaded grey in Figure 2 above) must be achieved by

- A. Regulator (Scottish Homes or Housing Corporation) about the purchaser
- B. The council – agreement to consult tenants about proposals to sell on certain terms
- C. Tenants about the terms and conditions of sale (guarantees of rent and future service)
- D. Central government - about terms (debt, receipts, lack of tenant opposition)
- E. Lender – agreement to lend money to the purchaser

Research on valuations in early English transfers revealed more institutional stakeholder interests in the process of transfer. These included: central government, (existing) tenants, tax- and rate-payers, lenders, staff (and unions), consultants / advisers, buyers, sellers, politicians - central and local, regulators (Kemp, 1990; Gardiner *et al*, 1991). Some of these categories conflate interests within organisations – notably those of staff and politicians. Not all interests are formally represented as the process excludes wider community participation, (by prospective tenants and political opponents other than tenants, though opposition was vehemently articulated at every level (see below). Tenants may have a dual role: each has an individual interest and opportunity to express their preferences and exercise power, through the ballot, though the requirement for a majority constrains their individual power to achieve their own wishes. However tenants can also become involved in new governance or consultation arrangements, in a representative capacity (Clapham *et al*, 1991; Nevin, 1999). This increases their power in the process.

Stakeholders have different windows of opportunity to influence proposals. To simplify matters, Table 7 portrays formal roles and responsibilities in relation to stages/ windows. Some stages continue in parallel (see example idealised process above) and are revisited as stakeholder involvement and changing parameters help to refine objectives. Arguably this process is the same regardless of the scale or method of financing the transfer, and regardless too of whether the disposing landlord is a council or other public landlord, in England, Scotland or elsewhere. Table 7 is annotated to show possible links with stages of rational, linear policy-making: the absence of certain notional stages in this list reveals that the specialist literature underplays or neglects implementation, monitoring, evaluation and succession. At the same time some activities do not connect directly with policy theory.

Neither model fully conveys the need for prior stages to be revisited in the event of failure to secure agreement and the need for provisional and detailed proposals to anticipate later formal approvals by various interested parties. A strict order is implied: for example the council / landlord cannot seek government approval without being able to demonstrate majority tenant consent to the disposal and central government⁵⁹ cannot agree to the proposal if a majority of tenants oppose it (DETR, 1999; Scottish Office, 1996). Thus tenants must be consulted and lack of opposition demonstrated usually via a ballot.⁶⁰

⁵⁹ Secretary of State - or First Minister in Scotland after 1999.

⁶⁰ A legal requirement to conduct ballots was first introduced in the Housing Scotland Act 2001.

Table 7: Summary of participants' roles in stock transfer process administration

Stage / activity, [annotated in relation to policy stages per Hogwood and Gunn, 1984]	L.A. seller	RSL: buyer	Consultants	Regulator	Central govt	Lender	Tenants
Initial exploration of transfer prospects and an assessment of what transfer might be expected to achieve [deciding to decide?]	✓						✓
Stock condition survey and valuation (latterly known as Option Appraisal) [issue definition?]	✓		✓			✓	
Feasibility study on a particular transfer vehicle [option analysis?]	✓			✓			
Identification and development of an appropriate transfer vehicle	✓	✓		✓			
Consultation with affected tenants culminating in soundings of tenant opinion	✓		✓				✓
Formal ballot of tenants to reveal tenant opinion : prerequisite to CG consent to disposal	✓						✓
Formal decision-taking by disposing landlord, central government, acquiring landlord and lender to proceed with the sale	✓			✓	✓	✓	
Negotiation of the final terms of sale and of terms of employment for staff	✓	✓	✓		✓		
Conveyancing and finalisation of legal transaction [implementation?]	✓	✓	✓		✓		
Receipt of proceeds of sale (assistance with same) [implementation?]	✓	✓			✓		

Source : adapted from Audit Commission, 1993

Similarly lenders will not agree to lend without all of the above consents in place, including - critically - regulatory approval which affects credit ratings and thus amounts of borrowing and repayment arrangements. Some approvals depend on statutory and administrative arrangements whereas the fifth one is a matter of business prudence in concluding a contract. They all represent complex bargaining, mainly through the valuation, which we see in the next section.

Competing Interests in Funding Transfer

Potential conflict of interest centres on the funding of the stock to be transferred and according to the literature especially its value. This arose from a new valuation method which emerged in the early 1990s, after its introduction in England by a local organisation - Chiltern Hundreds HA (CSL, 1992). The traditional method⁶¹ was used for valuing housing in the owner-occupied market and remains in use in 2002: it was also used to value housing in most partial transfers in Scotland before 1996. The traditional method is neither transparent, contestable nor does it provide room for negotiation.⁶² The new system is called Discounted Cash Flow (DCF). Applied to stock transfer, the methodology is called Tenanted Market Valuation (TMV) (DoE, 1993) (example included at Appendix Six). It came

⁶¹ The tradition method was based on comparable transaction values of capital assets.

⁶² See NAO, 1994; CPA, 1994 for discussion about the conflict surrounding use of this method in the Waverley transfer in 1991.

to be promoted by government for both LSVT and ERCF purposes in England (DoE, 1993); and in Scottish Homes and New Town transfers in Scotland from 1992 (Scottish Homes, 1992a). It was used with official endorsement in 1995 in Berwickshire and thereafter promoted to Scottish local authorities (Scottish Office Development Department, 1996a).

Although this valuation is based on a technical appraisal of stock conditions, it is negotiable *and* highly contested. Tulloch (1997) cites Millington's argument that it is the inputs rather than the methodology which are inadequate in modern valuation. Information is far from perfect and it is equally shared. Certain aspects of the valuations are politically sensitive: starting rents, future rental⁶³ profiles, timing of major expenditure, discount rates (as recommended by the Treasury) (Gardiner *et al*, 1991). TMV assumptions and methodology are standard but the local details determine the resulting sale price - Net Present Value (NPV). The valuation is also critical to business planning, borrowing and investment (DoE, 1993): it is thus of considerable commercial and political sensitivity, of huge policy importance and its implications are of critical significance in the ballot of *sitting* tenants and in incentives for generating surpluses.

Valuation for stock transfer emerges as more of a dark art than a science, in spite of the mystique of computer models and financial consultants. The valuation can be negotiated up, (reducing expenditure and/ or increasing income) or down (by increasing repair and renewal estimates and lowering rents). Valuation is thus described as 'old-fashioned bargaining to achieve a mutually acceptable price' (Audit Commission, 1993: 17). The negotiations have been represented as a curious dance of scorpions between the sellers, buyers and government (Gardiner *et al*, 1991). Assumptions are negotiated to suit competing interests which means that the resulting valuation or price is not just a simple number. Valuation is more than a negotiated outcome but a central part of the process where stakeholders' selfish perspectives interact. It provides the heuristic device to which Stoker and Marsh (1996) refer, revealing bounded rationality and motivations not only of organisations but of groupings and individuals within those organisations. This is a bureau-shaper's delight (Campbell and Wilson, 1998) though the need to anticipate later stages requires a high degree of adjustment and accommodation (Sabatier, 1986; Hill, 1997a).

While some stakeholders wish a high value or price, others wish it to be lower. The seller's interest lies in maximising value and thereby price, available receipts and surpluses. Central government shares the interest in a high price, to achieve greatest benefit for the PSBR in the year of transfer though other government budgets (such as social security) may bear the consequences. By contrast, buyers are interested in lower prices to minimise borrowing to fund acquisition and maximise investment. Similarly, lenders are interested in lower prices, especially to minimise exposure to risk. Thus higher prices, based on unrealistic

⁶³ Existing and new tenants' rents were modelled differently often with dramatic differences in starting rents and growth profiles: non-transferring tenants' rents were often much higher (Mullins *et al*, 1995).

assumptions, are not in their interests. Last but not least, it is in tenants' interests for investment expenditure to be maximised while rents are kept as low as possible.

This assumes that all of the above actors have equal access to and understanding of valuation when in fact tenants are often kept at arms' length. Given the apparent complexity surrounding valuations, tenants rely critically on independent advice to know what lies inside proposals, yet it is almost impossible for them to make an informed decision (Gardiner *et al*, 1991). This is because others have (and use) better access to information, especially in LSVT where tenants are not in control of the new body (Bramley *et al*, 1993). These accounts of process ignore decision-making where subsidy is present.

Demonstrating Lack of Opposition

However, tenants have significant negative power through consultation and the ballot and wise policy-makers anticipate or incorporate tenants' views as tenants who do not agree with transfer proposals have and use their power to de-rail or veto council transfer proposals through the ballot. Mullins (in Malpass and Means, 1993) shows that out of 30 ballots held in England by the end of 1991, majority tenant support had only been demonstrated in 18 cases. Perry (in Wilcox, 2001) reports that by 1999 only 74% of ballots had been 'successful', leaving 26% as 'failed'. Understanding ballot failure tends to rely on anecdotal reporting in the trade press, rather than research analysis.⁶⁴

Opponents to the early transfers objected to the removal of investment decision-making from democratic control without increasing user control (Kemp, 1990). Later, in ERCF transfer failure, delays and abortive discussions had their origins in technical, political and organisational problems before and after ballot. In some cases, property conditions simply were not bad enough or available investment incentives sufficient to justify to tenants the disruption of transfer (Nevin, 1999). This reveals many dimensions of implementation failure - poor causal theory, insufficient resources, as well as stance-related, ideological opposition raising questions about the balance of incentives needed to allow tenants to overcome resistance.

Organised, ideologically-based opposition can be a key factor in ballot failure and brings actors' values and stances back to our attention. Pre-emptive ballots were organised in the early 1990s by tenants in London and in schemes affected by proposed compulsory transfers (Kemp, 1990). By the end of that decade, opposition came from formal and increasingly informal stakeholders including: staff - senior, junior or ancillary staff; tenants' groups; politicians; the press. The spectacular success of a 'no' campaign can be seen through the filter of one particular case (Hebden, 2000). An LSVT proposal was quashed as a result of organised opposition from tenants, supported by elected members, and a hostile press putting out what Hebden saw as 'misinformation'. Arguably, the Defend Council

⁶⁴ The Tenant Participation Advisory Service for England records some failures but not in any consistent way.

Housing campaign group was becoming *more* active rather than less, which could be a consequence of excessively tight processing.⁶⁵

While opposition may be based on ideological principle, it can also reflect the failure of those promoting the transfer to use the consultation process to communicate effectively. Scottish Homes' promotion of its own stock transfer, slick advertising techniques and unbalanced promotion of transfer were seen to be counter-productive in securing tenant support at ballot, arousing rather than assuaging suspicion (Taylor, 1999). Similarly a government research report (in 1992) pinpointed one-sided messages from disposing councils in England and later independent advice was recommended to counter unbalanced communication (Mullins *et al*, 1992; 1995). Subsequent guidance advised authorities to appoint a 'Tenant's Friend' or Independent Adviser (Scottish Homes, 1992b; DoE, 1993; SODD, 1996a).

Yet by the late 1990s, a consultant nursing bruises from failure to secure a 'yes' vote (and thus access to government subsidy and private investment) still felt it necessary to promote the importance of good communications (Furner 1999). Sellers needed to get the right message to the right people at the right time, and use varying methods of communication in order to win trust and counteract misleading and inflammatory misinformation from organised opposition. Furner (1999) argued that public sellers, unlike private buyers, were straitjacketed by their statutory responsibility to *inform* rather than persuade and so could not retaliate against (or pre-empt) misinformation. Public actors were seen as untrustworthy - as though operating selfishly, while obeying rules requiring detachment and a moral code (Hjern and Porter, 1981).

Timing

Initial research showed only a basic understanding of the stages of the process, especially later beyond the ballot where little is shown apart from 'the legal transaction' (CSL, 1992; Gardiner *et al*, 1991). Similarly showed very little beyond the ballot and central government approval whereas research underlines the enduring and costly technical, legal and financial complexities beyond the ballot stage (Audit Commission, 1993; Mullins *et al*, 1995; DTZ, 2000).

Transfer is not a particularly quick fix. An interim report to the DoE in 1992 indicated 22 months as typical for developing transfer proposals from start to finish (Mullins *et al*, 1992). This was endorsed by the Audit Commission (1993) and in due course the existence of a pipeline presupposed that the proposals could be successfully developed in a year. Clapham *et al* (1991) suggested that it took some of the early Scottish cases up to four years to achieve registration, a prerequisite for subsidy and borrowing. Proposals for urban transfers with subsidy in England indicated 18 month timescales as ambitious (KPMG, 1996). Later reports showed ERCF negotiations taking up to three and a half years, before

⁶⁵ Five ballots failed in one year (1998/9) affecting 15,000 homes including partial subsidised transfers in England. In at least

decisions had even been taken about transfer of ownership and long before actual investment contracts and tangible improvements were in place (Nevin, 1999). These timescales are lengthy relative to electoral cycles and potential opposition.

At one level the process is merely a matter of administration. At another level, it reveals the interplay of stakeholder interests, which are central to understanding power relations. The literature permits us to interpret who drives the process and by what means. The onus is on those promoting the successful disposal of the stock (acting as sellers or buyers) to anticipate and satisfy the interests of others in the process, as a prerequisite to securing their approval. The buyer and seller organisations were very often peopled by the same individuals, at least in the early stages. This created potential conflict of interest when the seller and buyer were represented by the same personnel, until procedures were developed stipulating the necessity of separation of personnel beyond the feasibility stage (DETR, 1999).

Interpreting Policy Outcomes: Who Knew What?

Although rational models of policy making suggest monitoring and evaluation as standard (Hogwood and Gunn, 1984), it is not particularly clear who knows what the impact of transfer has been overall. Thus a civil servant could argue in favour of research into the process 12 years of transfer after the event (Horsman, 2001) although by 2001 almost half a million houses had already been transferred.⁶⁶

Although government has funded research both in Scotland and England, it has been partial - concerned with streamlining the process (Bowen, 1982) and demonstrating tenant satisfaction, to influence future policy rather than evaluation overall in relation to objectives.⁶⁷ Does this mean the government thought the policy was working? This thesis is not concerned to evaluate transfer but rather to examine why and how transfers have happened. To that extent, comment on *knowledge* of policy consequences is warranted here with a more detailed appraisal of the impact reported elsewhere (Taylor, 2000).

Good Enough Knowledge of Transfer

The existence of specialist trade press updates about completed transfers clearly does not satisfy all policy information needs. The occasional and continued appearance of Parliamentary Questions, requesting basic information suggests lack of awareness of policy consequences. For example a PQ in February 2001 (no. 0814) triggered a simple list of the names of councils who had transferred all their stock since May 1997, along with the numbers of houses involved without context, commentary or comparison. The very need for PQs to establish such basic information suggests lack of access by parliamentarians to

one case, tenants were reported to have rejected proposals for the second time (Hebden, 2000; *Social Housing*, 1999).

⁶⁶ A year later, the relevant department still had little analysis of trends overall though by that time it did have research findings and recommendations DTZ 2000.

⁶⁷ An extensive programme of research was under way in 2001/2 funded by other bodies on a range of dimensions.

relevant data about changes in social housing, widely acknowledged to be highly significant. Failed attempts at transfer are barely mentioned in the trade press and are not the subject of government research commissions.

There is a gap between availability of data and publication, particularly in textbooks. In 1998, Harriott and Matthews' figures were three years old. Though the delay is lessening, even in 2001 figures were still two years out of date at the point of publication. Textbook publication cycles appear too elongated to provide any meaningful information at a time of such rapid and extensive change and this is why we have to rely on primary sources such as the trade press. The speed of change also focuses commentators' attention on the new rather than analysis of patterns and trends, yet what analysis of such major changes is possible without some trend analysis?

In the absence of accessible official data (until government started to make comprehensive transfer listings available in England in 2001⁶⁸), independent sources assist understanding of stock transfer to some extent. The main source of information for the trade press was government data, supplemented by journalistic enquiries. However analysis was usually limited to financial information and discussion, with political 'analysis' limited to editorial comment on perceived trends. The absence of Scottish partial transfers in their dataset could be attributed to the focus on ERCF funding and the lack of ERCF funding in Scotland, but not of subsidy altogether (Taylor, 1996c; Taylor, 1998). Enquiries by the researcher verified that the lack of coverage of Scottish transfer was partly because they were 'too small and not really transfers anyway'. Besides, 'the magazine started long after the Scottish transfers were underway and were too long ago for the data to be retrievable'.⁶⁹ Nevertheless lack of *official* data on transfer in Scotland⁷⁰ may have contributed to the invisibility of Scottish transfers.

Although there have been transfers in Scotland, the primary preoccupation in the secondary literature is with England and mainly with LSVT or *whole* stock transfer to new, large housing associations, until recently conflating all types of transfers together. There is no spatial analysis, even for England. The distinction between whole and partial transfers is new and useful. However as long as the partial transfer phenomenon is inadvertently defined as ERCF-funded, discussion of partial transfers with subsidy will exclude Scottish small-scale transfers, even though - like the ERCF transactions - these were subsidised, as later chapters will show. If commentators in England, who dominate the UK publishing market on housing, think of the transfer phenomenon as essentially about LSVT and ERCF, then by definition - though without a *formal* definition as such - discussion about transfer will exclude reference to Scotland. The exception remains Berwickshire, whose inclusion is based on an *assumed* similarity with LSVT in England, though within a different institutional

⁶⁸ The data are available on the DETR website - see Chapter Five.

⁶⁹ Personal communication with the database manager and editor of *Social Housing* April 2001.

⁷⁰ More recently Scottish Homes transfers have been reported.

framework. Bearing all these comments in mind, we can comment on evidence in relation to government objectives, with reference to policy concepts.

Meeting Objectives

Diversity: Alternatives to Mass Landlordism?

Ministerial Tenant's Choice schemes may have been intended to increase diversity and weaken tenant dependency but they were almost wholly unused (Tulloch, 1999; Murie and Nevin, 1999). Key actors within the Housing Corporation (charged with promoting the scheme) comprehensively thwarted its progress. Tulloch's reports of the difficulties faced by one or two new landlord organisations created using Tenant's Choice, serves to emphasise the dependence of successful implementation on the compliance of responsible officials (Hood, 1976; Sabatier, 1986). The scale of transactions was usually limited (via guidance and consent between 1993 and 1997) to a maximum of 5,000 houses to any single landlord, which could still be mass landlordism. Though there is no published analysis of the characteristics of English buyers, the stock is believed to have been sold to newly created housing associations, later known as RSLs, very often staffed by the same people who had managed council housing services prior to transfer (Mullins, 1996; 1999). This means 'transfer' usually refers by default to whole disposals, mostly without competition to large, *new* bodies, which does little to challenge diversity. Perhaps the 5,000 limit provides evidence of inadequate theory of cause and effect in structuring implementation: attempts to create more diversity might have entailed a lower ceiling on maximum transaction size or required whole stocks to be split regardless of size.

Subsidy might have brought more organisational diversity but post transfer monitoring reveals little.⁷¹ English, urban, Labour council use of ideas about a new type of body - a 'local housing company' (LHC⁷²), as a vehicle for regeneration arose from ideas originally developed in response to criticisms of the association model in early transfers. These were criticised for lack of democratic control of transfer landlords, as a maximum of 20% of the places on the board of the new body could be council nominees (Bramley, *et al*, 1993). By contrast, an LHC allowed tenants to control approximately one third of the positions on the governing body and the remaining two thirds to be split equally between the local authority and the community (or independent parties with no local connection) (Zitron, 1996; Nevin 1999).

The Housing Act 1996 allowed the Housing Corporation (in England only) to regulate a wider range of bodies (including LHCs) – all called RSLs (Malpass, 2000) - arguably negating the significance of the original distinction between LHC and housing associations. The Housing Corporation was pursuing a new regulatory agenda for *all* associations in England, at the very same time as stock transfer was adding to the size of the sector overall. Nevertheless, the new pressures introduced by complete debt financing resulting

⁷¹ See Chapter Five and Appendix Six on the monitoring of 'transfer' organisations.

⁷² LHC were developed with support from the Joseph Rowntree Foundation and the Chartered Institute of Housing.

directly from stock transfer changed the balance of emphasis of association activity (Mullins and Riseborough, 1997).

The partial, ERCF-funded transfers in urban authorities are assumed to have moved to LHC ownership (Murie and Nevin, 1999) whereas the trade press lists *established* housing associations as among the buyers. This too may have produced more diversity of ownership at the local scale though it must also have increased the stock holdings of those associations. Recent trade coverage of mergers and group structures suggests if anything that RSLs were becoming more like mass landlords (Social Housing, 2000; Malpass, 2000) albeit suiting political objectives by virtue of not being in *public* ownership (Malpass, 2001). In this respect, much depends on the structure of local management arrangements, both in subsidised, partial transfers and whole stock transfers.⁷³ LSVT has contributed significantly to the growth of the voluntary sector in England representing some 50% of the total growth in the housing association holdings since 1988 (Mullins and Riseborough, 1997). This impacts on the scale of the voluntary sector and its character but it does not provide evidence of diversity.

Increased Private Investment

Private investment in English housing arising from transfer can be measured in billions of pounds from new lending. New housing built by RSLs may be subsidised by equity release arising from receipts in excess of debt. By March 1999, sellers (collectively) had 'useable' receipts of £456m (Wilcox, 2000) for recycling in the area where the surplus arose. This could be used for housing or other investment. Wilcox (2000) shows *gross* receipts ahead of historic debts although the trade press shows individual councils (especially in urban areas) increasingly (post 1999/ 2000) relying on support from central government to extinguish historic debt. It is claimed that the beneficiaries of investment (from 'useable' receipts⁷⁴) were most commonly the council-sponsored RSLs and to a greater extent than had been anticipated on the basis of formal commitments at transfer (Marsh and Mullins, 1998). This could be interpreted as supporting arguments (reviewed in Chapter Two) about policy capture by street level bureaucrats and ostensible loyalists (Hill 1997a) and about actors adapting their identities to changing conditions (March and Olsen, 1996).

Although there has been extensive private investment in English council housing, latterly there has been a need to underpin this with public subsidy. While central government's measure of borrowing (PSBR) benefits from receipts to local authorities, increases in government revenue expenditure (not least on Housing Benefit) prompted the introduction of a levy in 1993⁷⁵ and controls on rent increases. According to Wilcox (1994), even where

⁷³ This area is not researched though some independent work was under way in 2002.

⁷⁴ Surplus 'useable' receipts were left with some sellers in England once historic debt was paid off.

⁷⁵ The levy allowed a portion of any surplus receipt from an English LSVT transfer to be paid to the Treasury to ease the impact of increased costs of Housing Benefit, due to rising rents and from 1993, rent increases were constrained (DoE, 1993). A short levy 'holiday' period was granted in November 1996, though the RPI +1% assumption remained: the levy was reintroduced in March 1999 (Cowan and Marsh, 2001).

a transfer required subsidy or a 'dowry', disposal could still be financially valuable to the Treasury provided subsidy and increased Housing Benefit costs did not exceed potential savings arising from debt payments, borrowing and VAT income. Mullins and Revell (1999) raised further doubts about the affordability of rents and policy papers on rent control, curbing future rent growth points to the salience of rents as an issue for central government (DETR, 2000; Housing Corporation, 1999) but, again, the relevant figures are not readily available. If there were targets for investment (or expenditure or savings), these are not evident and so we cannot tell from published sources to what extent expectations have been met. The apparent lack of monitoring is remarkable for such an important issue.

Better Services

While stock transfer outcomes are generally under-researched, satisfaction has been a focus of commissioned research, arguably designed to comfort tenants due to be balloted (Taylor, 2000). Surveys suggest that tenants (in England and in Scotland) are broadly satisfied with services from new landlord organisations after transfer (Mullins *et al*, 1995; Graham *et al*, 1997; Graham *et al*, 1999).

Research for DETR reported high levels of satisfaction among tenants in six transfer case studies in England (DTZ, 2000). In general, LSVT landlords compared favourably with English local authorities and with the former council landlord, in relation to value for money and management. Although repair services produced high satisfaction ratings among tenants, transfer RSLs were deemed poor compared with traditional RSLs. Mullins and Revell (1999) showed LSVT RSLs among the best performing RSLs in England. Though Housing Corporation research claimed better performance among older transfer organisations, Mullins and Revell (1991) pointed to higher standards being achieved by RSLs emerging from later transfers (i.e. after April 1994). In some functions (such as rent collection), the new landlords performed less well than councils generally. Distinctly *dissatisfied* were new tenants of transfer landlords whose rents were significantly higher than their neighbours, due to the policy of charging a premium on new tenants' rents, relative to guarantees to their neighbours (Mullins *et al*, 1995; Mullins and Revell, 1999; DTZ, 2000). However their power to effect change was very limited.

More recent research on stock transfer in England has focussed on the outcomes of transfer on strategic services such as housing needs assessment, planning, homelessness and Housing Benefit administration (Aldbourn, 1997; Mullins, 1996; Brown with Taylor, 2001; Shelter, 2001). These relate as much to council services to tenants and potential tenants as they do to landlord services but the evidence about whether post-transfer services are better is ambiguous.

Empowerment

The research literature does not usually address this theme directly. Clapham and Kintrea (1994) revisited some of the original community ownership co-ops in Glasgow and the

independent consultants explored LSVT staff experience post-transfer in the English Midlands. While managers were reported to be more enthusiastic and dynamic post-transfer, loss of staff morale seems to be a distinct problem lower down. Prior to transfer, this was due to management failure to communicate effectively with staff in the run-up to transfer, with potentially disastrous ballot consequences. Motivation and morale improved in some cases after transfer but fell in others, due to a post-transfer anticlimax (Natrins, 1998).

Failure to deliver promises affected morale, arising from ineffective bargaining in valuation (Natrins, 1998). Research on Scottish Homes transfers sought to reveal employee satisfaction in the new organisations. An otherwise uncritical report showed post-transfer morale was poor, where buyers had agreed to over-optimistic valuations and unduly rosy assumptions about the ease of establishing maintenance / construction contracts after transfer (Graham *et al*, 1999).

Research suggests that the initially disruptive impact of transfer on staff productivity has been under-estimated although the consequences for staff morale are not explored. Studies exploring organisational failure from a regulatory perspective similarly conclude that problems can arise when stock transfer preparations are conducted in haste (Housing Corporation, 1999). This points again to implementation deficit highlighting insufficient time and poor causal theory (Hogwood and Gunn, 1984; Sabatier, 1986).

Conclusions

In spite of the amount of activity and discussion around stock transfer, and in spite of the enormous implications for council housing in future, there is surprisingly little empirical or critical research of the consequences. More has been written by way of political commentary, polemic, or explorations of future possibilities (financial and organisational) to counter anecdotal criticisms of current transfer practice, though these are not included here. Much of the research was *for* policy rather than *of* policy, even when assessing policy outcomes, even from independent research bodies. Research effectively ignores a lot of activity and investment by the public and private sectors alike. With some exceptions, the literature (and especially the more ephemeral material) is strong on policy rhetoric and administrative process prescriptions, and moderate on outcomes, particularly tenant satisfaction. The evidence is distinctly weak on local rationales, analysis of power relations in the process and policy learning. Often the only 'evidence' on these issues are anecdotal retrospectives on individual cases by the victorious, or by bruised victims.

Evidence in relation to government objectives is scant and ambiguous, and some issues are difficult to research without in-depth studies, which have been neither funded nor commissioned. The weakness of monitoring suggests a lack of policy interest in the consequences, perhaps due to lack of alternatives if research were to reveal problems. The repeated focus of official research on tenant satisfaction appears to satisfy policy-makers'

needs for assurance that the policy is working but it does not demonstrate evidence of rational policy-making.

Most research which filters through to the secondary literature has been selective in evaluating certain dimensions. Not all of the many dimensions to stock transfer (technical, legal, organisational, political) have been equally addressed in research, though some political issues have received prominence in commissioned research, due to the need to persuade potential opponents and streamline the process. Research has often been commissioned by bodies with some role in promoting or funding transfer activity, in approving or regulating the emerging landlord bodies. Research commissioners tend to pursue and use research to persuade such opponents of the merits of the case.

While some organisational issues have been researched thanks to regulatory and researcher interest in organisational failure, the technical and financial issues have not been subject to the same level of research on policy, and certainly not funded by public bodies. The technical aspects of the process are less publicly contested, even though they are the focus of critical bargaining and exchange with profound financial and political consequences. Additional problems of commercial confidentiality and political sensitivity arise in relation to the financial issues, with far-reaching policy implications. Academic research has not challenged the policy or sought to monitor the impacts and consequences.

Although the Conservatives' desire to get rid of the state as a landlord was evident, their chosen mechanisms to deliver specific policy goals were barely used. Instead local alternatives were devised in England to accommodate producer rather than consumer interests. While national objectives are often taken as the starting point for analysis, it could be argued that whole stock transfer has been hijacked by local actors to achieve outcomes which *coincide* with central government policy ambitions (previous and current) in respect of ideology and financial arrangements. This may reveal invisible entrepreneurs at work providing solutions to problems visible champions wanted to solve. Local responses to the financial pressure from the centre are arguably pragmatic, with push and pull factors carrying different weight or significance for different interests. These factors have been negotiated between interests at the local scale, mainly through bargaining during the process. The secondary literature is dominated by English experience based on selected case studies of success stories of LSVT, yet it cannot keep pace with fast moving trends. Part of this is inherent in publication cycles given the speed of change but underlying this is a fundamental lack of access to and analysis of data, even in England. In effect, the independent trade press provides 'facts' - though mainly about English large scale transfers - and a degree of interested analysis. More useful information on the phenomenon exists by virtue of trade press interest in the subject, than from academic policy-focussed research.

The secondary literature implies that transfer is about whole stock disposals in leafy suburbs, failing to define, capture or explain the very limited, English distribution of the phenomenon. The only Scottish transfer to gain attention in the UK literature (before the

Glasgow transfer proposal in 1999) is Berwickshire, seen through an English filter, without examination. Meanwhile subsidised partial 'transfers' are coming to be seen as part of the patchwork of transfers in the English urban environment as 'ERCF transfers', while their counterparts in Scotland for the last 15 years go largely unnoticed in spite of many similarities (as Chapters Five and Six will show). The primary literature reveals a more diverse picture of whole and partial transfers in both England and Scotland, which are changing the nature of social housing provision. A common failing in the literature about UK housing policy is thus the reversion by default to measures of volume, in England, even amongst those who set out with broader ambitions.

Crucially, the literature and research is weak on why the transfers happened where they did, even though authors point to the significance of local action driving the process. There is no clear analysis of where transfers happened, how or why to aid our understanding of how housing policy works in different parts of the UK. We do not understand why some councils promoted transfer nor how many proposed transfers fell and why. Analysis of outcomes is thus weak and exploration of rationales and motivations is limited. Although the focus of this thesis is Scotland, opportunities to develop data on Scotland prompted a re-examination of English transfers, drawing on primary data to establish which of the above questions could be answered. The relative lack of analysis and definition on English transfers, beyond gross totals prompted analysis of government records. The next two chapters analyse the evidence for England and Scotland respectively, drawing out similarities and differences in trends to move beyond impressions of spatial differences, to gain a better appreciation of the distribution of transfers (see Chapter Five). Subsequent chapters investigate the rationale and process issues in Scotland in relation to central systems, local decision-making and action.

Chapter Five

Variety in English Stock Transfer

This chapter examines transfer activity in England, which as seen in Chapter Four, dominates the UK literature on stock transfer. Yet very little data analysis has been published, even though it affects over half a million houses. This chapter discusses an analysis of the data about stock transferred by 106 English councils over a period of 13 years. It reviews the volume and patterns of stock and transactions, their funding and purchaser profiles, mainly using secondary government data on the transfer phenomenon as observable 'facts' about the output of decision-making. The process of accessing data for this research confirmed that there was no clear or common definition of a stock transfer and that there had been very little monitoring of stock transfer, in spite of the possibilities offered by limited data collection. Data are included up to March 2001 even though the period under examination ends in May 1997, as they illustrate the emergence of different kinds of transfer in England which provide useful comparison with the pattern in Scotland (Chapter Six). Though they point to political paradoxes worthy of further analysis, these are merely raised in this chapter and discussion is limited here to the period up to 1997 under the Conservatives.

The analysis reveals two broad types of disposal: whole and partial, around which the chapter is organised. Within the partial category there are two sub groups of cases (considered separately): one with grant funding, the other without. The analysis reveals substantial spatial and temporal variation in the characteristics of these different transfers. The chapter finishes with a summary and discussion of types, timing and area distribution, commenting on the issues and questions raised by this quantitative analysis in relation to the conclusions in the literature. The chapter argues that failure to differentiate transfers neglects important typological differences essential to understanding the essentially local character of stock transfer both in England and in Scotland.

Data: Access and Analysis

Government data were supplied in 2001 and 2002, and supplementary inquiries were made with other organisations⁷⁶ to understand more about the ballot outcomes and about diversity, through information on the distribution and characteristics of buyers. Original data collection would have been unduly time-consuming and would have been unlikely to achieve a sufficient sample to be of significance. Data are available consistently for all of the English (recorded) transfers and although the range of dimensions is limited, it was the best that could be achieved. Researchers undertaking secondary analysis of others' data need to accept the limitations of 'good enough' data, collected for other purposes (Gilbert, 1995). Appendix Six gives details of the approach to data collection, cleaning and analysis. This

⁷⁶ National Housing Federation - NHF; Housing Corporation - HC; Tenant Participation Advisory Service - TPAS.

chapter carries graphic illustrations derived from the data (with further Appendices, Seven and Eight, providing summary tables of the data analysed by year, type, region and size).

Significance of Variables

Government data cover a limited range of variables, mostly gross financial or volume indicators⁷⁷: while these may appear technical, they do have political dimensions. They provide an indication of timing and terms of exchange for each completed transaction representing episodes of decision-making by sellers, regardless of the scale of transfer. Data also reveal interesting patterns about the financial terms of decision-making: gross prices, grant, and borrowing, along with data on set-up costs and levies. Transfer requires a seller with consenting tenants. The buyer borrows from a private lending institution. Where the stock has a positive value, the loan first funds the price payable to the seller: where the stock has a negative value, there is no price and there can be no receipt (Nevin, 1999). Loans also fund repairs and improvements to the housing stock. Where there is a surplus receipt (greater than debt), the seller can be due to pay a levy⁷⁸. The data reveal the prices paid by buyers (gross receipts to sellers), the amount of grant payable by government and the amounts borrowed by buyers from the private sector. Financial information is shown in constant values at 2001 prices, unless otherwise indicated.

Although government data lend themselves to some analysis, no such analysis appears to have been tackled. DETR staff were contacted in March 2001 to clarify a number of issues. Among these was the question of what analysis of the data was undertaken by DETR or by others known to DETR. Intriguingly, the DETR confirmed that 'they tend not to analyse the data' and could not suggest others who did. Moreover, a senior official commented that once the transfer was complete the department 'lost policy interest'. By March 2002, the government still had no analysis of patterns of transfer.⁷⁹ This raises interesting issues for consideration about the policy process, to which later chapters will return.

Further information about the buyers was sought from the Housing Corporation (HC), a non-departmental public body which regulates the new bodies on behalf of the government; also from the membership / representative body the National Housing Federation (NHF). Both were able to supply informal listings of 'stock transfer' associations with relative ease in May 2001 but neither list corresponded to the DETR list. HC capacity to extract this information seemed based on chance.⁸⁰ The HC list included 'LSVT' and 'ERCF' transfers but only to newly registered RSLs. HC did not record ERCF transactions (to pre-existing bodies) as

⁷⁷ *The details are not identical but similar to the data published in the trade press.*

⁷⁸ *The levy is 25% of the surplus receipt, payable to the Treasury, determined by a policy decision taken by the DoE in 1993, and consolidated in the Leasehold Reform and Urban Development Act of 1993). There was a levy 'holiday' between November 1996 and March 1999. It applies only in England.*

⁷⁹ *Personal communication various: telephone conversation February 2001, email March 2001, chance contact with Contact with the Head of the Community Housing Task Force (2002) at a professional conference. This triggered the department to request access to the analysis reported here.*

⁸⁰ *The researcher was advised that a senior clerical member of staff used her initiative to code the new RSLs, so as to be able to respond to multiple enquiries.*

'transfers'. The NHF list provided contact information only, for just over half of the landlords listed, mainly omitting reference to lacking bodies in receipt of ERCF funded transfers and others post 1997. Again this raises interesting questions about the policy process.

Structure and Presentation of Data

The data are discussed here in terms of a summary of all transfers, followed by the different patterns in different types of transfer: whole (also known as LSVT) and partial, often known as ERCF transfers: 'partial' embraces transactions with *and* without grant. Where the whole stock of a council has been sold at the same time, it is treated as a whole stock transfer, even when the purchase was split between two buyers. Partial therefore means that the authority retained stock in ownership and management after the disposal.

The tables derived from the analysis are appended to support the argument made in this chapter, with figures and diagrams mainly being used in the chapter to illustrate the argument. Colours are used consistently in the various charts and graphs in Chapters Five and Six, as shown in Table 8. Each section in this chapter reports by transactions and volume, before examining the financial characteristics.

Table 8: Guide to use of colour in graphs and illustrations

Dimension	Colour	Power to determine	Issues
Transaction (completed)	Light blue	Council, subject to tenant and Sec State consent	Decision to sell: interests, incentives, stance/ ideology, lack of opposition
Stock (volume)	Yellow	Council (seller), buyer, lender	Partly history; partly decision-making
Price	Light green	Seller, buyer, surveyor / valuer, lender	Condition of housing and rent policy (NB role of government dept)
Lending / borrowing	Purple	Buyer, lender – depends on price and investment needs	Price and future investment needs
Grant	Orange	Government	Condition of housing and government decisions to create incentives via ERCF
Debts	Turquoise	Given – historic	History of investment and previous redemption of debt
Levies (see note 78)	Dark blue	Central government sets terms: calculated	Dependent on price/ value and government decision-making
Useable receipts	Dark green	Calculated from above	Consequence of condition, price and debt. Incentive effect on decision to sell?

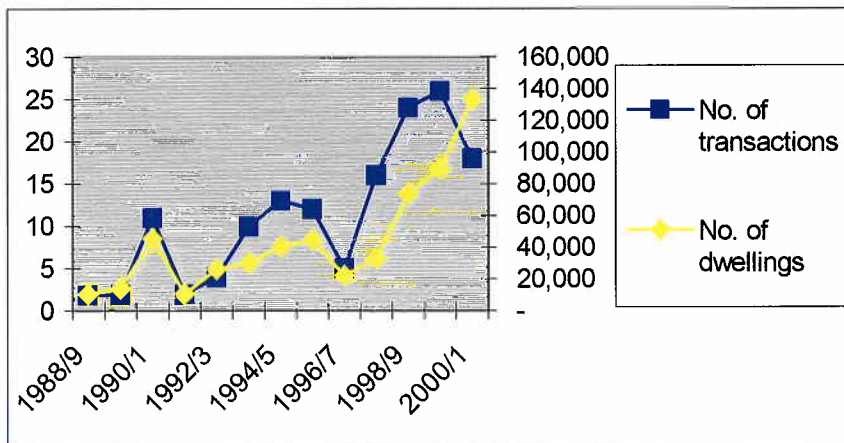
All Transfers to Date

It is useful to start with all transactions covering 13 years between 1988/9 and 2000/1 to reveal increasing variety and volume from 1996. In all, 145 transactions were completed by 106 authorities, (with some conducting multiple transactions), representing more than one in four authorities in England. This section focuses on a temporal analysis. A total of 575,626 houses were transferred over 13 years with almost 4,000 houses in the average transaction: the amount of stock transferring annually fluctuated between 10,000 and 130,000 with the greatest volume under a Labour government after 1997.

Volume of Transactions and Stock

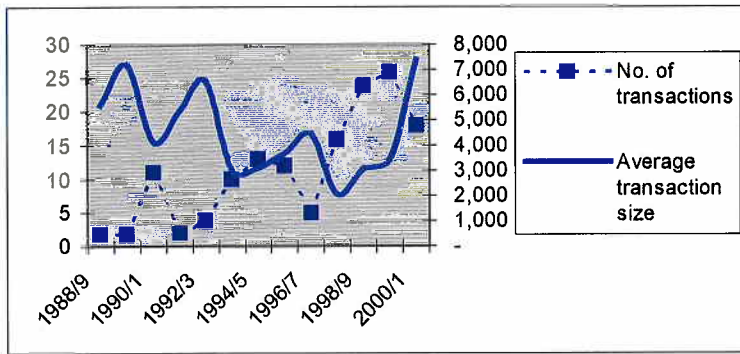
The amount of stock transferred each year and the number of transactions per annum has grown steadily over the years, though average transaction size varies according to a different pattern. There are volume peaks (of over 40,000 units p.a.) in 1990/1 and 1995/6. Annual transactions and the amount of stock transferred each year are shown in Figure 3. By contrast, average transaction size starts off and ends up at a high level of 7,000 though falling to around 3,000 in the intervening years. Average transaction size (shown in Figure 4) indicates a shorter wave cycle, with different timing and average size falling overall, revealing quite a different story. The biggest average transaction waves peaked in 1989/90, 1992/3, 1996/7. In the suggested 'peak' years for overall numbers and transactions, average transaction size was lower, indicating a larger number of smaller transactions in those years, where grant is an issue (see below).

Figure 3: All Stock Transfers (England): Number Of Transactions And Dwellings Transferred Per Year



Source: analysis of data supplied by DETR, 2001

Figure 4: All Stock Transfers (England): Average Transaction Size (Numbers Of Houses Per Year)

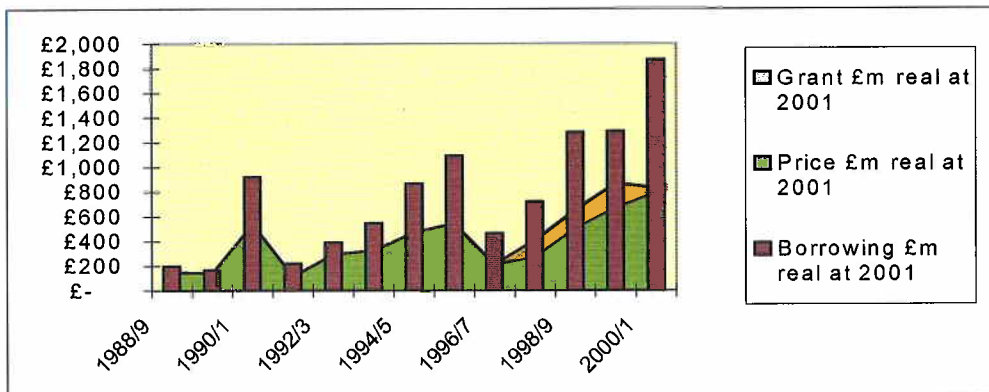


Source: analysis of data supplied by DETR, 2001

Borrowing for Acquisition and Investment – an Incentive?

Sales have produced receipts of over £5 billion (at 2001 prices), raising double that amount in private borrowing - over £10 billion: in other words, for every £2 lent by the private sector, £1 goes to the public landlord for assets sold and the other £1 is invested in the housing. However, the relationship between borrowing and acquisition changes from case to case and over time. The data also show grant expenditure of over £0.5 billion, after 1997/8.

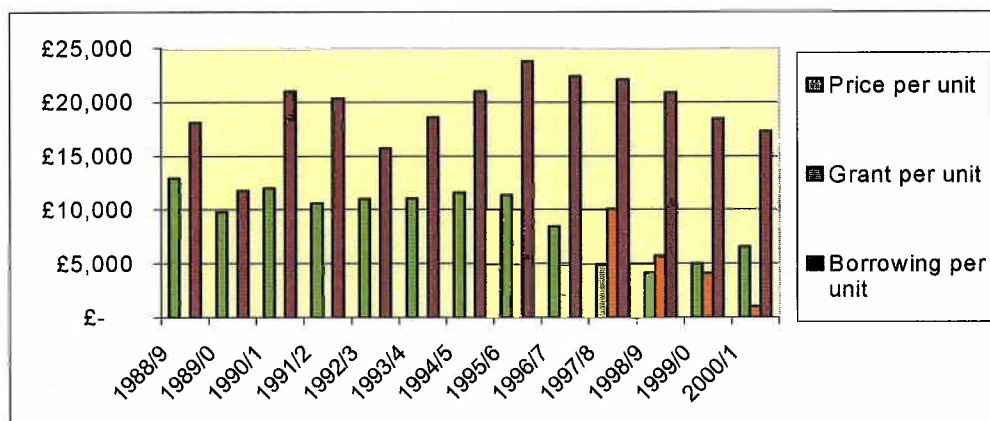
Figure 5: All Transfers (England): Gross Prices, Grant And Borrowing (£ Million) By Year



Source: analysis of data supplied by DETR, 2001

Examination of the data per unit (Figure 6) reveals an average price of almost £9,000 and borrowing of over £19,000 (against average grant of over £6,000). Since these figures are based on real values (at 2001), we can see that while the value of borrowing has remained fairly steady since 1993, there has been a substantial fall in prices over the decade (over all transfers). However the incidence of grants in the midst of the decline in average prices may be significant. As prices are primarily relevant for those cases where there is a positive value it will be important to observe the relevant figures in the whole stock discussion. Average grants appear low and dropped steadily and steeply after the first year.

Figure 6: All Transfers (England): Unit Values (Price, Borrowing And Grant) £ Per House, By Year



Source: analysis of data supplied by DETR, 2001

Receipts, Debt and Surpluses: More Incentives?

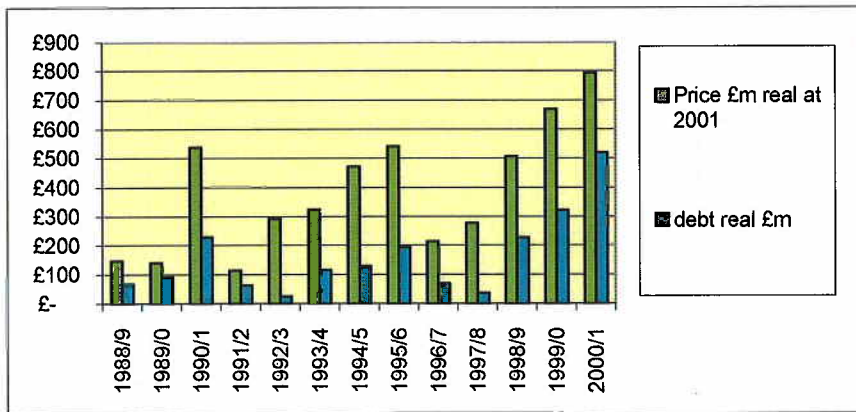
The price does not come to the seller in full as a receipt, still less as surplus. Various costs must be offset before the true balance can be calculated: these include (where applicable) the set-up (or transaction) costs, the levy and redemption of historic debt. Some £2 billion of historic debt⁸¹ was redeemed by transfer sales receipts (representing 40% of the gross value), with set-up costs running one tenth (£0.2 billion). By comparison, the levy generated payments to the Treasury of merely £0.3 billion, paid by less than one third of all transferring councils.⁸² In gross terms, this left a 'useable receipt' of just over £1 billion but on average less than one third of the gross price and only available for use by the individual recipient (selling council).⁸³ However the annual summaries in Figure 7 show marked disparities from year to year and from case to case in the proportion of the receipt left to the disposing council. In some years (prior to introduction of the levy), the 'useable receipt' amounted to 63% of the gross receipt, providing incentives to cash-strapped councils to realise capital asset value, subject to tenant consent.

⁸¹ Figures from Wilcox, various – adjusted to 2001 values.

⁸² These only included councils pursuing whole stock transfers and are pursued further in that context.

⁸³ No research has been carried out on the use of surpluses but it is thought that they are used for investment in housing and other facilities, and to pay off other council debts.

Figure 7: All Stock Transfers (England): Gross Receipts Compared With Gross Debts

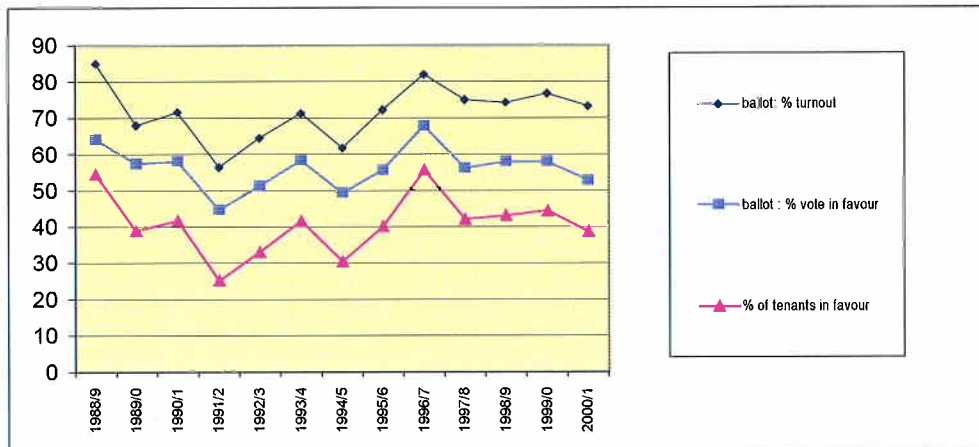


Source: analysis of data supplied by DETR, 2001

Tenant Consent

On average, three quarters (72%) of tenants took part in ballots about whether the transfer in their area should go ahead – a civic participation rate to be proud of in England during the 1990s.⁸⁴ Of these, just over half (56%) supported transfer, which counts as a majority though it represents less than half of all tenants eligible to vote (41%).

Figure 8: Tenant Support In English Stock Transfers



Source: analysis of data supplied by DETR, 2001

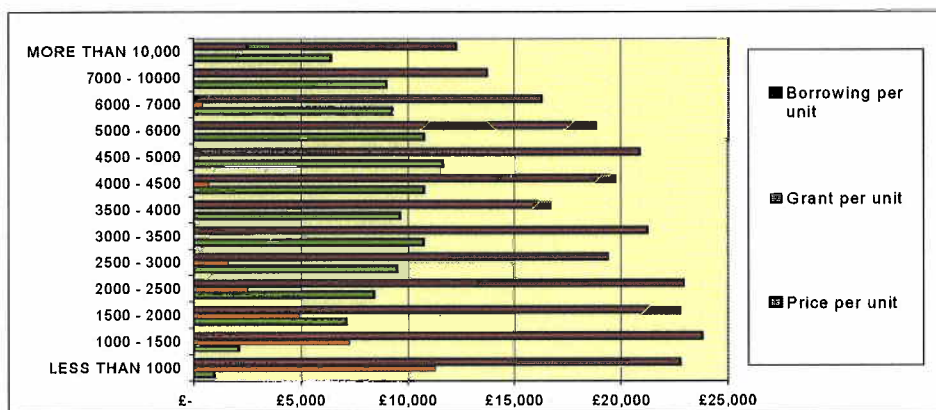
There were variations from year to year with 1992/3 a marked low point and a 'high tide' in 1996/7 (a year marked by fewer transactions). In some years, the majority is far from convincing at less than 50% of eligible tenants in support: the rate of support does not correlate to the size of the transaction. Figure 9 (below) shows average size dropping significantly between 1992/3 and 1993/4 and again between 1996/7 and 1997/8. In the latter

⁸⁴ It must be remembered that these are the completed – 'successful' – transfers: others fell at the ballot hurdle. The ballot success rate increased from one in three in 1988/9 to three in four by 1990/1 (Mullins, 1993). Other DTLR figures reported verbally in 2002 suggest some 45 proposals failed at ballot (personal communication). No data of all ballots are consistently recorded by any agency though TPAS collects some.

case, grants were available to deal with lower value properties in partial transactions. In the former case, the lower size may reflect one of the few government levers on transfer: limits on maximum size (DoE, 1993). Transaction size exceeded 5,000 in the years before 1992/3 and after 1997. Cycles are considered again in the conclusions to the chapter.

Analysis of transaction size allows three groups of small transactions under 2,000 to be distinguished (see Figure 9). Most of the small cases are partial, but not necessarily grant-funded: most of the partial grant-funded cases contain fewer than 2,000 houses. Unit grant seems to fall as transaction size increases, whereas borrowing is consistently high for smaller transactions: this level of borrowing does not really decline until transaction scale rises above 3,000 houses.

Figure 9: All Transfers (England): Price, Grant And Borrowing Per Unit, Analysed By Size Of Transaction



Source: analysis of data supplied by DETR, 2001

Earlier graphs showed lending rising steadily in relation to acquisition costs, dipping in 1992/3 and again recently. This reflects two factors: 1) falling average prices, affected by the inclusion of lower/nil value properties from 1996 requiring grant or 'dowry'; and 2) increased borrowing for investment. This gap becomes more relevant as more of the borrowing is required to fund improvements and relatively less to fund acquisition (Social Housing, 2000). These issues point to the presence of partial and grant-funded transactions increasingly obscuring and confusing matters. This supports development of a more differentiated picture.

Differentiating Transfer Types

The data show more transactions than councils, which confirms that some conducted several transfers. When tagged with type of disposal (whole or partial) the data show that 98 councils disposed of *all* of their stock. In eight councils, the authority split a large stock between two buyers, which were often labelled with the same name and either 'north' or

'south'.⁸⁵ However these are generally included in the category of whole stock transactions, as conducted by the majority of disposing councils since the pattern of characteristics is otherwise indistinguishable from single whole stock cases, though in two cases a smaller portion of stock was transferred with grant to an existing buyer and count here as partial.⁸⁶

In addition, 20 councils undertook partial disposals (some without grant funding). There are marked variations between whole and partial transactions in terms of size, financial characteristics, local incidence and political control at the point of transfer. Having seen the impact of different types of transfer on the overall picture, it is opportune to examine financial and other trends for these types.

Table 9: Whole And Partial Stock Transfer (England): 1988 To March 2001 Inc.: Headline Comparison

	Whole	%	Partial	%	All
Transactions	104	72%	41	28%	145
Authorities	86	69%	20	31%	106
No. of houses	519,545	90%	56,081	10%	575,626
Gross price / receipt £m	£ 5,016	100%	£ 22	0%	£ 5,038
Gross loan facilities £m	£ 8,944	89%	£ 1,099	11%	£ 10,044
Value of grant gross £m	0	N/A	£ 522	100%	£ 522
Ratio of loan : price	1.8		50	N/A	1.6
Average price	£ 9,655		£ 1,623		£ 9,207
Average loan	£ 17,216		£ 24,272		£ 19,351
Average grant	£ 0		£ 12,458		£ 5,248
Average size of transaction	4,996		1,309		3,970
Levy £m	£ 275		£ 0		£ 275

Source: analysis of data supplied by DETR, 2001

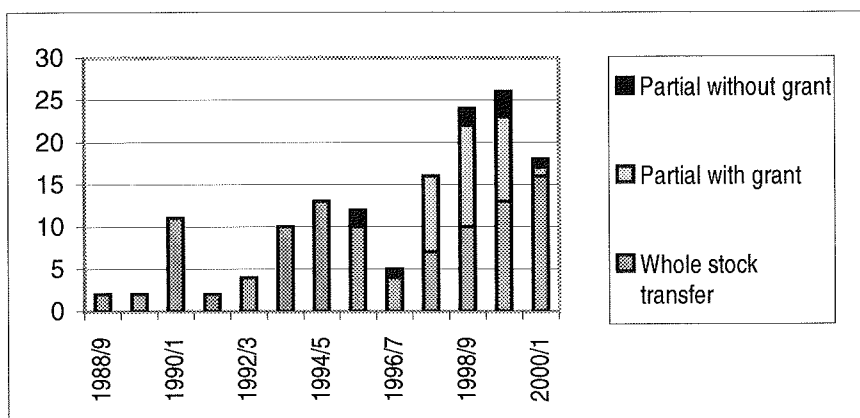
As shown in the table, whole, single disposals dominate the volume of stock transferred, of receipts, of borrowing and of debt redeemed and useable receipts. There are only two cases of grant funding in whole stock transactions. By contrast, partial transfers show smaller scale transactions, a smaller volume of stock transfer overall, with smaller receipts and a lot of grant funding, but with much greater borrowing.

The partial category includes a few councils disposing of housing in multiple transactions – some with a positive value and others with nil value and with government subsidy. Figure 10 illustrates the overall amount of stock transferred over the years, showing a steady supply of whole stock transfers over the years, with partial transfers emerging prior to 1997.

⁸⁵ Some later split transactions to two landlords appear as one transaction and so the numbers do not always appear to add up.

⁸⁶ Later under Labour, large disposals were not split in this way, nor required to be (DETR, 1999).

Figure 10: All Stock (England): Numbers Of Transactions Per Category Of Transfer Each Year



Source: analysis of data supplied by DETR, 2001

It is important to distinguish and analyse separately transfers with and without grant funding, even though the numbers are small. The discussion which follows aims to show the different patterns of transfer, following on from the map (overleaf) and headline level summary in Table 9. It should be noted at this stage that comparing the distribution of councils in England after reorganisation (Norton, 2001: 292) with those which undertook transfer, reveals that only four of the councils completing transfer were in areas affected by local government reorganisation, and all after 1997. The analysis returns shortly to a comparison of regional differences.

Whole Stock Disposals: 1988 - 1997

This section deals with disposals of whole stock up to 1997 only⁸⁷, representing the vast majority of cases in this period. This section discusses the financial indicators by volume and unit value, as well as the spatial characteristics of this group of transfers. A later section reviews these same characteristics in relation to partial transfer transactions completed post 1997. By the year to March 1997, there had been 58 transactions affecting a quarter of a million homes, in single (or split) transactions of around 5,000.⁸⁸ Almost all of the transfers before March 1997 were whole as showed. Virtually all were in single transactions and the buyers were all new Registered Social Landlords (RSLs). Analysing the size of different cases shows that whole stock transfer rarely involves fewer than 1,500 houses: transfers over 3,000 units are almost always whole single disposals.

⁸⁷ It is worth noting that these would have been the cases of which policy makers in Scotland might have been aware in the mid-1990s.

⁸⁸ The figures show an increasing volume of stock in the whole stock category in the years under Labour, from 1998/9 onwards, consuming almost 50% of all the whole stock transfers since 1989 in increasingly large transactions. A total of 36 transactions involved more than 5,000 houses in any given transaction.

Figure 11: All Stock (England): Distribution Of Sellers 1988 – 2001⁸⁹



Source: analysis of data supplied by DETR, 2001.

As Table 10 shows, almost two thirds of the selling councils were controlled by Conservatives, which clearly dominated the first seven years of transfers. Until 1995/6, the remaining nine non-Conservative authorities were generally politically split with many seats held by Conservatives, independents or ratepayer associations.⁹⁰ Authorities without overall political control become increasingly important in transfer after 1995/6, which was a significant year for local government reform in England. From this point onwards, authorities held by Labour and / or Liberal Democrats also start to feature among the whole disposal authorities, before 1997. In keeping with the amount of stock transferred, gross receipts and borrowing increase steadily over time. The value of borrowing is £8.9 billion overall with one fifth of this in the most recent year, rising steadily against prices over time. Variation in the financial ratios in this type of transfer is limited by contrast with the pattern for other types of transfer.

⁸⁹ This map was produced by Dataspring services at the University of Cambridge using data supplied by the researcher.

⁹⁰ This assessment has been made by reference to the Municipal Yearbook for the years immediately prior to transfer

Table 10: Whole transfer (England) to March 1997

Year of transfer	number of transactions	No. of dwellings	Average size	Conservative	Labour	Liberal Democrat	No Overall Control
1988/9	2	11,176	5,588	2	0	0	0
1989/0	2	14,405	7,203	1	0	0	1
1990/1	11	45,552	4,141	11	0	0	0
1991/2	2	10,791	5,396	2	0	0	0
1992/3	4	26,325	6,581	3	0	0	1
1993/4	10	30,103	3,010	6	0	0	4
1994/5	13	40,510	3,116	10	0	0	3
1995/6	10	41,701	4,170	2	1	5	2
1996/7	4	20,479	5,120	1	2	0	1
All	58	241,042	4,925	38	3	5	12

Source: analysis of data supplied by DETR, 2001

The average (adjusted) price was over £11,000, peaking at £12,500 in 1995/6 but Figure 12 shows that borrowing per unit increases from rather low start, peaking at £25,000 per house in 1995/6. This shows that the amount available for private borrowing started to fall before the Conservatives left office⁹¹, with more borrowing funding investment than acquisition. The relationship can vary substantially from case to case within any given year. The analysis of cases by size shows the unit value dropping as transaction size increases.

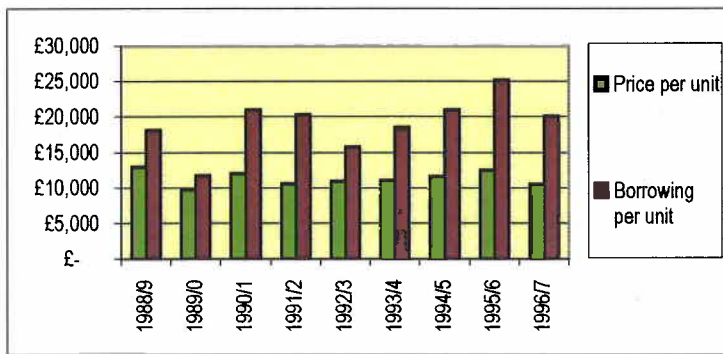
Receipts were well ahead of debt and as unit prices were rising (from (1992/3, as shown in Figure 13), so the value of the surplus increased though the pattern changed after 1995/6.⁹² The housing may have been worth more in the areas transferred post 1992/3 but it is more likely that sellers had strong incentives to increase prices to maximise surpluses, in spite of the levy. The only authorities to contribute to the levy were those disposing of their whole stock (in single or split transactions) of whom not quite half (28) made a contribution. This overall figure masks the fact that more than three quarters of councils paid a levy in the years when it was payable (1993/4 – 1995/6 incl): most of those who paid no levy benefited from the ‘holiday’. As the levy is in effect a surcharge, it leaves a smaller ‘useable receipt’ for the seller and arguably less incentive to sell.⁹³

⁹¹ The analysis of the period after 1997 shows a continued fall thereafter.

⁹² Later chapters show Robertson (Minister for Housing in Scotland from 1995) as aware of English stock transfer. This would have been the period of which he would have been aware and might have supposed that the same terms would apply.

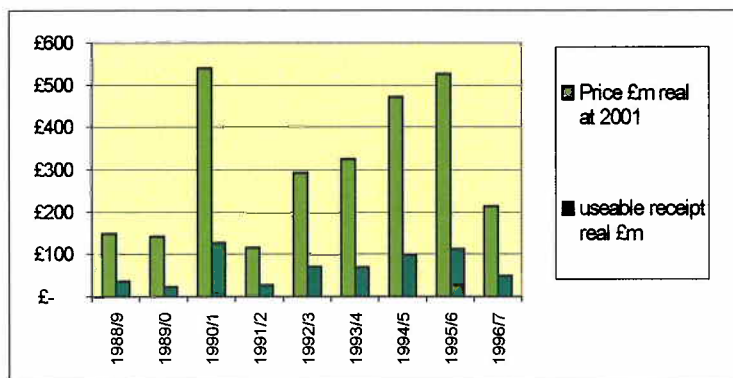
⁹³ The levied authorities typically paid between 10% and 15% of the price to the Treasury.

Figure 12: Whole Transfer (England) To March 1997: Price And Borrowing Per Unit



Source: analysis of data supplied by DETR, 2001

Figure 13: Whole transfer England to March 1997: gross value, and useable receipts



Source: analysis of data supplied by DETR, 2001

Voting patterns were fairly standard throughout the programme of whole disposals, as far as successful ballots are concerned. However, the failure rate was rather high though no figures are available to examine patterns. By contrast with partial transfers, there was remarkably little case variation around the trend of 70% support. On tenant support, split transfers showed a somewhat different pattern from whole, single disposals. The results of ballots were more marginal for split transfers than for whole stock, even in the same year. Less than two thirds of the tenants took part in ballots and a similar proportion (63%) voted in favour. In some transactions, majorities were under 55% on low turnouts. Tenant support for transfer declines with size, with falling turnout and votes in favour, producing a rate of support among all tenants eligible to vote, under 48%.⁹⁴

Regional Distribution of Whole Disposals and Sector Change Post-Transfer⁹⁵

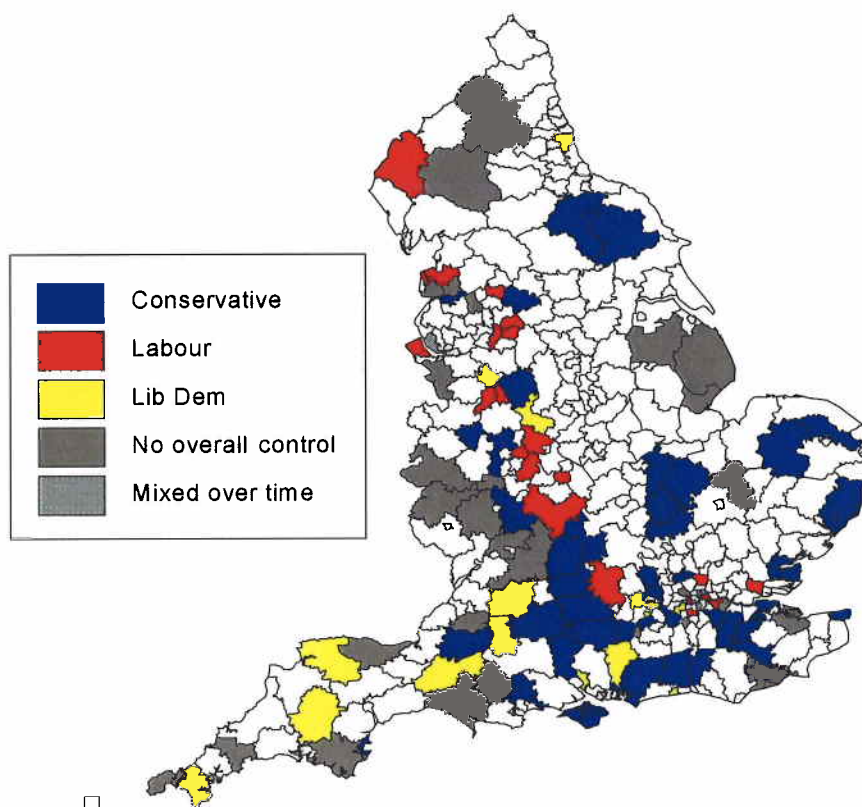
As the map on page 103 showed, the distribution of whole stock transfer to 2001 was uneven across England. In three regions, the *only* form of transfer was a whole (or split)

⁹⁴ This is a particularly strong feature of transfer post 1997.

⁹⁵ The data are analysed by region using regional boundaries of the Housing Corporation – see Appendix Six.

disposal: South East, North East and East (East Midlands). While whole disposals dominated in the South West and West Midlands, councils in these areas also conducted partial transfers. In one region - Merseyside - there were no whole disposals and in others, notably London, whole disposals were in the minority. This provides evidence of variation not present in the literature.

Figure 14:
All Stock Transfer (England) 1988 – 2001- Political Control Of Councils At The Point Of Disposal.



Source: analysis of data supplied by DETR, 2001.

Whole Disposals Only

Almost a quarter of all stock transferred was in the South East, and all of it took the form of whole disposal. The volume of price / receipt and lending was highest in the South East, which also accounted for the highest share of levy contributions and contributors, reflecting high prices in this region. The spread of transfer across years was most even in the South East, as is to be expected given the number of transactions there.

As the map above shows, most of the councils in this area were under Conservative control and the rest were either Liberal Democrat or without overall control. By 1998, councils in the South East controlled 110,000 fewer units than in 1991 with most of this moving to the RSL sector via transfer: RSL stock was almost as big as the council sector by 1998. Approximately half of the transfer RSLs still appear under the same name as the council

which means that half have changed their name.⁹⁶ Although transfer RSLs have grown overall since transfer, at a rate of 6% in spite of losing stock through right to buy sales. Meanwhile, some longer-established transfer RSLs have gained (up to 40%) and one doubled in size possibly due to take-overs.

The North East region (including Yorkshire) was the largest region for volume of social housing stock at 1991, but saw only four transfers and had the smallest volume of transfers of any region apart from Merseyside. However, all were whole single disposals: transaction size was quite large and useable receipts rather lower than average. Two of the disposals were by Conservative-controlled authorities. All but one case fell after 1997.

The East (incl. East Midlands) is the third area of whole disposals only and had one transaction each year from 1989 onwards, with the third highest average unit price. Most RSL stock gains in the period are accounted for by stock transfer. Since then, RSL holdings have grown and many of the earliest cases have expanded by up to 40% of their stock, which may reflect housing investment using the surplus receipts arising from transfer (36%). Nine out of 13 councils were under Conservative control, the remainder had coalitions.

Mixed Whole and Partial Transfers

The West Midlands region displayed a little more diversity though dominated by whole disposals. By 2001, there were 14 LSVT transactions by 12 authorities, plus three partial transfers (two funded by ERCF). Transfers started in this area in 1991 gathering momentum in the mid-nineties. At least half of the RSL growth in the area was due to acquisitions through transfer. Average prices in this region were comparatively low. In addition, transaction size is high, affected by a recent crop of transactions post 1997. This was also the most diverse region politically, with most transfers conducted by Labour-held authorities (seven) though almost as many (five) by Conservatives and four by councils with no overall majority. This political profile was similar to that of the North West (below) which featured many more partial disposals, often conducted by the same authority - Manchester.

In the South West, there appears to have been an early spate of transfer in the late 1980s and early 1990s and then a gap before further transactions picked up in the mid-1990s and again, more strongly, post 1997. Average transaction size in the South West was smaller than average for all whole stock disposals. The selling councils display diversity of political control. In the majority of cases (ten) there was no overall majority, and almost equal numbers of councils under control of Conservatives or Liberal Democrats 'successfully' promoted transfer. As in the South East, councils in the South West made a strong contribution to the levy - possibly as a result of timing of transfer, low debt or high prices: this area shows the second highest price per house. Councils' stockholdings were rather small in any event but declined relative to the RSL sector: where councils controlled five times the amount of RSL stock in 1991, by 1998 they had just over twice the volume and

⁹⁶ Many now appear in the Housing Corporation register under larger group structures.

most RSL growth in the South West has been through stock transfer. In addition, as with other early transfers, the longest-established transfer associations have been able to expand their stock, in one case trebling through take-over. The identity of RSLs remains strongly associated with the name of the disposing council, though some merged or group associations formed from rather small RSLs, especially in Somerset.⁹⁷

The transfer of stock to bodies with the same name and of a similar size, arguably with the same staff, does little for diversity in the pattern of ownership. Arguably this is as true in split transfers where groups were subsequently formed bringing two buyers back into one organisation.⁹⁸ Arguably, the public sector monopoly is merely being replaced by a private sector monopoly. Diversity outcomes may, however, be different in the case of partial transfers to which we now turn our attention.

Partial Transfers – a Late Development?

This section distinguishes between partial transfers in multiple small transactions by authorities undertaking more than one transfer and transactions involving generous quantities of dowry or grant funding. The latter is examined first as it is the largest group in terms of numbers of transactions (decisions to sell) and stock (tenants to consent). Some partial transfers fall before 1997, following subsidy preparations under the Conservatives, as the rate of whole disposals was increasing. This timing will be seen to contrast with the data for Scotland in Chapter Six. It is important to see the key characteristics of partial transfers in order to consider possible explanations for their existence and for comparison with Scotland. The balance between the amount of stock in the two streams (with and without grant) is illustrated in Table 11.

Table 11: Partial Stock Transfer (England) To 2001: Summary Of Cases With And Without Grant

	Overall: all partial	With grant	Without grant
Transactions	41	32	9
Councils	20	16	4
Stock	56,081	45,244	10,837
Value per unit	£1,623	0	£2,060
Grant per unit	£12,458	£11,546	0
Borrowing per unit	£24,272	£18,390	£24,665
Loan to price ratio	12.0	N/A	11.9
Loan to grant ratio	N/A	1.6	N/A

Source : analysis of data supplied by DETR, 2001

Grant-Funded Transfers

A total of 16 authorities undertook 32 transactions mostly over three years.⁹⁹ The authorities were either urban or metropolitan in London, North West, Merseyside and West Midlands.

⁹⁷ Research is under way at present at the University of Cambridge analysing group structures.

⁹⁸ Many of the buyers can be seen on NHF and Housing Corporation lists as being part of bigger group structures, an increasing trend among RSLs in England (Social Housing, 2000).

⁹⁹ One case in Tower Hamlets was deferred beyond the end of the ERCF funding period into 2000/1. It is excluded from the rest of the analysis.

Most (18) were under Labour control or under some form of coalition (nine) with no overall political majority. Six councils undertook several transactions while ten pursued only one.

Average transaction size was lower than for whole disposals: the average was less than 1,500 units, though steadily larger with each year that passed. This reflects evidence from the data that although the number of transactions was fairly constant from year to year, the amount of stock transferred per annum doubled in the second and third years, starting at almost 9,000 houses in the first year (less than 12 months). Not only did average transaction size increase, cases of partial grant-funded transfers display wide variation.¹⁰⁰ The smallest English partial transfers were more like the scale of operation in Scotland (as the next chapter shows).

Government data show no indication of stock value and no prices were recorded by DETR so it is assumed that there was no receipt to the seller. Nor is there any evidence of debt repayment in these cases. The summary figures are shown in the following table.

Table 12: Partial Transfers (England): Grants And Loans Per Year

Year	Transactions	Stock	Grant £m	Loan £m	Ratio of loan to grant	Grant per dwelling £	Loan value per dwelling £
1997/8	9	8,577	£127	192	1.52	£14,773	£22,432
1998/9	12	17,828	£144	285	1.98	£8,091	£16,009
1999/00	10	16,980	£198	290	1.47	£11,640	£17,082
2000/199	1	1,859	£35	33	0.9	£18,946	£17,751
All	32	45,244	£522	832	1.6	£12,458	£19,351

Source: analysis of data supplied by DETR, 2001

Using Grant as an Incentive to Accommodate Opponents?

Although the 32 transactions are mainly contained within three complete financial years, 1997/8 was not a full year as the scheme was formally introduced after the May 1997 elections. None of the grant-funded transactions went through under the Conservatives although the earliest transfers involved preparation by sellers, buyers and central government during the Conservatives' period in office, only spending from 1997/8.¹⁰¹ A consortium of councils under Labour control had been working with consultants KPMG and a Conservative government, to produce solutions for increasing private investment in urban housing with low or negative value (KPMG, 1996). The government established the ERCF facility and budget in December 1995 leaving the form of the new landlord open to prospective sellers and their partners (Murie and Nevin, 1999). The very different political stances of such partners indicate some mutual partisan adjustment in a search for solutions.

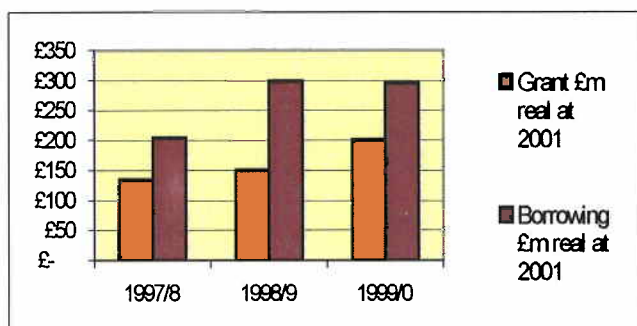
¹⁰⁰ The smallest transaction was of 515 houses in Lambeth, the largest in an estate in Manchester with 6,667 houses (Manchester's only grant funded scheme). Inevitably, spending averages disguise wide variation per house grant values between cases: for example, £3,000 (Manchester) and £26,000 (Lambeth).

¹⁰¹ In the case of Hackney, the council had been working with consultants FPD Savills to assess stock condition and value (Social Housing, 2000), some time in advance of ERCF funding becoming available.

Their strategy as reported by Nevin (1999), verges on rational policy-making. However, a finite amount of money was eventually advertised as being available for a finite period, and councils were required to bid competitively for resources.¹⁰² This indicates a process more consistent with top-down, linear accounts of policy. This position also gave central government considerable direct leverage over local councils' actions and decision-making.

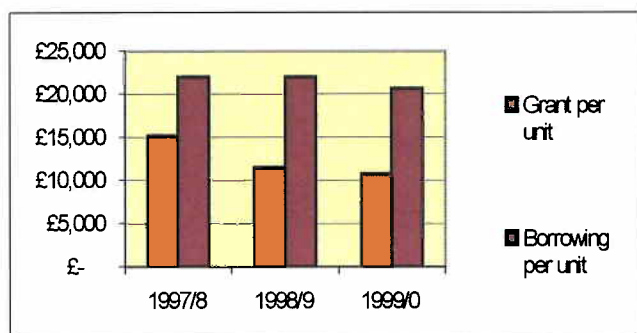
According to official data, total funding (including grants and borrowing) in the end exceeded £1.3 billion, including subsidy of £522 million.¹⁰³ When financial data are analysed by year, as shown in Figure 15 and Figure 16, it becomes clear that the total *volume* of grant and private borrowing increased, whereas average figures *per house* show grant dropping while borrowing remains fairly constant. Average total expenditure per unit reached almost £35,000. There was no receipt to offset historic debt or set-up costs. When approved grant is calculated only in relation to relevant units in the grant-funded category, the average comes out at £14,000 per house.¹⁰⁰

Figure 15: Partial Subsidised Transfers (England): Total Grant And Loans – Gross (£ Million)



Source : analysis of data supplied by DETR, 2001

Figure 16: Partial Subsidised Transfers (England): Grants And Loans £ Per Unit



Source: analysis of data supplied by DETR, 2001

¹⁰² The resources were to be administered by government rather than an agency. They were 'dowries' for negative valuation and works prior to transfer, small regeneration schemes, set-up costs and a nominal contribution towards seller costs (Murie and Nevin, 1999). Labour terminated the scheme in 1998 but previous commitments meant it ran until 2000/1, showing two years 'braking distance'.

¹⁰³ Murie and Nevin 1999 showed £319 million as the planned figure.

Partial Without Grant – What Incentive, Whose Initiative?

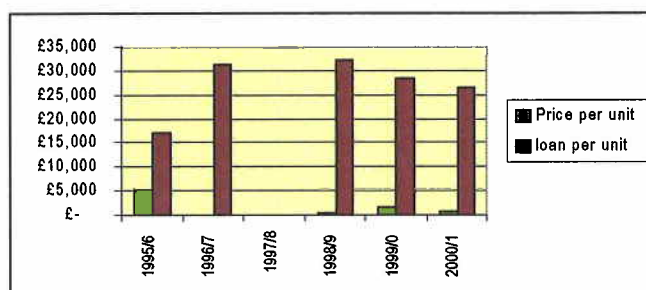
The possibility of partial transfers without grant does not emerge from the literature and although small in scale is worth some attention here because it reveals the pressure on some authorities to pursue transfer on other terms. Only four authorities undertook partial transfers *without* grant, affecting just over 10,000 houses in nine transactions. This comes out at an average of under 1,500 units - a very different pattern to the whole stock transactions.

Table 13: Partial Transfers England (To March 2001) Without Grant

Year	Transactions	Stock transferred	Price £m	Borrowing £m
1995/6	2	2,894	£ 16	£ 49
1996/7	1	1,769	£ -	£ 55
1997/8	0	-	-	-
1998/9	2	2,224	£ 1	£ 71
1999/0	3	3,288	£ 5	£ 74
2000/1	1	662	£ 0	£ 18
All	9	10,837	£ 22	£ 267

Source: analysis of data supplied by DETR, 2001

Figure 18: Partial Stock Transfer (England): Price And Borrowing Per Unit - All Cases



Source: analysis of data supplied by DETR, 2001

The transactions started in 1995/6 before ERCF funding became available, and 2000/1, spanning five financial years, but with only one or two a year, except in 1997/8. Collectively they produced a receipt of £22 million and managed to raise borrowing of £267million, *twelve* times the value of the stock, but with a very different loan to price ratio from whole stock transfer. Their inclusion in either whole or partial grant-funded disposals distorts other averages. The amounts per unit come out at approximately £1,600 and £27,000 as shown in Figure 18, though the average masks the fact that in some cases there was no receipt and very high borrowing (£50,000). Values for the houses in this stream show a much greater level of divergence than in whole stock transfer.

¹⁰⁴ A high ratio of loan to grant indicates more private borrowing relative to grant. A low ratio indicates relatively high grant expenditure.

Who and Where?

With the sole exception of West Wiltshire, under control of the Liberal Democrats at the time of transfer, the sellers in this category were urban, metropolitan or city boroughs under Labour control: Walsall (West Midlands), Enfield (London). The other three authorities undertook transactions of around 1,500 units. Only one raised a receipt. Two went through before ERCF funding was introduced and the other (in London) coincided with ERCF. The remaining transactions were Manchester's, mainly post 1997. Manchester City Council is unique among transferring authorities for disposing of over 6,000 properties in no less than six partial transfers in different estates, without grant. Three of Manchester's transactions were in one year - 1999/00 - and Manchester also transferred over 6,000 houses in one other transaction with grant (above). Manchester and Enfield were both in the KPMG consortium (see above), before ERCF was established. Each of Manchester City Council's transactions was to a different landlord, raising a gross receipt of £18 million and on average nine times that amount in borrowing - £156 million, with no grant.¹⁰⁵ The Manchester case raises interesting questions about the pattern of incentives and behaviour which determined such different terms of transfer.

Nine separate buyers were involved. Only one was listed by the Housing Corporation as a 'transfer' body because it was new. The other eight were large, regional housing associations established long ago, some with roots in the nineteenth century philanthropic or charitable voluntary housing movement. Some had very substantial reserves available for regeneration, though official data recorded no funding other than borrowing and grant.¹⁰⁶ Established associations in Manchester may have co-operated with the council by drawing on reserves to assist regeneration.

Set-up costs per unit were in line with those for other transfers but represent a much greater proportion of the price payable, which is already low. This had an adverse effect on any receipt to the seller. No debt was redeemed by these authorities (Wilcox, 2000), leaving sellers with larger debts to service from a smaller income base. This presents a very different phenomenon and complement of incentives from whole or grant-funded disposals. Perversely, ballot results showed considerably more support for these transfers than for transfer generally. Average turnout (83%) and support (88%) produced support reaching almost three-quarters (74%) of all tenants eligible to vote.¹⁰⁷ This category contains a small body of transfers in urban areas to existing landlords, both before grant funding was introduced and while it was being made available to support other transfers by the same seller in one case. They were properties with low values requiring considerable investment,

¹⁰⁵ The average price was barely £2,500 and average borrowing over £27,000. Relevant debt on this stock is reported in Wilcox (2000) to be of the order of £83 million though the gross receipt (of £18 million) cannot possibly meet this amount, which means the council is now paying off the debt from a reduced stock.

¹⁰⁶ Government officials confirmed the only source of funding for partial transfer was ERCF but Social Housing (2000) records some £84million of reserves and other funding going into partial transfers without specifying whether these were grant funded or not.

¹⁰⁷ Support was only marginal (at 62% of eligible tenants) in Walsall with the first partial transfer in 1996.

but they were grant-free, they did not raise generous receipts but extensive borrowing was undertaken to support them.

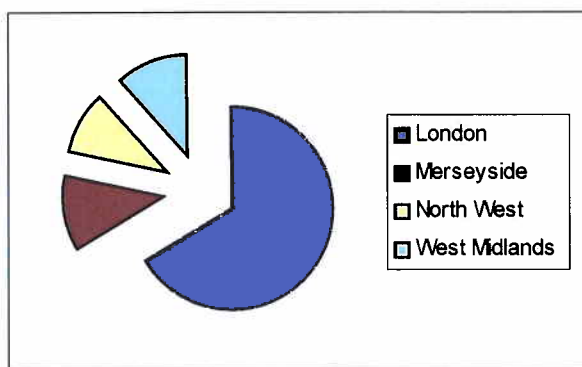
Regional Distribution of Partial Transfers

The profile of the North West is very diverse with smaller than average transactions, low prices and grants but at low levels, whereas a great deal of borrowing has been undertaken with quite a unique loan : price ratio (7:1). The area distribution of this type of transfer shows no particular pattern beyond the Manchester phenomenon in the North West. Indeed the North West had precisely equal numbers of partial and whole disposals. Records of ownership by transfer RSLs in the North West at March 2000 suggest there may have been some demolitions. This may be a feature of all partial transfers. It is far from evident that transfer redeemed debt or even produced surplus receipts in the North West. The summary figures suggest that there was internal, undisclosed subsidy either by buyers or sellers or both. In addition, these cases made an insignificant contribution to the levy so central government has not benefitted either from receipts or revenue.

In contrast to neighbouring Manchester where partial transfers without grant were most common, Merseyside was unique in pursuing only grant-funded partial transfers. Transactions were few (four) affecting very few houses – 6,000 in all. Even among the grant-funded authorities, Merseyside is unique in having high grant and low borrowing, such that the ratio of loan to grant is low at 3:2. In other words, transfer was levered by extensive public funding.

Grant-funded transactions only featured among four of eight English regions where transfers were pursued: these were London, Merseyside, West Midlands and the South West, in descending order of magnitude. There are different measures of distribution, but London consistently dominated with 66% of grant funding, 79% of borrowing and 55% of the stock (see Figure 19). Eight London Boroughs transferred stock with ERCF funding, four with one transaction each and four with multiples: Hackney undertook the greatest number with six. Outside London, the largest number of transactions was conducted by Liverpool with three. Various other metropolitan and urban councils, commonly in the north west of England, had one each. As explained earlier, Manchester featured more prominently among the low value transactions funded without grant. Total funding per unit was much higher in London than elsewhere at £41,000. Some of this may be attributable to higher construction costs in the capital or to significantly worse conditions than elsewhere, requiring greater investment. No further analysis is available to indicate the pattern. Second highest overall spend per unit (£23,000) is the West Midlands. The North West (in effect Manchester) was lowest at £16,000 including only £7,000 grant per unit compared with the overall average of almost £12,00 across cases in the other three regions.

Figure 19: Proportion Of ERCF Subsidy Distributed Between Regions



Source: analysis of data supplied by DETR, 2001

It is important to note at this stage that the London boroughs mainly appear in the category of partial, grant-funded transfers: 26 cases of transfer affecting 53,000 homes. London saw the highest levels of unit spending, a huge share of subsidy but with virtually no contribution to the levy. This could be a consequence of more resources being earmarked for London, or of more successful bidding by London authorities. The lack of non-grant-funded transfers may reflect the political character of many Inner London councils in the nineties, but even high profile Tory councils such as Wandsworth and Westminster were not among those transferring. Two other transfers in London boroughs were suburban Bromley (1992/3), one of the earliest and largest transfers to take place in England and Enfield (1996/7) (partial, non-grant-funded). Prior to transfer, London was the region with the second highest concentration of social housing stock owned by councils (Wilcox, 2000). During the nineties, the London Boroughs lost almost 100,000 houses while RSLs grew by 60,000, much of which is accounted for by stock transfer to existing landlords. The pattern will now be very different within certain boroughs which have disposed of much stock either through whole or multiple partial disposals.

Summary of Partial Transfers

Almost a third of all stock transferred was contained in partial disposals by authorities, many via multiple sales. Partial transfers are similar in size at less than 2,000 units. Unit borrowing is very significant but prices are very low where there is any receipt at all. On closer inspection there are two different types in operation, with extensive use of grant in some regions (notably London and Merseyside) but not others (North West). One in five sellers conducted partial transfers. Sellers are commonly councils in metropolitan and city borough councils, predominantly held by Labour or where Labour was strong. They feature in the later 1990s but do not coincide entirely with New Labour in central government. The buyers were more often existing organisations and tend not to be listed by the regulator or the NHF as transfer bodies: this in turn reinforces the sense in which transfers have come to be seen as whole disposals to new bodies, though clearly other possibilities exist.

Impact of Transfer on Social Housing Sector

Total housing stock in England grew overall by some 5% 1991- 1998 mainly through growth in owner occupation (Wilcox, 2000/1). Meanwhile, council ownership of housing in England fell to 3.3 million (16% of all housing) by 1998. Most of the decline in the 1980s can be explained by the Right to Buy (Wilcox, 2000/1). While the RTB continued to operate in the 1990s, stock transfer has come to compete. At the beginning of the decade, councils owned six times more rented stock than housing associations throughout England: by the end of the decade, they only had three times more stock. This indicated as much reconfiguration of the structure of social housing rather than its overall decline.

RSLs' overall stock grew from 400,000 houses in 1981 to 1,040,000 in 1998, an increase to a mere 5% of the total stock. Yet almost half of the total increase appeared due to stock transfer, two thirds in the period 1991 – 98, with significant variation between areas. Uncertainty around regional definition changes interfered in some areas with a more rigorous scrutiny of the regional impact. Nevertheless, the greatest changes were in the South East, which also ended up as the region with the smallest proportion of stock in council ownership (less than 10%). Just under half of the decline in council ownership of housing can be attributed to stock transfer. Variations in regional stock change showed the highest rate of change in the South (East and West), and the lowest rate in London and in the north (East and West). In some areas, notably the North East and the South West (and to a lesser extent the West Midlands), growth in association holdings comes mainly from stock transfer.

Explaining Transfer from the Data?

This analysis shows clear differences in the characteristics of stock transfers over 13 years. The temporal, spatial and financial characteristics of whole transfers, especially pre-1997, are in marked contrast to those of the partial projects from 1995/6 onwards. This emphasises the significance of critical junctures in policy and requires a reappraisal of the nature of the phenomenon.

Typological variety?

As earlier commentators observed, the first batch of transfers (ie whole disposals) was conducted primarily by Conservative-controlled authorities in the shire districts (Malpass and Means, 1993). In the course of the 1990s there were fewer and fewer Conservative controlled authorities and whole disposals were conducted in southern areas of England not only by authorities controlled by Conservatives, but also by councils where electoral representation of Independents, Ratepayers' Associations and Conservatives was strong, even where there was no overall majority. As the decade progressed, whole disposals were found in other areas of England, on a larger scale and promoted by authorities under even more diverse political control, including Labour and Liberal Democrat coalitions. This diversity and the fact that transfers have increased under Labour indicate that at the local

scale it is more than just party ideology driving transfer. What the data do not and cannot reveal is who is taking transfer decisions and why.

Regardless of political control, housing stock in whole disposals has usually been transferred to new landlords specifically registered for the purpose of transfer and are noted by bodies such as the Government's regulator and the membership body as 'transfer' organisations. Most started with the same name and territory as the old landlord which suggests that organisational interests were protected in the course of transfer. However a different pattern of transfer emerged in the mid-nineties, under the Conservatives, challenging the prevailing concept of transfer in the literature, as a whole disposal. Almost a third of all the transactions – *representing episodes of decision-making* - were promoted by councils using partial disposals with very significant subsidy supporting transfers of stock in poor condition in urban areas, as whole disposals continued apace elsewhere. Most of the partial transfers were pursued by authorities controlled by Labour or, where there was no overall majority, in coalitions with large numbers of Labour councillors. While these partial transfers mostly went through under a Labour government, preparations and funding commitments were made under the previous Conservative administration. Most sales were made to existing rather than new landlords. While both whole and partial disposals are known as transfers, they are rather different phenomena with different incentives, resource flows and interplay of interests.

Temporal Analysis: Waves and Elections

This chapter shows distinct waves in the number of transactions, volume of stock, transaction size, prices and borrowing though not always in the same cycle, and indeed sometimes working in opposite directions. One possible explanation for four to five-year waves is the general election cycle though there may be others. After all, the lead-time for developing transfer (or stopping it in the case of ERCF funding) was seen to be in excess of 18 months – a very long time in politics. Pre-election (1992 or 1997), decision-makers (officials and politicians) who were only partly committed to transfer might have made limited preparations, suspending decision and action until the outcome of the election was known. After the election, external pressures of under-funding would trigger a move to ballot. In that sense, the rapid growth in transactions and stock after 1992 (and 1997) suggests that many councils were already preparing for transfer. Given this long lead-time, transaction numbers could be interpreted as falling in *anticipation* of elections. This may not be the only interpretation.

Incremental elections in English local government mean that local initiative is affected by a rolling programme of elections. It is only possible to speculate from the data whether the cycle is electorally related and if so whether it follows elections or anticipates them: either could apply. Some councils may have been waiting for better terms. Others may have tried to get into the annual government-authorised pipeline while certain windows were open (levy holidays for example). This might help to explain the larger number of transactions of

councils with small stocks prior to national elections. The data do not readily help identify who sought access to that pipeline, when or why.

Several factors could determine the timing of sellers' decisions to seek transfer. Conservatives in control of local councils may have anticipated losing control either of local or central government and may have feared that Labour councillors and Ministers would not approve transfers. This would serve as an imperative to complete a transfer quickly, though local government reorganisation may have affected some councils in the mid-nineties. The absence of transfer in these councils suggests the possibility of overcrowded agendas in some councils. This might also explain the dip in 1996/7.

Timing may also have been affected by less electorally sensitive matters. Councils facing high rent increases would find it easier to make an argument in favour of safer rents (or lower, guaranteed increases) and about stock transfer as a means of protecting the future supply of local, social housing. Ballot activity in rural areas might have been less *ideologically* contentious as the tenants' movement is much less well developed than in urban areas (Cole, Reid *et al*, 1999). Political demand for transfer may have coincided with areas where demand for housing was more robust, giving lenders confidence in the long term security of lending. Arguably, therefore these areas represented the best chances of 'success' from a number of perspectives.

It is easy to focus on the peaks of activity and pricing when it may be as relevant to focus on the troughs and on absence of transfer. Some factors may have prevented more transfers from taking place or on different terms. Growth in partial transfers is one obvious explanation for falling transaction *size* from 1996. But there is no obvious explanation for the fall in transaction *numbers* in 1996/7. Tenants could vote down proposals from councils and arguably did so pre-1997, anticipating a possible change of government and thus change of policy (though not borne out by subsequent events). The failure rate in the first three years of the operation of the policy was rather high, even though a 74% 'pass' rate became the norm. Again, details of applications to the government pipeline and of all ballot results might show whether a larger number of transfers could have gone through had tenants been in favour. This would help to assess what drives decision-making centrally and locally. In turn this would allow an assessment of the extent to which the policy was top-down, though from our understanding of the process of transfer (Chapter Four), policy makers at the centre do not control all the critical levers.

Other factors may have impeded transfer or depressed the transfer market. These include low pricing producing inadequate receipts, nervousness on the part of the lenders about risk factors associated with more recent governance arrangements involving larger numbers of tenants or council nominees on boards of management. Once again without understanding more about failure (to promote transfer 'successfully'), it is difficult to gauge why some disposals succeeded.

Price differences in whole disposals are interesting in terms of timing. Typical prices fell steadily after 1995/6. The imposition of brakes on rent levels by central government after 1997 may have had a later, important effect on valuations but this does not explain the earlier fall. Again we might speculate: the inclusion of tenants on boards of management may have reined in the ambitions of managers to fund capital programmes from rent increases. Lenders may have found that prices were rising too high in view of contemporary discussions about falling demand for social housing. The condition of stock going into the pipeline was a further five years older and with an even greater backlog of investment to catch up on, depressing stock values. In other words, there could be technical *and / or* political arguments behind these cycles: quantitative data only allow better questions.

Spatial Analysis: Significance of Political Control?

There are marked variations in the spatial distribution of transfers. Whole disposals were concentrated in certain regions but amid greater diversity in other areas of England. Portraying England as a whole based on restricted area profiles of whole transfer distorts our understanding of the policy process and impacts. Whole disposals were pursued initially in areas controlled by Conservatives, not limited to such councils. Following English local government during the 1990s is complex, due to incremental reform, progressive rolling elections and variable dates of changes of control. However, there must be more political variety in the control of the councils involved in transfers later by the end of the century there were fewer Conservative controlled authorities as the as 1990s progressed. The fact that more politically diverse councils pursued transfers of different types indicates advocacy coalitions and partisan mutual adjustment discussed in Chapter Two.

Only Merseyside had no whole disposals and only grant funded transfers. Given the politics of Liverpool in particular during the nineties, it interesting to remember that tenant support for transfer was higher in Liverpool than anywhere other than Manchester. The level of support by tenants, almost especially in Merseyside, can be interpreted as an indication that attachment to council ownership of rented housing is not the Deep Core belief it might be assumed to be. In the West Midlands, North West of England and London, there was a mixture of whole and partial disposals, though the balance varied from place to place. Where the West Midlands was dominated by whole transfers, London was dominated by partial grant-funded transfers. The North West saw all three types, but an unusual degree of partial non-grant-funded activity. More partial transfers were under Labour or Liberal Democrat control.

Outcomes and Central Government Objectives

Conservative government objectives were fourfold: diversity, increased private investment, better services and empowerment. Greater diversity of landlords does not shine through from the data available. Council housing managers seem to have merely reconfigured themselves in the quasi-private sector, barely changing their organisations' names. Even in supposedly split transfers, buyers can be seen to have merged after transfer or gone into

group arrangements which offer limited scope for local decision-making. The partial transfers offer more diversity of landlords at the local scale, although they existed already and may be organisations which offer limited local or tenant input in decision-making. The data here reveal nothing about service satisfaction or empowerment of tenants.

Evidence exists of private investment to the extent of £10 billion, yet the information available to, or used by, the government and its agents about the impact of investment seems limited and of doubtful accuracy beyond commitments at the point of transfer, which could be rhetorical. About half of the total sum borrowed is paying off public sector debts, leaving only £4 billion for new investment. While the gross receipt can count as a PSBR gain, this is different from the real *useable* receipt at the local scale: this can only be estimated and is shown here to be of the order of £1 billion, but only available to certain councils, with a marked regional distribution. It is not clear what use has been made of such funds.

Conclusions

Secondary quantitative analysis allows the characteristics of the phenomenon of transfer to be identified as present but not as absent. The transactions alone show which bodies took decisions and actions where, and only by default which others did not. The data do not record, and therefore we cannot distinguish, those who tried and failed to achieve transfer from those who ignored the 'policy'. If the policy was so compelling for those who succeeded, why were there not more? If party politics was the explanation, then the absence of more Conservative councils cannot be easily explained. The presence of a completed transfer in only one in ten councils from 1988 – 1997,¹⁰⁸ does not suggest an effective top-down policy though there are traces of a top-down approach, notably in later partial, grant-funded transfers. Mechanisms for delivering the government's objectives were not strong: much was left to local decision-making and initiative. The analysis of *transactions* points to the near certainty of partisan mutual adjustment between unlikely alliances of interests with actors as diverse as councillors, staff, tenants, lenders, and civil servants. How this happened remains a mystery without qualitative analysis, outwith the scope of this thesis.

The analysis of English transfer data allows some interpretation of patterns and trends in the outcome of decision-making and is an essential prerequisite for posing incisive questions about the rationale and motivation behind transfer revealed by timing of decisions, location, price, borrowing and impacts, including public cost. Such questions are only pursued further in this thesis in relation to Scotland, the subject of the next chapter. This analysis helps to reveal complexity and variation in stock transfer in England justifying better differentiation in the specialist literature between types, phases and areas. 'Transfer' can thus now be seen to include not only single transactions of the whole stock to one (or two) organisation(s) but

¹⁰⁸ By 2001, it had risen to one in four with substantial change under Labour.

multiple transactions to multiple buyers. The need to pay grant to some councils in urban areas to support transfers emphasises the need for injections of funding for stock in poor condition, and not just from private sources. This is relevant in a Scottish context, as the next chapter will show, challenging the prevailing assumption in the literature, that there has been no stock transfer in Scotland outside Berwickshire.

Chapter Six

Stock Transfer in Scotland

Earlier chapters showed that stock transfer in Scotland is largely eclipsed from literature about housing in the UK. Where in England the focus on council transfers was mainly on whole disposals of rented stock, partial transfers (mostly with grant) featured in the late 1990s under Labour. This chapter will show an entirely different pattern at work in Scotland, arguably the reverse of England but with stock transfer nevertheless.

The chapter starts by highlighting the approach to data collection and analysis, which includes reviewing definitional questions of what constitutes a stock transfer in Scotland. The chapter then reviews what is known about transfers in Scotland, focussing on transfers by local authorities (even though more stock has been transferred in Scotland by other bodies such as Scottish Homes and the New Towns¹⁰⁹), comparing these with disposals in England.

While the focus of the thesis as a whole is on the Conservative period of government until 1997, this chapter draws on comprehensive data covering more recent years. This is designed partly to show that grant funding continued beyond 1997, affecting stock in transactions completed before 1997, but on a greatly reduced scale. Post-1997 data were originally included on the same basis as the English data, to facilitate comparison although the data for Scotland after 1997/8 were not intended to be explored for this thesis. The relative absence of transfer after 1997 could be of significance insofar as the subsequent lack of transfer may point to the significance of reorganisation in explaining transfer. Later chapters return to this theme but for the moment, discussion focuses on the period to 1997/8 (inclusive), affected by decision-making before the Conservatives left office.

The data refer to cases where transfer was approved and recorded, thus excluding transfers which were mooted but not pursued, or which failed. Failed transfers are mentioned in Chapters Seven and Eight as they emerged from interviews and case studies. The data permit an examination of who sold and bought which properties, where and when. This shows many small partial disposals in Scotland from 1985/6 onwards, declining from 1995/6. Most voluntary sales were conducted by Labour-held authorities, in the urban west of Scotland. Most have had the benefit of generous grant assistance but, perversely, at the very time when English partial transfers were becoming grant-aided (from 1997), subsidy in Scotland was falling away. While whole stock transfer dominated in England, only one whole disposal took place in a rural district of Scotland immediately prior to reorganisation.

This chapter thus shows a Conservative government in Scotland subsidising mainly Labour authorities to pursue small-scale disposals while only one local council, held by the Conservatives, pursued a policy regarded in the UK housing literature as Conservative. Why

¹⁰⁹ Based on full research database – see Appendix Eight.

this should be the case cannot be revealed by a quantitative approach, which is best for examining the evidence about the presence and characteristics of the transfer phenomenon. Such an approach raises questions addressed in later chapters exploring how and why transfers were conducted.

Data collection and analysis

Appendix Six covers data collection and analysis in more detail: it may suffice to say here that the dataset reported here was eventually collated during 2001. The collation was undertaken at the behest of the Scottish Executive, when the poverty of data on transfer was acknowledged.¹¹⁰ The dataset brought together primary and secondary sources. The latter are mainly official data (ministerial consent or grant records, filtered and extended). The former include primary data gathered by the researcher over the years, in the absence of more comprehensive official monitoring. The most difficult parts of the data exercise were finding what stock had been transferred at all, and then securing data on public and private investment as this information was not available in any single location. Surveys attempted by the researcher (Appendix Five) had not enjoyed sufficiently good rates of return to provide useful data overall but they were used to supplement gaps in the secondary material gathered for the Scottish Executive. At July 2002, no attempt had been made by the Executive to analyse the data (personal communication).

The dataset is designed to be comparable with English data as far as possible, in terms of the names and status of sellers and buyers, the timing and value of property transactions, the scale of disposal and the amount of investment from different sources. Financial data are similarly converted to 2001 values, using a formula shown in Appendix Six. However, no information was available on debt redemption by councils associated with stock transfer and anecdotal knowledge indicates this was not significant during the period. However Glasgow (the council which disposed of most stock) collaborated with the researcher in 1998 to establish the volume of its own disposal programme to date, solely because it wanted to establish the scale of debt related to transfer. As the story reveals dimensions of the policy process and vagaries of data collection by the largest seller, it is briefly related here.

Glasgow District Council wanted permission to sidestep debt relating to housing no longer in its ownership. By 1998, some 12,000 houses were *thought* to have been transferred, though the figure could not be clearly established since its management information system could only produce reams of meaningless print-outs with dates of construction, flat positions and tenancy reference numbers. The stakes were high,¹¹¹ so senior officials in Glasgow decided

¹¹⁰ The commission followed an unsuccessful research tender to disseminate information about stock transfer. The Scottish Executive generated a summary leaflet from the DTZ Pineda report, to which the introductory chapter referred.

¹¹¹ Assuming a debt per house of £9,230, (Scottish Office Statistical bulletin HSG1996/5 table 11) the relevant portion of debt would have come to £120 million. This would have represented a saving of around 5% off the rent or 13% more spending for the capital programme. GCC wanted to have the relevant portion of debt taken out of the HRA, either by writing it off or transferring it to the General Fund.

to put resources into identifying the numbers and precise addresses of houses transferred in order to justify the relevant amount of debt. Glasgow Housing Department's strategy staff threw resources into research using departmental records. They sifted through relevant committee minutes from 1985/6 until 1998; they tied up references with the Housing Department's property management information system; they checked council tax records and the legal archive for details of prices, addresses and dates. However this merely served to reveal further discrepancies. The Council then attempted to conduct a postal survey of associations to confirm how much of the stock had been demolished since transfer, incorporating questions on behalf of the researcher to minimise duplication. A poor response rate to their survey reflected wider tensions between the council and the associations at the time about proposals for a much larger-scale transfer (e.g. letters to Glasgow Herald from Glasgow Forum of HAs, September 1998). In the end, local council staff were instructed to make a visual check of which houses remained on the ground, and check these off against schedules of stock thought to have been transferred.

This tale emphasises the difficulty for a major selling organisation to establish characteristics of its own disposal programme, without a clear definition at the point of sale. It does not support a rational view of policy with monitoring and evaluation following implementation, but rather a mess of actions and decisions. The resulting information about Glasgow is not available publicly but the council shared with the researcher their estimate of transactions for each buyer in Glasgow and the total number of houses involved. No price, investment or borrowing information was collected at that stage and, as far as possible, has been extracted from Scottish Homes investment database, for analysis here.

Investment Information – Buyers and Funders

The primary source of investment data does not indicate a much clearer analysis or monitoring of outputs. As Scottish Homes (and its predecessor HCS) was thought to have allocated significant subsidy to refurbishing the transferred stock, the researcher had previously attempted to establish how much had been spent to bring former council stock across Scotland back into habitable use. It had never proved possible for Scottish Homes to procure this information other than in 1998 as an estimated figure for programmed (not outturn) investment, for the whole of Scotland without disaggregation (Taylor, 1998a).

In the absence of access to official data at a more local scale, the researcher attempted to survey buyers (outside Glasgow) to ascertain levels of investment from public and private sources. As a low rate of return undermined the value of this exercise too, later access to Scottish Homes' original dataset on behalf of the Scottish Executive (in the spring of 2001) was vital. Information was extracted about investment (and performance) from 1989 onwards, using file searches on electronic datasets of *programmed*¹¹² investment each year for each regional team (see Appendix Six). Although it was in the end possible to associate investment information with other transaction characteristics (using postcodes and

¹¹² *Programmed investment refers to planned expenditure and subsidy levels rather than outputs.*

addresses), the data are not entirely robust, particularly before 1988 and after 1999. As a result, the amount of subsidy discussed here tends to be understated (see also Chapter Eight).

Definitions, Numbers and Illusions of Accuracy

In March 1995, the Minister Lord James Douglas Hamilton confirmed in a written answer on 'Housing Stock Transfer' (PQ 15815) that since January 1989 he had given consent to over 180 sales for 13,000 council houses to be sold to the private sector, mainly locally based housing associations. A working paper on public sector stock changes (Scottish Homes, 1996b), showed 42 councils transferring 16,202 houses between April 1979 and March 1994.¹¹³ Two years later, some 23,000 houses were estimated to have been transferred, based on an analysis of ministerial consent data to 1998 (Taylor, 1998a). These all seem overestimated when compared with present data using a consistent definition of a stock transfer, which suggest only 21,292 houses transferred until March 2001.¹¹⁴

Where discussion of English transfers had to accept the *de facto* definition of civil servants recording data at the point of approval, in Scotland a definition had to be developed. Informal understanding of the meaning of transfer was determined by various local experiences of transfer practice, as much by New Towns and Scottish Homes as councils. It has already been posited that at its broadest, 'transfer' refers to changes of ownership of rented housing from a public landlord to another landlord. In ascertaining what was or was not a transfer for the purposes of the data on transfer in Scotland, it was found in 2001 that the Scottish Executive consent records of Scottish council stock transfer contained numerous transactions which stretched that definition endlessly.¹¹⁵ Some sales brought in handsome receipts; others nil. All of these possibilities and everything in between seem to have been encompassed within the term 'stock transfer', underlining the definitional weakness of official data and thus the clarity of 'transfer policy' intentions and mechanisms.

Data collection for the Scottish Executive, and thereby for this thesis, had to proceed with greater definitional clarity about what is and is not a stock transfer. The researcher encountered official resistance to constructing clear definitions in this area in 2001, for reasons which may be related to the contemporary policy environment.¹¹⁶ However a definition was agreed for the purposes of data collection only having been developed from

¹¹³ The paper drew on previously unpublished annual returns from local councils where no definition of transfer was given.

¹¹⁴ The sellers were mostly district councils prior to reorganisation (17 out of 56 before 1995).

¹¹⁵ These included disposals to developers and private individuals; untenanted housing prepared for demolition, refurbishment and onward sale; land cleared of former council housing; pre-1919 tenements built by the private sector and bought by councils under Compulsory Purchase Orders.

¹¹⁶ The ballot for the Glasgow transfer was impending at the stage of data collection and much effort was going into gathering and disseminating information to reassure tenants of the benefits of transfer. No clear agreement had been reached at that point about how to resolve the problem of debt and it is easy to see how a clear definition which implied subsidy or otherwise could have been unhelpful for government officials and ministers seeking maximum flexibility.

interviews with key actors in 1998.¹¹⁷ Some transactions were excluded at this stage, deemed inappropriate or invalid. An earlier working definition also included reference to a capital receipt for the seller, but this has been omitted as it would exclude many transactions deemed relevant on every other count. Moreover, as Chapter Five shows, not all transfers in England produced a receipt to the seller. In all other respects the above definition would also fit transfers in England. Thus 'stock transfer' in this chapter refers to cases which fit the definition below:

Figure 20: Scottish Local Authority Stock Transfer – A Definition For Data Collection

- | |
|--|
| <ol style="list-style-type: none"> 1. the seller was <ul style="list-style-type: none"> ◇ a local authority – i.e. a statutory, public body 2. the property was <ul style="list-style-type: none"> ◇ built after 1919 by a local authority ◇ currently owned and managed by the local authority ◇ in varying conditions of repair ◇ available for letting, even if not currently tenanted to any extent 3. the buyer was <ul style="list-style-type: none"> ◇ a voluntary, private body ◇ established with not-for-profit objectives ◇ funded by private loans and public grant, to varying degrees ◇ committed to continuing to let the properties after transfer 4. the transfer produced <ul style="list-style-type: none"> ◇ the opportunity for private borrowing by the buyer, with or without subsidy |
|--|

Exclusions

Based on the above definition, transactions which were recorded as receiving ministerial consent are now excluded for the purposes of this study if they were 'wrong' in terms of the type of stock (e.g. first built prior to 1919, usually by the private sector); or buyer (e.g. individual transactions regardless of who built the houses.¹¹⁸)

This has some quantitative significance. Prior to adopting the new definition, the database at an earlier stage showed 25 district councils undertaking 'transfer' transactions, whereas only 17 local authorities were involved in the revised, narrower definition. Table 14 (based on data to 1998) shows the authorities and types of disposals: dark shaded cells indicate that the type of disposal was the only stream pursued. The light shaded cells show a range of strategies in use by that authority. Out of the eight excluded councils, six undertook the 'wrong' type of disposal as their only strategy: two had a range of strategies. This is notable

¹¹⁷ The analysis of interviewees' responses to an invitation to define transfer generated contradictory dimensions (summary reproduced in Appendix Two): some respondents did not regard partial transfers for regeneration purposes as 'proper stock transfers', which could be indicative of the leakage of discourse about English whole stock disposals.

¹¹⁸ These were primarily destined for redevelopment primarily for owner occupation. They included an assortment of Tenant Choice sales, Right to Buy sales and empty property disposals of houses and other properties to individuals and developers, all of which appeared on Scottish Office records.

because it shows the variety of disposal strategies used by local councils, under different party control. Such variety of local action undermines the notion of clear top-down transfer policy or strategy. This dispersed pattern indicates a degree of 'mess' at the local scale perhaps in response to changing external circumstances. There does not appear to be any clear or consistent policy in operation from the centre: if there was such a policy, it is not manifest in outputs at the local scale.

Table 14: Scottish District Councils (Pre-1996) Involved In Stock Disposals

Name of district council (Note 1)	to new HA	to existing local HA	to existing national HA	'Wrong' type of stock	'Wrong' type of buyer
Angus	-	-	-	-	
Argyll and Bute		-	-		
Banff and Buchan	-	-		-	
Berwickshire		-	-		-
Clydebank				-	-
Clydesdale	-	-		-	-
Dumbarton		-	-	-	-
Dundee			-		
Dunfermline	-		-	-	-
East Lothian	-	-	-		-
Edinburgh		-			
Falkirk	-	-	-	-	
Glasgow			-	-	
Hamilton	-	-		-	
Inverclyde			-	-	
Kilmarnock / Loudon		-	-	-	-
Kirkcaldy		-		-	
Monklands	-	-		-	
Motherwell		-	-		
NE Fife	-	-	-		-
Orkney	-	-	-		-
Perth and Kinross			-	-	
Renfrew	-		-		
Roxburgh	-	-	-	-	
Strathkelvin	-	-		-	-
West Lothian					
Totals	10	7	5	5	13

Source: research database at 1997

Note 1: The names of the authorities highlighted in **bold** on the right, are those authorities whose disposals are included in this study as 'valid' transfers. The largest stream of 'valid' transfers were to *new* housing associations.

There is no particular pattern in the exclusions, which mostly reflects the lack of consistency in the data due to definitional problems. Twelve authorities were involved in sales to buyers other than housing associations, more than any other type of disposal. They produced a receipt to sellers with wide variation in unit prices (from nil value up to £20,000). While there may have been more transactions to the private sector, monitoring of such developments was limited. Meanwhile transactions affecting some 600 properties were deemed the 'wrong' type of stock. These too produced receipts with wide variation in unit values (£1,600

and £60,000 [sic]), though much information is missing. The wide range reflects the variety of condition of stock, including some newly constructed housing for rent, transferred to housing associations prior to letting.

Excluded transactions cover the period 1980–94, though key years during this period are 1984 (Duncan, 1991) and 1991/2. The fact that 1991/2 appears as a key year could reflect enthusiasm for recording to show ‘policy’ success, or the consequences of a squeeze on councils after 1987. Sales to the housing association sector were concentrated in the years after 1989, which may mean that the consents no longer pick up the other cases or that sales have ceased. Political control of the ‘wrong’ disposing councils varied widely, including authorities under the control of Labour, Conservatives and Independents. But it is notable that Labour-held authorities feature more strongly among the cases deemed to be valid ‘transfers’. The councils excluded henceforth are Angus, Banff and Buchan (Aberdeenshire), East Lothian, Falkirk, and Orkney (names of successor unitary authorities shown in brackets). Fife (formerly North East Fife) appears later in this thesis for other reasons, along with Scottish Borders (not as Roxburgh but as Berwickshire). We can now examine the various characteristics of the transactions for Scotland.

Transfers in Scotland

Having clarified what is (and is not) meant by stock transfer, we can now examine transfers in Scotland. The summary in Table 15 shows seventeen authorities involved in 138 transactions between 1986 and March 2001.¹¹⁹ Appendix Seven shows detailed tables generated from the database. Many councils only undertook one transaction while others pursued several. This data does not of itself clarify whether the transfers were partial or whole stock, although it can be seen from any statistical bulletin that every Scottish local authority still had stock for rent in 2001.

Table 15: Summary of Scottish Stock Transfers 1986 - 2001

Transactions	138
Authorities	17
No of houses	21,292
Average size of transaction	154
Gross price	£ 79m
Gross loan facilities (est'd)	£ 75m
Value of grant	£ 371m
Ratio of loan : price	1.0
Ratio of loan : grant	0.2
Average price £	£ 3,689
Average loan £	£ 3,538
Average grant £	£ 17,458

Source: research database at 2001

This would suggest that there was no whole stock transfer, whereas one small district council in Scotland disposed of its entire stock prior to reorganisation into a larger unitary

¹¹⁹ *The Scottish Executive leaflet shows 182 LSVTs affecting 21,537 homes. But without any breakdown.*

council, in a way that appears to fit the English understanding of a whole stock disposal.¹²⁰ This leaves all but one of the disposals as partial. Thus, in spite of its apparent absence, there was stock transfer in Scotland as Table 15 indicates. A considerable amount of grant was spent on transfers (£371 million) complemented by relatively low borrowing (£75 million) in a ratio of 5:1. The receipts raised by transfer were also small, at £79 million. No figures on debt redemption are available though on the face of these figures, it could be argued that the private borrowing has funded payment to the local authority for historic debt while subsidy was provided to invest in the housing stock. These characteristics are already quite different from England, particularly the small scale of receipt and borrowing against high levels of subsidy and small transactions. Analysis of the English data was inductive, extending our understanding of transaction types, their political geography and timing. A more deductive approach has been imposed on the Scottish data, partly in view of the apparent consistency of type (small, partial disposals), and the concentration among a smaller number of councils. The basis of presentation is therefore not identical, though it is sufficiently similar to allow some useful comparison. To explore the Scottish picture in more detail, temporal and spatial dimensions of the data are examined to reveal when stock was sold, by whom to whom, and where. All council transfers are included throughout the discussion, unless specified otherwise.

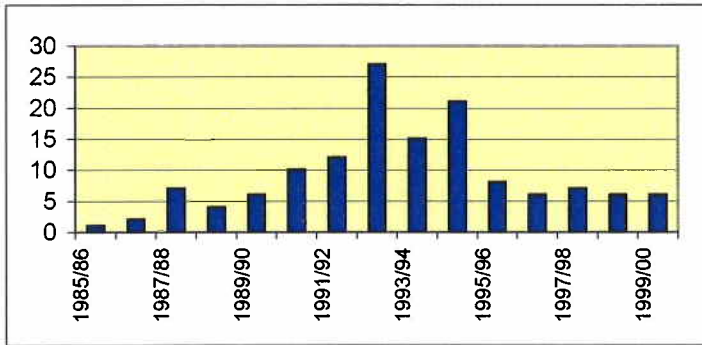
When? Timing of Transactions and Investment

The annual distribution of transfers is perhaps the most interesting feature, in terms of timing of decisions and actions. It is especially interesting relative to the picture in England. The following figures show the volume of transactions and stock, followed by average transaction size for Scottish transfers.

The figures show transactions starting in 1985/6, two years before the 1988 legislation. The numbers rose to a peak in 1993/4 remaining high for a couple of years before falling away again. One might suppose that if transfer were policy and a success, the rising trend would have been sustained. The steep fall in transaction numbers (and therefore of stock volume) after 1995/6 therefore seems strange. There was considerable similarity in the pattern of transaction numbers and stock size (Figure 23). The discrepancy was in 1995/6 which can be explained by the Berwickshire case, which accounted for 2,000 out of the 2,500 houses transferred that year. Otherwise the volume of stock similarly rose and fell, with average transaction size rising fairly steadily from 100 to 200, with peaks of 300 in 1988/9 and 1995/6, considerably smaller than even the smallest English partial transfers.

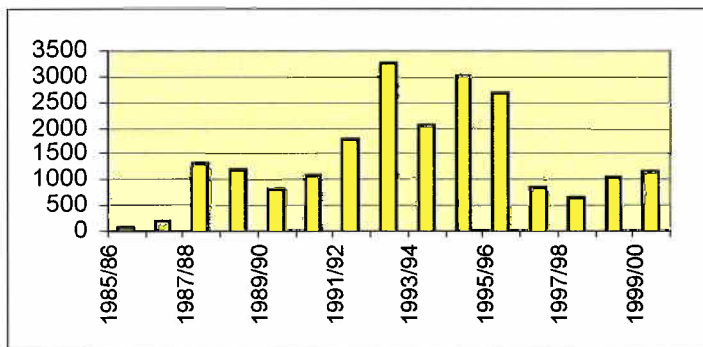
¹²⁰ The area concerned is Berwickshire which has one transaction accounting for 2054 houses (all of the stock of the district council). The seller's identity appears under Scottish Borders Council, though Scottish Borders Council retained 8,000 houses in ownership and management until 2003.

Figure 21: Scottish Local Authority Transfers: Number Of Transactions By Year 1986 – March 2001



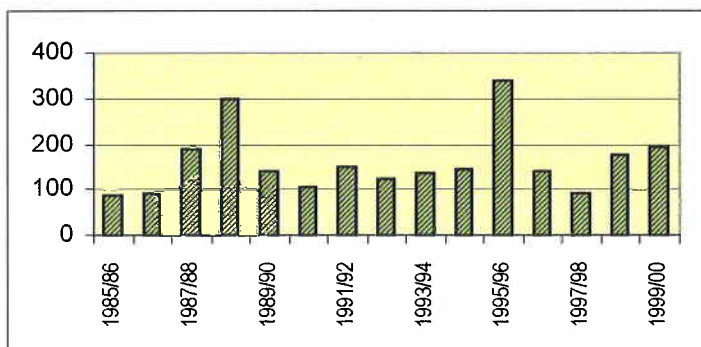
Source: research database at 2001

Figure 22: Scottish Local Authority Transfers: Amount Of Stock Transferred By Year 1986 – March 2001



Source: research database at 2001

Figure 23: Scottish Local Authority Transfers 1986 – March 2001: Average Transaction Size



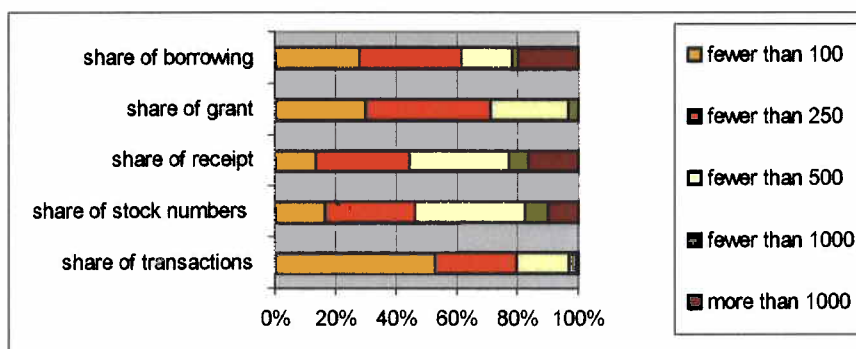
Source: research database at 2001

The government's leaflet (Appendix One) showed the average size of transfer to be 239, but figures from this dataset – including Berwickshire - show the average to be even smaller at 154. Over half of all cases (53%) involved fewer than 100 units of housing,¹²¹ affecting less

¹²¹ The very small size of the transactions contrasts not only with England at the same time but with the scale of disposals under discussion in 2001/2: e.g. the Glasgow debate in 2002 was about more than 80,000 houses.

than a fifth of the stock transferred but a disproportionate share of the subsidy (30%). The largest share of subsidy went to *slightly* larger transactions (between 100 and 250 units).

Figure 24: Scottish Local Authority Transfers – Analysis Of Size

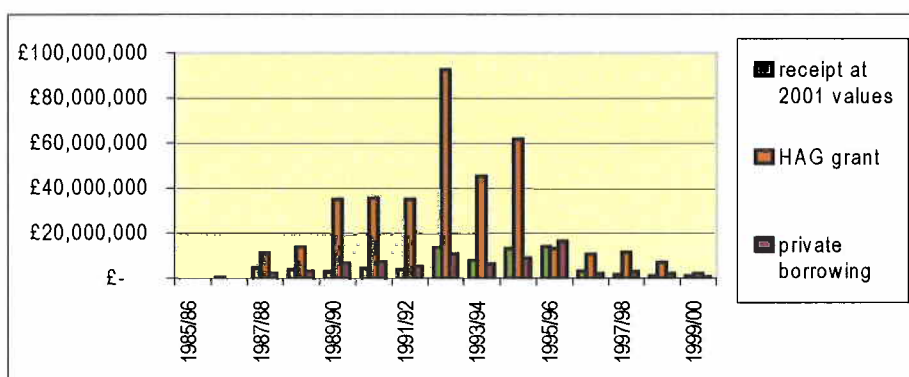


Source: research database at 2001

The next size of transactions (250 to 500 units) comprised less than a fifth of the total transactions (17%) with over a third of the stock but only a quarter of the subsidy. This shows that subsidy share dropped as the scale of transaction increased. The largest case involved more than 2,000 houses in Berwickshire, but the second largest is in Dumfries involving only 395 houses. Like other larger transactions it fell post-1997, and was a partial transfer without subsidy. This raises questions about whether more disposals were taking place to larger bodies over time, as a means of reducing subsidy or in response to falling subsidy.

Resources

Figure 25: All Scottish Local Authority Transfers 1986 – March 2001: Receipt Grant And Borrowing – Gross At 2001 Values



Source: research database at 2001

The financial analysis reveals no investment for stock transferred after 1998, though these may have been designed not to receive subsidy (Dumfries and North Lanarkshire).¹²²

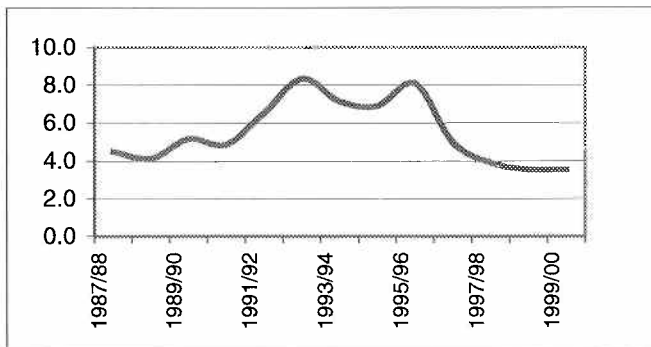
¹²² As ministerial consents did not record borrowing, as there was no grant from which to estimate borrowing, there is no information about how much borrowing followed the disposal. The valuation and business planning methods were different, more in line with discounted cash flow.

Though subsidy data were *associated* with particular transactions, it is acknowledged that this may not be entirely robust due to data problems. Investment data could not be identified for most of the early transfers (prior to 1988), and for a smattering of cases during the 1990s. Subsidy appears to be allocated to stock transferred in the late 1980s and early 1990s several years later. This is partly explained by 'braking distance' or administrative lead time to process grant. Another explanation is that insufficient grant was earmarked soon enough to support the pipeline of transfers. The apparent lack of subsidy on later transfers could reflect lead-time problems, but changes in systems, calculations and priorities may be a better explanation.

Analysis of resources by year (Figure 25) shows variation and peaks in grant spending accompanied by very low but rising levels of borrowing, while receipts (prices) also appear low, relative to subsidy. There is significant variation in the relationship between these characteristics over the period, to which later chapters will return in pursuit of an explanation. Receipts seem fairly steady in gross terms, rising slightly in the mid 1990s (and reflecting the growth in volume shown above). Borrowing starts off very low and rises steadily, though dropping like a stone after 1995/6. Until 1989/90, the transactions seem to bring in double the value of subsidy relative to receipts, whereas within a couple of years, receipts have dropped and subsidy has risen.

HAG spend appeared boosted between 1989/90 and 1994/5. Two particular years - 1992/3 and 1994/5 - show very high spending, but followed by a steep decline to 1987/8 levels when transfer 'policy' became official. As the opening summary table indicated, the most revealing aspect of the financial arrangement was the very low level of private borrowing relative to subsidy. Nevertheless, in gross terms the relationship was changing: by 1995/6, receipts, subsidy and borrowing were almost equal, though arguably distorted by the Berwickshire case. However by 1995/6 subsidy had fallen, remaining steady thereafter while borrowing fell further.

Figure 26: Ratio Of Subsidy To Borrowing In Scottish Council Transfers 1987/8 – 1999/00

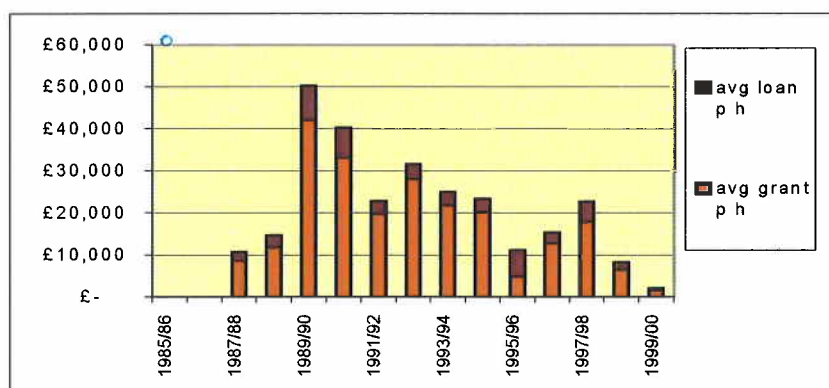


Source: research database at 2001

For now we can note from Figure 26 (above) that subsidy consistently outstripped private borrowing by 4:1, rising to 8:1 over the period. Arguably this was the reverse of policy intentions: the ratio was designed to start high and fall. Moreover this is very different from the picture reported for England (Chapter Five), indeed, almost the reverse. Chapter Eight returns to the critical question of whether anyone was aware of this trend and whether any action was taken as a result.

The pattern *per house* (Figure 27) shows a steep rise in unit subsidy in 1989/90, falling away steadily thereafter. The privately-funded Berwickshire phenomenon explains the interrupted pattern in 1995/6. Even allowing for missing data, these figures both show borrowing increasing as grant declined, but only very slightly. More importantly, overall investment per unit appeared to fall. This could be interpreted in many different ways. It could mean that housing in better condition was targeted for transfer, requiring less investment. It could be argued that private funding per unit could not be raised above a certain level and to achieve (or demonstrate) a desired leverage rate, the subsidy had to fall. The data only allow speculation and the posing of questions, to which further chapters return.

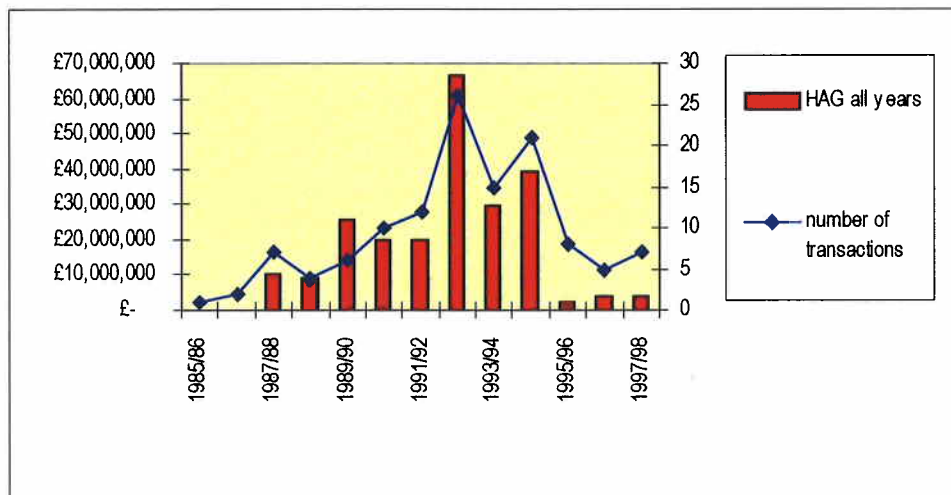
Figure 27: All Scottish Local Authority Transfers 1986 – March 2001: Grant And Borrowing Per House At 2001 Values



Source: research database at 2001

There was no advertised pipeline of transfers in Scotland as such, though – as Chapter Eight will show - decisions were made in central government and in Scottish Homes about the volume of subsidy available. Decisions about how much grant to allocate to particular cases were made at a local scale within Scottish Homes, within a framework of targets agreed or negotiated at the national level (Robertson, 1992). On the other hand, decision-making about sales lay with the councils and tenants, but was probably linked to the availability of funding in the event of sale. One might speculate about whether the volume of stock transferred by councils led to the allocation of subsidy, or whether the availability of particular amounts of subsidy had an incentive effect on the development of transfers at the local scale.

Figure 28: All Scottish Local Authority Transfers 1986 – March 2001: Temporal Distribution Of Transactions And HAG Spending On Transfer



Source: research database at 2001

Figure 28 shows the annual distribution of transactions and funding, showing transactions mostly ahead of funding especially in later years, but funding ahead of transactions in 1989/90 and 1993/4. Funding falls sharply in 1995/6 accompanied by a fall in transactions. This pattern could be interpreted to mean that Scottish Homes funding decisions commonly followed council decision-making and created its own pipeline of demand for funding, until resources were cut in 1995/6.

Qualitative analysis of interview and documentary material helps to elucidate the extent to which one drives the other. Chapter Eight therefore explores two issues: firstly, whether the fall in gross resource allocation from 1995/6 was part of a general decline or specific to stock transfers; and secondly, the extent to which government was aware of the outcomes or uses of resources.

Who sold?

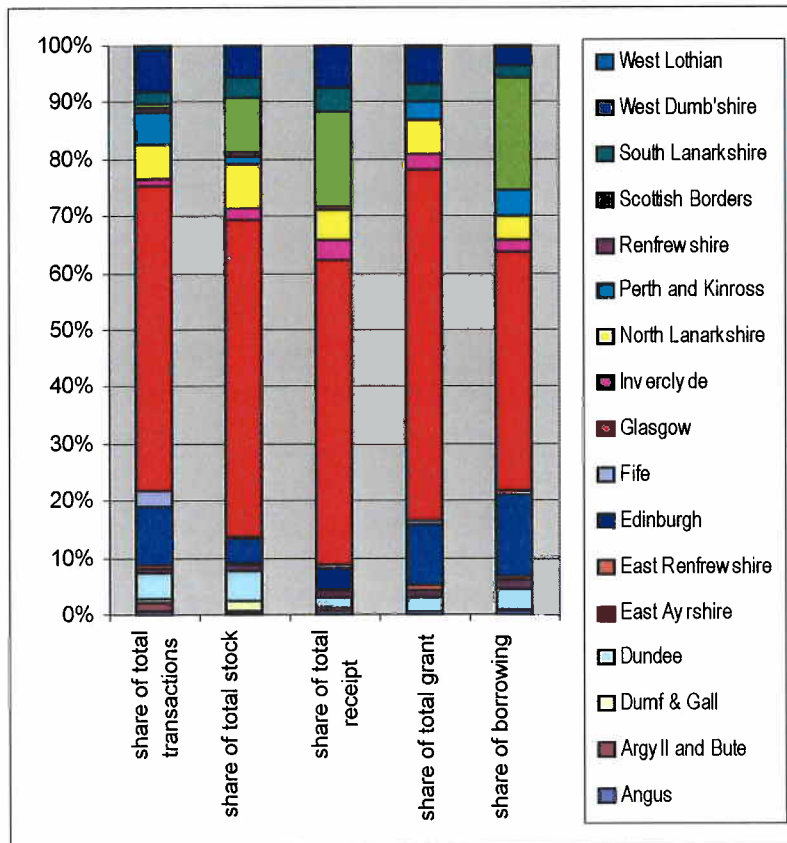
The sellers were 17 councils, shown in their present form as unitary authorities (see note 114): most unitary councils have not transferred stock in their own right,¹²³ and the only four authorities to do so after 1996 were Glasgow, North Lanarkshire, Angus and Dumfries & Galloway. The latter *only* conducted transfers after reorganisation. Although most of the period after reorganisation falls strictly outwith the period under examination in this thesis, it would be foolish to ignore the paucity of transfer by unitary authorities. This would suggest that some aspects of reorganisation not only interfere with presentation of data but more importantly affect the declining supply of stock for transfer. Later chapters return to this question.

¹²³ With comprehensive reorganisation of local government over the period under examination, the researcher had to decide both how to analyse and present the identity of councils (as sellers). A decision was made to opt in favour of the post-1996 identities partly for ease of data collection in 2001. Many unitary councils appear by virtue of their predecessor authority(ies) and as a result of boundary changes, a few transactions now appear as disposals by another authority: for example, Glasgow transferred stock in Cambuslang before 1996 – this case now appears under South Lanarkshire.

As Figure 29 shows, Glasgow dominates the picture in terms of share of transactions (74), stock (11,796), receipts (£42 million) and grant (£207 million). Its share of the total picture is fairly constant at around 55% of every dimension, leaving other councils to share the remaining 45% of transfer activity. West Dunbartonshire (formerly Clydebank and Dumbarton) accounts for 7 – 8% of the activity. Dundee's share of stock transfer is fairly even at 4 – 5 % though its receipt is relatively low.

By contrast, some of the other authorities' share of transfers varies depending on the dimension examined. Edinburgh, for instance, has quite a large share of the transactions (10%) and of the grant, but the amount of stock transferred is rather small (3%). This indicates a large number of small transactions with high levels of subsidy. North Lanarkshire's share of the stock is high relative to its share of receipts and transactions, indicating large transactions and low value.

Figure 29: Scottish Local Authority Transfers – Sellers: Share Of Transactions



Source: research database at 2001

Scottish Borders (represented by one large transaction - Berwickshire), stands out as accounting for a relatively large share of the stock transferred, of receipt and borrowing, but not of grant. As discussed above, some other disposals appear to have no grant, notably Argyll and Bute and Dumfries and Galloway. Some of these cases may have received

subsidy but it could not be traced in the investment information (e.g. Argyll 1993 – 5). In other cases, (e.g. North Lanarkshire or Dumfries and Galloway 1999/00) the transaction may have taken place after the decline in grant allocations for former council stock. These cases may be comparable to the partial transfers in England without grant. The value of this stock is very low at less than £500 per house.

Political Control of Sellers

The political control of the selling authorities is fairly consistent, with the majority being under Labour control at the point of transfer. They include Glasgow, Edinburgh, Dundee, East Ayrshire, Fife, Inverclyde, North Lanarkshire, Renfrewshire, South Lanarkshire, West Dunbartonshire and West Lothian, or their predecessor councils (Table 16 on page 136). Quantitative data on transfer cannot begin to explain how consistently Labour-held councils were involved in *voluntary* sales of housing under a Conservative government, given the atmosphere of relations with central government at the time. Such issues are explored further in later chapters, along with the connection with reorganisation which increasingly appears significant as a possible factor in the decline of transfer.

Table 16: Transferring Councils Before And After Reorganisation : Political Control

Name of district council	Political control in:				Name of unitary council
	1984	1988	1992	1996	
				SNP	Angus *
Argyll	Ind	Ind	Ind	NOC	Argyll & Bute
Berwickshire	Cons	Cons	Cons	NOC	Scottish Borders
Clydebank	Lab	Lab	Lab	Lab	West Dunbartonshire
Clydesdale	NOC	Lab	Lab	Lab	South Lanarkshire
Dumbarton	Lab	Lab	Lab	Lab	West Dunbartonshire
				NOC	Dumfries & Galloway *
Dundee	Lab	Lab	Lab	Lab	Dundee
Dunfermline	Lab	Lab	Lab	Lab	Fife
Edinburgh	Lab	Lab	Lab	Lab	Edinburgh
Glasgow	Lab	Lab	Lab	Lab	Glasgow
Hamilton	Lab	Lab	Lab	Lab	South Lanarkshire
Inverclyde	Lab	Lab	Lab	Lab	Inverclyde
Kilmarnock	Lab	Lab	Lab	Lab	East Ayrshire
Kirkcaldy	Lab	Lab	Lab	Lab	Fife
Monklands	Lab	Lab	Lab	Lab	North Lanarkshire
Motherwell	Lab	Lab	Lab	Lab	North Lanarkshire
Perth & Kinross	Cons	Cons	Cons	Lab	Perth & Kinross
Renfrew	Lab	Lab	Lab	Lab	Renfrewshire; East Renfrewshire
Strathkelvin	Lab	Lab	Lab	Lab	North Lanarkshire
West Lothian	Lab	Lab	SNP	Lab	West Lothian

Source : Municipal yearbooks various.

* Unitary authorities which pursued transfer though none of its predecessors had done so

There were five authorities not held by Labour, including Angus, Argyll and Bute, Dumfries and Galloway. Two others - Perth and Kinross and Berwickshire - had Conservative majorities at the time of transfer but took quite different approaches. Perth and Kinross made 8 disposals between 1988/9 and 1994/5 affecting 272 houses to the same fully mutual co-operative, new in 1988. The receipt to the council came to approximately £176,000, but the disposal levered in grant of £12 million and private borrowing of £3.5 million for one estate on the outskirts of Perth City. This council gave permission for its data to be modelled by a study on stock transfer, designed to look at scope for transferring stock to a new form of landlord, called a Local Housing Company (Bramley *et al*, 1993). Such bodies were meant to provide more council control over governance after transfer. The council took no further action after publication of the report. Perth and Kinross remained a unitary authority at reorganisation and came under the control of the SNP at the 1995 elections. It pursued no further transfers.

As mentioned already, Berwickshire - by contrast - sold all of its rented housing to a newly-formed housing association in a single transaction in August 1995, after a widely publicised ballot in October 1994. Berwickshire Housing Association raised almost £13 million through private borrowing, which was paid to the council, extinguishing its housing debt, before the council was reorganised into the new unitary council, Scottish Borders (with effect from April 1996).¹²⁴ This transaction was pursued as a case study.

Table 17: Scottish Local Authority Transfers: Value Of Subsidy Per House

Local authority	Total estimated investment per unit based on original stock transferred	Notes
Angus	£ 73,741	
Argyll and Bute	£ 54	limited trace of subsidy
Dumfries and Galloway	-	believed not to have subsidy
Dundee	£ 9,883	
East Ayrshire	£ 18,248	
East Renfrewshire	£ 40,341	
Edinburgh	£ 75,093	
Fife	£ 23,777	
Glasgow	£ 23,722	
Inverclyde	£ 14,744	
North Lanarkshire	£ 20,150	
Perth and Kinross	£ 67,225	
Renfrewshire		no subsidy traced
Scottish Borders		no subsidy given
South Lanarkshire	£ 19,377	
West Dunbartonshire	£ 24,176	
West Lothian	£ 59,659	
Average	£ 22,385	

Source: research database at 2001

¹²⁴ Scottish Borders council balloted its tenants about whole stock transfer in autumn 2001, with a positive result

Argyll and Bute appears as successor to two neighbouring districts under the control of various groupings, though not necessarily party affiliated: Argyll and Bute DC was predominantly independent, whereas Labour held Dumbarton DC, until the mid-1990s. The transactions were very small at 44 and 52 units in Garelochhead (Argyll) and Helensburgh (Dumbarton) in 1992/3. Subsidy cannot be traced for either, and valuations per house display wide variation.

Two non-Labour councils fall outwith the study period. The Dumfries and Galloway disposal was undertaken by a rainbow coalition in 1999/00, affecting an estate of almost 400 houses in Dumfries, in need of modernisation, for which the council received the princely sum of £104,000, less than £300 per house and no subsidy. The buyer was an association based in Ayrshire and recently established following New Town stock transfer in 1995/6. The only SNP-held council to transfer stock was Angus in 1997/8, affecting 70 houses in the town of Arbroath to a pre-existing local housing association with a substantial portfolio. It brought a receipt to the council of £420,000 and the association was able to lever in grant funding in excess of £2 million, complemented by estimated borrowing of £0.8 million.

Table 17 shows the wide range in values of subsidy per house around a national average of £17,000. Though Edinburgh appears high, on closer scrutiny this could be due to difficulties in associating subsidy data with particular schemes and numbers of units. This may have resulted in some double counting, though the data for Edinburgh have been re-examined closely to find such errors and none could be traced. This could reflect a lack of consistent policy monitoring, a different approach to transfer in the capital or higher levels of subsidy in some areas – of which Edinburgh is one. Angus, Perth and Kinross and North Lanarkshire had similar levels of subsidy per house. Overall however, there is wide variation which may be related to the position of the disposal in terms of timing (see above): this suggests that the patterns may be less random than these figures suggest. Chapter Eight will examine whether patterns of decision-making differ at the local scale.

Who Bought?

A total of 66 buyers were involved in acquiring stock from councils in Scotland. Just over half of these (35) took one transaction only, and most of the sellers who only conducted one transaction used an existing body to acquire the stock. Most of the buyers who made one-off acquisitions already existed prior to the transfer, though some, particularly in later years, had been created (or expanded) to receive stock transferred by other landlords, including New Towns and Scottish Homes. However, they mostly operated at a local scale, with only four national or regional associations involved in local authority stock transfer. There is limited difference between local and national bodies in transaction size.

Just under half (29) of the buyers took stock in the remaining 103 cases in multiple transactions. Most undertook 3 or 4 purchases, though the largest number of transactions to any one buyer was 8 in Perth to Fairfield Housing co-operative. Most of those who took multiple transactions did not exist prior to the first transfer and were created to receive the

stock. Some of the new landlords were very small, and at the point of gathering the dataset, a number had ceased to exist, having been subsumed into larger bodies or changed their name to accommodate mergers with other small new associations. Most of those who remain are small, with fewer than 750 units in ownership at 2001.

Table 18: Scottish Local Authority Transfers: Status Of Buyers - Single Or Multiple Transactions

Sellers	Buyers			
	All transactions	New, only one purchase	Repeat buyers including newly formed landlords	Established bodies
Angus	1	0	0	1
Argyll and Bute	2	0	1	1
Dumfries and Galloway	1	0	0	1
Dundee	6	1	1	4
East Ayrshire	1	0	0	1
East Renfrewshire	1	0	0	1
Edinburgh	14	3	9	2
Fife	4	1	2	1
Glasgow	74	19	45	10
Inverclyde	2	0	0	2
North Lanarkshire	8	0	4	4
Perth and Kinross	8	1	7	0
Renfrewshire	1	0	0	1
Scottish Borders	1	1	0	0
South Lanarkshire	3	1	0	2
West Dunbartonshire	10	3	5	2
West Lothian	1	0	0	1
All (%)	138 (100%)	29 (21%)	74 (54%)	34 (25%)

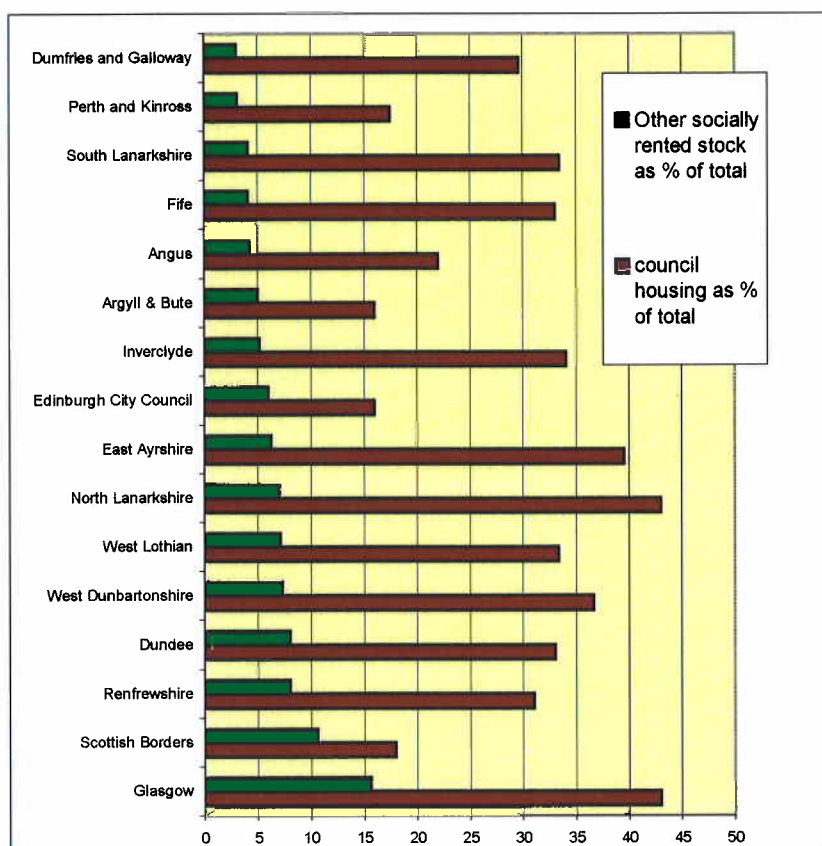
Source: research database at 2001¹²⁵

Out of Glasgow's 74 transactions, over half of the acquisitions were made by bodies already in existence. Most of these were created for earlier purchases of council stock. Less than a third of the disposals were to one-off buyers. Pre-existing community-based associations, originally set up for neighbourhood renewal in inner city Glasgow, were barely involved.

Arguably transfer has had an impact on the nature of the housing association sector (as indicated in Figure 30. With a stock of 140,000 houses in 2000, acquisition of 21,000 from councils represents one in seven houses. However, the impact from other streams of transfer (particularly from Scottish Homes) represents nearer one in three houses. In Glasgow, where most of the transfers took place, as at 1997 the council still owned 43% of the stock as against 16% owned by the association sector (Taylor, 1998b).

¹²⁵ The four selling councils highlighted in bold are explored as case studies.

Figure 30: Proportion Of Housing Ownership By (Transferring) Councils And Associations: Scotland, 1997



Source: Taylor 1998a adapted

Where Were The Transfers?

A 'regional' pattern emerges from these characteristics. The data were coded to indicate the region in which the buyer associations operated in the year 2000,¹²⁶ as a means of associating grant with particular transactions (see Appendix). In Scottish Homes areas of Glasgow / North Clyde, and the North East (almost exclusively Dundee), most transactions were to buyers in multiple transactions. By contrast in the South West (76%), most were on a larger scale to one-off buyers. Two thirds of the stock transferred in Lothian and Borders is accounted for by Berwickshire alone, which means that the *average* transaction size (187) is virtually meaningless, as other transactions in Edinburgh were very small indeed.

The area distribution of the transfers appears rather even until the subsidy values are examined. Table 20 shows the value of subsidy per house to be markedly lower in Lothian and Borders: once again, Berwickshire skews these values. When Berwickshire is discounted, the value of subsidy per house appears to rise to £43,000 in Lothian and Borders.

¹²⁶ There were seven districts until 1996/7 and then four, which are used as the basis of discussion here as they were used as the basis for finding investment data by associating relevant grant information, taking the various regional, annual HAG targets. It cannot be taken as a hard and fast indication of region in terms of decision-making or policy, due to the various changes in the regional structure of Scottish Homes over the decade but three patterns hold broadly true. See Chapter Eight.

Table 19: Scottish Local Authority Transfers 1986 –2001: Regional Distribution Of All Transfers By Volume

Scottish Homes Regions	Numbers of transactions	Amount of stock transferred	Average transaction size
Glasgow and North Clyde	86	12,881	150
Lothian Borders, Forth Valley	16	2,987	187
North East	19	1,540	81
South West and Ayrshire	17	3,884	228
All	138	21,292	154

Source: research database at 2001

In terms of geographical spread, most of the sellers are located in central Scotland, predominantly in the west. Glasgow clearly dominates on all dimensions but surrounded by authorities that pursued at least some similar types of transaction. Indeed, the only authority adjoining Glasgow not to have conducted transfers is East Dunbartonshire (formerly Bearsden and Milngavie) and parts of Strathkelvin, pervasively areas in which Conservative support was above average.

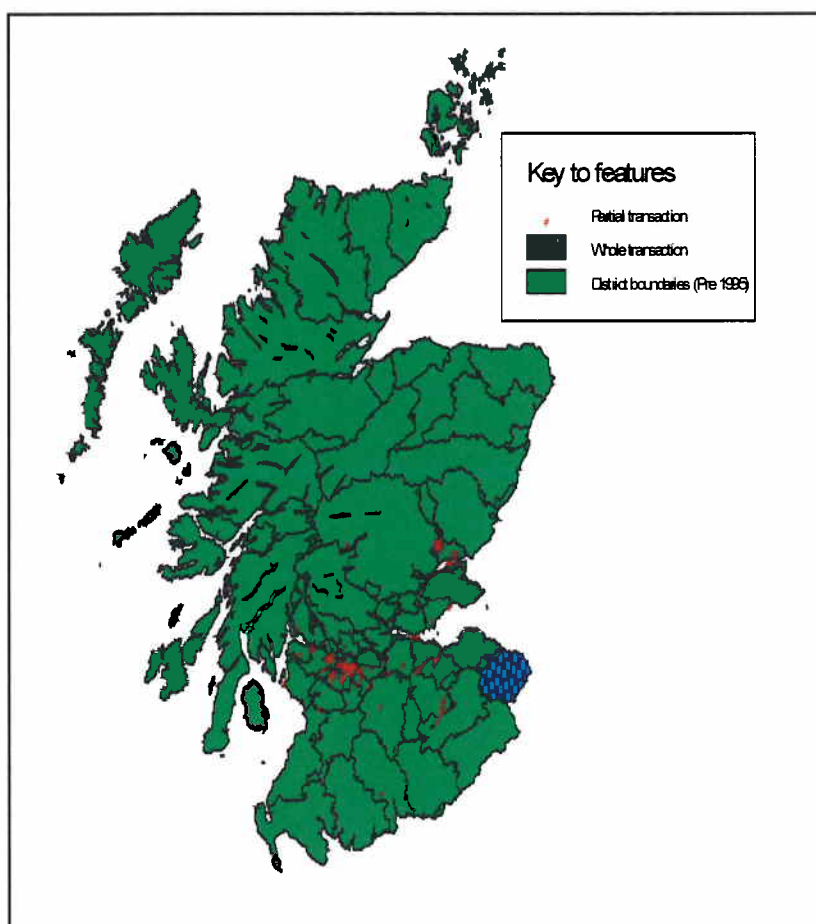
Table 20: Scottish Local Authority Transfers 1986 – 2001: Regional Distribution Of All Transfers – Proportion And Value Of Subsidy

Scottish Homes Regions	Share of stock transferred by councils	Share of receipt	Share of subsidy	Subsidy per house
Glasgow and North Clyde	60%	61%	68%	£ 19,696
Lothian Borders, Forth Valley	14%	20%	11%	£ 13,652
North East	7%	3%	7%	£ 17,425
South West and Ayrshire	18%	16%	14%	£ 13,999
All	100%	100%	100%	£ 17,644

Source: research database at 2001

Excepting Berwickshire, there are no transfers in remote or rural Scotland, north (beyond Angus) or south. This suggests transfer in Scotland as a predominantly urban phenomenon mainly in the west of Scotland, as the distribution in Figure 31 suggests.

Figure 31: Scottish Transfers: Distribution of Partial and Whole Transactions



Source: research database at 2001

Case Study Areas

Four sellers were selected as case studies. The four areas are Glasgow, Dundee, North Lanarkshire (mainly Motherwell) and Berwickshire. Glasgow was clearly the largest seller, the greatest subsidy beneficiary by volume, and resulting in the largest proportion of housing owned by other social landlords. While Glasgow was characterised by a series of disposals, often multiple disposals to the same body originally created to acquire stock, in other areas the pattern has varied. Glasgow is included as a case study since it appears to be the earliest seller and thus a possible policy originator, as well as the largest seller.

Dundee is included as a case study since it produced some of the smallest and earliest transactions, though not sustained beyond 1992, and with very low receipts to the council. Both Glasgow and Dundee sold mainly to new bodies, though some have resulted in subsequent mergers, particularly in Dundee.

Table 21: Summary Of Case Study Characteristics

Council (names post '96) ¹²⁷	No. of trans-actions	Average trans-action size	Nos. trans-ferred	Council housing at 1986	Council housing at 1997	Total Right to Buy (RTB) sales to 1996	Published rate of RTB sale from 1980 ¹²⁸	RTB as % of total change	Transfer as % of total change
Dundee	6	180	1,082	39,146	23,522	10,048	28%	64%	7%
Glasgow	74	165	11,723	166,994	105,035	29,038	21%	47%	19%
North Lanarkshire	8	207	1,654	76,280	53,645	18,457	24% (avg)	82%	7%
Scottish Borders	1	2,054	2,054	2,587	[8075]	990	35%	21%	79%

Council (cont'd)	Stock transfer receipt (where known)	Total HAG (est'd)	Total private funding (est'd)	HAG rate	Total funding per house	Receipt per house
Dundee	£1,055,500	£1,253,795	£363,600	78%	£4,212	£976
Glasgow	£33,902,043	£139,285,309	£17,944,106	89%	£13,412	£2,892
North Lanarkshire	£3,371,120	£15,943,232	£2,307,055	87%	£11,034	£2,038
Scottish Borders	£11,282,445	£0	£0	0%	£0	£5,493

Sources: Scottish Office (1987) HSIU no. 29 Table 6;

Scottish Office (1995) HSG 1997/7 Table 18

¹²⁷ At reorganisation: Glasgow and Dundee both 'lost' suburbs to South Lanarkshire and Angus respectively; North Lanarkshire comprised former districts of Motherwell, Monklands, Cumbernauld and Kilsyth and part of Strathkelvin; Scottish Borders had stock for rent but not in Berwickshire. Stock at 1986 is Berwickshire only, whereas the figure in brackets shows the stock of Scottish Borders council at 1996.

¹²⁸ In March 1995 the average for Scotland was 29%. Glasgow and Dundee had the lowest rates of RTB sales and Berwickshire was in the top ten.

North Lanarkshire is included as it (or three of its four predecessors) undertook a variety of partial disposals across the period to different types of buyer – new, regional and national, with and without subsidy. North Lanarkshire pursued transfer after reorganisation, as well as taking over from a number of district councils which had pursued different strategies. The focus in North Lanarkshire pre-1996 is mainly on Motherwell.

Finally, the case studies include Berwickshire as the only whole disposal in Scotland completed in August 1995, which clearly shines through the data (in Table 21) as a large-scale phenomenon, and very different from all the others, not only before 1997 but for the next four years under new Labour.

Comparison with England: Types of Transfer

An examination of the total picture in each country (Table 22) shows almost the same number of transactions over the period, though over a slightly longer period and starting earlier in Scotland. Although fewer properties were sold by fewer councils in Scotland, Scottish sellers represent a higher proportion of all councils. In that sense it is a more widespread phenomenon than in England. However, the disparity in transaction size is marked: hundreds of properties compared with several thousands.

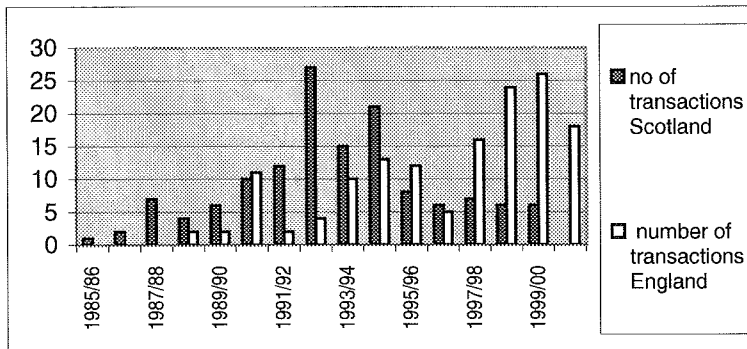
Table 22: Summary Comparison Of All Council Stock Transfers In Scotland And England

	Scotland All	England All
Transactions	138	145
Authorities	17	106
No. of houses	21,292	575,626
Average size of transaction	154	3,970
Gross price £m	£ 79	£ 5,038
Gross loan facilities £m (est'd)	£ 75	£ 10,044
Value of grant £m	£ 371	£ 522
Ratio of loan : price	0.8	1.6
Price per house £	£ 3,689	£ 9,207
Loan per house £	£ 3,538	£ 19,351
Grant per house £	£ 17,458	£ 5,248

Source: research database at 2001

Figure 32 confirms more disposals taking place sooner in Scotland but affecting very little stock relative to transfer volumes in England. This would suggest that attention in the literature defaults in favour of volume output of houses affected, rather than on episodes of decision-making, which determine the transactions. Without diminishing the importance of the scale of population affected, volume is not the only relevant criterion of significance.

Figure 32: Timing Of All Stock Transfer Transactions - Scotland And England



Source: research database at 2001

The disproportionately smaller scale of transfer in Scotland is confirmed by volume financial indicators, whereas unit indicators reveal more interesting disparities. Prices are much lower in Scotland, indicating lower values, though the loan:price ratio is not very different, masking the meaning of that relationship. Borrowing per house in England outstripped that in Scotland, while grants in Scotland were considerably ahead of grants in England: over £17,000 per house (even though not all relevant data could be established), compared with just over £5,000. Despite the very high grant level per house, and the relatively higher public cost accompanied by very limited private borrowing, overall unit funding in Scotland was less than in England.

Chapter Five distinguished different types of transfer (whole and partial, with and without grant), but there has been less variety in Scotland in local authority stock transfer. There is known to have been only one whole disposal in terms of pre-1996 local government boundaries, leaving the remaining 137 cases as partial disposals by authorities who remained as landlords. The majority of these were partial, grant-funded disposals, even though subsidy data cannot be traced for all. Only two partial transfers are known not to have involved any grant funding; both fall outwith the period of study (post-1997). This means that Scotland's partial transfers are characterised by multiple disposals, often to new bodies: whereas in England, the partial transfers profile is of pre-existing bodies taking multiple transactions, while whole disposals go to new bodies. It is worth comparing further the different types of transfer north and south of the border.

Whole Stock Disposals

Berwickshire can be compared with its English whole disposal counterparts, but only up to a point, as the volume indicators are meaningless. The transaction was small by comparison with English averages, though there were many on this scale in England. More useful information per house shows a lower value than the average for England and markedly less borrowing.

Table 23: Comparison of whole stock disposals in Scotland and England

	Scotland (Berwickshire)	England (average)
Transactions	1	104
Authorities	1	86
No of houses	2,054	519,545
Size of transaction	2,054	4,996
Gross price	£0.013 m	£5,016 m
Gross loan facilities (est'd)	£0.015 m	£8,944 m
Ratio of loan : price	1.2	1.8
Price per house	£6,493	£9,655
Loan per house	£7,300	£17,216

Source: research database at 2001

Though not shown in the table, the Berwickshire transfer went through in a year when prices and borrowing were reaching an all-time peak in England. In the Berwickshire case, borrowing barely exceeds the price, which indicates substantially less additional investment post-transfer. Such price comparisons would have been a source of some embarrassment to the Scottish Office, as the English whole stock transfers were producing valuations of up to £9,000 per unit in the mid-1990s. Another source of embarrassment was the fact that of six Scottish authorities under Conservative control until 1995,¹²⁹ Berwickshire was the only one to pursue transfer to completion. Wigtown District was the other council which went to ballot in 1995, but most of its councillors were Independent (Municipal Yearbook, 1994) and the result was unsuccessful. Although there were not many Conservative-held councils, it is significant that only one produced whole stock transfer. How this came to pass is explored through two of the case studies in Chapter Nine.

Partial Transfers

Examination of the headline comparators for partial transfers only still reveals many differences and few similarities (see Table 24). Though a similar number of councils were involved, three times more transactions were conducted in Scotland, on a smaller scale judged by average transaction size.

The receipt achieved in Scotland appears four times greater per house, resulting in a larger scale of receipt overall, though still small at £79 million. Subsidy (per unit) in Scotland was greater than in England though by a smaller margin than the total picture suggested (£19,000 compared with £12,000). The greatest disparity was found in private borrowing where English buyers had levered in an average of £24,000 per unit (1997/8 – 2000/1) as compared with barely £4,000 in Scotland (1986/7 – 2000/1), though as Chapter Five showed, there were pronounced regional variations in England. Even recent transactions do not reveal the level of borrowing achieved in England, which shows divergent subsidy regimes for ostensibly similar purposes.

¹²⁹ Others between 1992 – 1996 include Eastwood, Stirling, Bearsden and Milngavie, Kyle and Carrick, and Perth and Kinross.

Table 24: Comparison Of Partial Disposals In Scotland And England

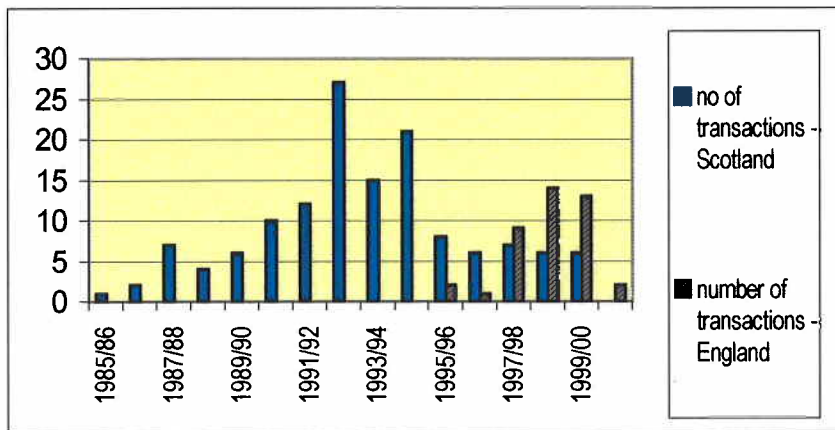
	Scotland	England
Transactions	137	41
Authorities	16	20
No. of houses	19,238	56,081
Average size of transaction	140	1,309
Gross price	£ 65 m	£22 m
Gross loan facilities (est'd)	£ 60 m	£1,099 m
Value of grant	£ 371 m	£522 m
Price per house £	£ 4,106	£1,623
Loan per house £	£ 3,135	£24,272
Grant per house £	£ 19,321	£12,458
Ratio of loan : price	1.0	50
Ratio of loan : grant	0.16	2.1

Source: research database at 2001

Another critical difference affecting partial transfers lies in their timing. While some English councils (Manchester) pursued partial transfer before 1997, most waited until grant was available. No money came through the Housing Corporation and in the end a special form of subsidy (ERCF) with competitive bidding was created for the purpose of partial transfer by urban English authorities. By the time this grant came into operation, the Conservatives had left office, and in Scotland the amount of grant going into partial transfers appears to have plummeted just as the English equivalent was coming on stream. Figure 33 and Figure 34 show the extent and scale of transactions in Scotland before the incidence of partial transfers.

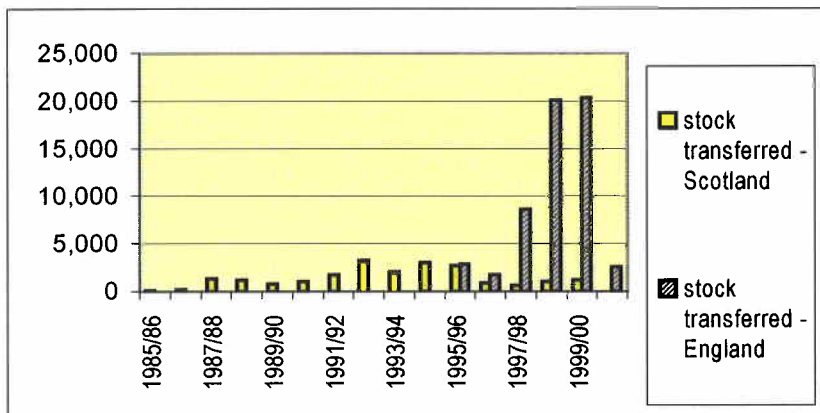
Figure 35 shows the grant and borrowing achieved per unit by all partial transfers each year in the two countries. It shows that grant in England in the late 1990s did not achieve even 50% of the peak level in Scotland, though ERCF funding started at approximately similar levels for that year. Figure 35 shows that as grants became available in England, they had almost disappeared in Scotland. Borrowing started at a considerably higher level than was achieved at any time in Scotland. It should be remembered that the figures for England in 1995/6 are all partials, and so include cases where there was no grant. English experience suggested bottom-up, needs-led policy development (KPMG, 1996). Chapter Eight seeks to establish the existence of any exchange of views between government departments in Scotland and England about subsidy mechanisms or levels.

Figure 33: Comparison Of Partial Disposals In Scotland And England: Timing Of Transactions



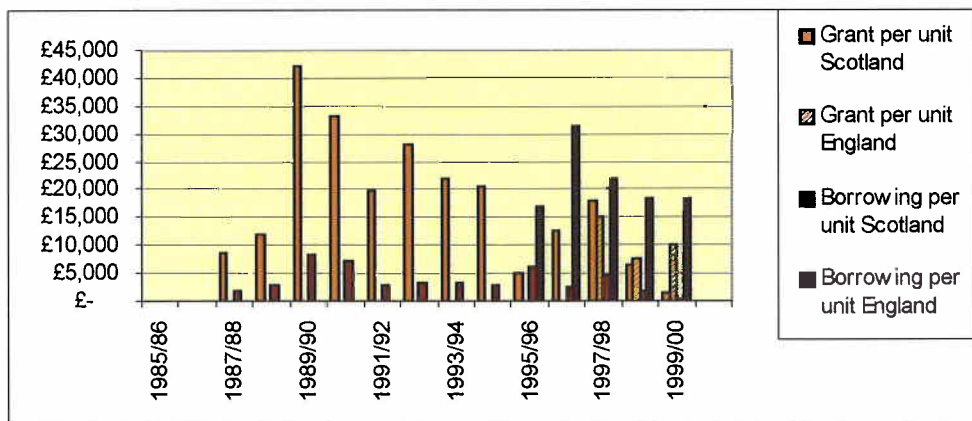
Source: research database at 2001

Figure 34: Comparison of partial disposals in Scotland and England: volume of stock per year



Source: research database at 2001

Figure 35: Comparison of partial disposals in Scotland and England: grant and borrowing per unit



Source: research database at 2001

This brings us back to the question of how and why decisions were made to complete these disposals on these terms, with pronounced differences in timing, scale of disposal, relationship between subsidy and borrowing. Quantitative data allow such questions to be posed but not answered, whereas a qualitative approach permits further exploration.

Conclusions, Comparisons and Paradoxes

The researcher has made many different attempts to access relevant information on Scottish transfers over the years, with varying degrees of success, partly dependent on the policy climate, and partly dependent on the researcher's relationship to it. Recent success in accessing data for both England and Scotland has provided the opportunity to establish and analyse the data on a comparable basis for the first time. The experience of creating a dataset has inadvertently revealed the lack of priority in central government in monitoring the outcomes or impact of policy in this area, contrasted with the priority attached by recent governments to promoting transfer. Although the abstract definition (developed here for the purposes of data collection) applies equally to transfers in England and Scotland, their features are quite different when examined at the local scale. While the phenomenon of transfer exists in Scotland, and more than just in Berwickshire, transaction characteristics have been critically different in terms of scale, timing, receipt value, levels of public subsidy and private borrowing. Overall, Scottish transfers were earlier, smaller and more numerous, producing lower receipts, and leveraging in much lower levels of borrowing relative to very substantial public subsidy controlled by a government agency.

Transactions were spatially concentrated in urban Scotland and dominated by Glasgow, with Labour-held authorities featuring strongly among the sellers from the earliest transactions in the mid-1980s. Meanwhile some areas of Scotland saw no local authority transfer activity at all. The dominance of Labour-held authorities among sellers in Scotland contrasts with the political diversity of sellers in England.

While partial transfers represented one third of the transactions in England, they clearly dominated in Scotland. Although marked differences remain, the main point of comparison is with partial transfers. Such variation points to different decision-making at the centre and at the local scale, not generally explained or reflected in the housing policy or specialist transfer literature. The term 'transfer' may thus have different meanings in different places, and may indicate the differences in motivations, rationales and driving forces at this scale. Further work is required to explain why the pattern is so different from England and within Scotland, particularly at the same time.

As with English whole disposals, many of the buyers have been new, but mostly on a very small scale in Scotland, with stock holdings of hundreds rather than thousands, in neighbourhoods rather than districts. It has only been in later years that larger, existing bodies acquired stock, on a larger scale and with reducing levels of subsidy - in some cases none at all. Gross subsidy grew between 1990 – 1992 and then even more quickly between

1993 – 1995, though spending fell away equally sharply from 1995/6. The distribution per house shows a steadier decline in the level of funding from public sources, with continuously low levels of private borrowing. The data here merely record an estimate of that decline without providing any opportunity to explore the reasons, which require different methods and further analysis. Quantitative data point to some of the characteristics and only help to define questions for further investigation, since they do little to explain the reasons behind the differences, whether between different councils or in relation to England.

Arguably partial transfer in Scotland and England has depended on the availability of grants, though whether the grants followed the transactions or vice versa is not entirely clear and may be different in the two jurisdictions. The literature on the ERCF programme indicates competitive bidding for a finite amount and period of funding preceded by research and preparation, almost in tune with a rational, deliberate approach to policy-making. No such deliberation is evident in the case of Scotland and funding appears to follow transactions, until 1995.

Whole transfers dominated in England whereas they are barely evident in Scotland, prompting some further questions. Why did certain authorities pursue certain kinds of transfer path? Why was Berwickshire the only whole disposal in Scotland given that there were more Conservative authorities in Scotland prior to reorganisation in 1995/6?

In terms of temporal patterns, Scottish local authority transfers started earlier than in England with the creation of new bodies to take stock from councils and access grant funding. Setting Berwickshire aside, three phases may be identified from the data: the first is the pilot phase preceding the establishment of Scottish Homes in 1988; the second is policy roll-out 1988 – 1995, characterised by increased volume of transactions and funding; the third is post-1995 – policy free-fall - where both transactions and funding fell suddenly even though this was the year in which central government start to promote large-scale transfer with some vigour, post-Berwickshire. These conclusions raise as many questions as they answer.

In view of the probable lack of political appetite for transfer, how and why has there been any transfer? What was the role of Scottish Homes (and before it HCIS) in supporting transfer? Did council transactions create a pipeline of demand for subsidy, or vice versa? Was transfer in Scotland dependent on subsidy and if so, to what extent and why? Why did transfers and grants fall away in 1995/6? Which stopped first – transactions, grants, new registrations, or some other dimension or factor? Who stopped what, and why? Was it deliberate, in full knowledge of the consequences? Who took what decisions or actions? Why did a Conservative government allocate subsidy to landlords in parts of Scotland to achieve disposals on a smaller scale and on different terms, while facilitating or perhaps acquiescing in self-financing transfers in parts of England? What other factors might have in the decline of transfer in Scotland from the mid-1990s? Was reorganisation of local

government a factor or is there some relationship with other streams of transfer active in the mid-1990s. The following chapters address these issues.

Documentary and interview material in later chapters seek to establish whether transfers were generated (and fell away) in response to the availability of resources allocated by the centre. Case study material in Chapters Nine and Ten pick up different approaches to transfer and explore further the interface between local and central decision-making in producing transfer (and non-transfer) outcomes. Four of the case studies are referred to above, along with a fifth case in Stirling, an authority under Conservative control between 1992/3 – 1994/5, known to have broached a number of different transfer possibilities with no tangible outcome. This inclusion of non-transfer by a sympathetic council will permit an examination of the factors at the local scale, contributing to the presence and absence of transfer at different junctures before 1997.

Subsequent chapters will thus explore the factors contributing to the incidence of transfer in some places but not others, as a means of unravelling the origins and terms of policy, actors' rationales, and relationships between actors. Possible explanations for these patterns will draw on competing theories reviewed in Chapter Two. These will include the origins and development of policy (rational, controlled/able from centre, or bottom-up); policy intentions at different scales (connections within UK system at different levels – central and local); effect of wider factors such as institutional change, and finally the decisions, actions and motivation of key actors (administrators or politicians) at different scales. First Chapters Seven and Eight use documentary analysis supplemented by interview material, to examine both the housing system before transfer started and a range of legal and other rule and resource changes.

Chapter Seven

Changing the Policy and Legal Framework

Previous chapters showed various types of voluntary transfer in Scotland and England as outcomes of change between 1986 and 1997. The remaining chapters set out to explore how and why some Scottish councils transferred housing over this period while others did not. The machinery of government in Scotland tends to be documented at a broad level, without detail connected to particular policy domains. Housing was an important area of work within the Scottish Office and yet it could be difficult to establish how policy was made.

Determining just what is happening to Scottish public sector housing is not as easy as it might appear

Midwinter, Keating and Mitchell 1991:175

This chapter aims to provide a detailed account of changes in housing policy, drawing both on documentary analysis and interviews with key actors, mainly at the centre, or at least not bound to particular locations. This chapter and the next use interviews conducted with a range of senior managers, administrators and politicians (see Table 25). The interviews were mostly carried out during 1998, a year after the end of the period under scrutiny. The approach to these interviews is discussed in Chapter Three and basis of the questions is covered in Appendix Four. Further, the chapter is supported by a chronology of relevant events between 1985 and 1997, mainly at the level of Scotland but also drawing on wider events of significance in a UK or European context (see Appendix Three).

This chapter is one of two which examine the housing system, focussing on the period up to 1997 under Conservative governments. Both are consciously organised around a series of headings relevant to the institutionalist perspective, namely rules and procedures. This chapter is divided initially into two parts: the first reviews the 1985 context revealing the pressures on council housing as a result of changes made from 1979 onwards affecting council housing, the voluntary sector and government agencies. The second part examines the most formal of rule changes from 1985 onwards, legislation introduced by central government changing the rules underpinning and structuring local decision-making and action about council housing. Finally the chapter examines the effect of these changes, considering to what extent they explain the presence and absence of voluntary transfer in Scotland.

Table 25: Roles Of Interviewees At Centre

Role	Name	1986	87	88	89	90	91	92	93	94	95	96	97
Political													
1.	Minister: Conservative	Ancram ¹³⁰											
2.	Minister: Conservative	Robertson											
3.	Housing convenor - CoSLA: (Labour – West Lothian)	Lee ¹³¹											
4.	Board member: Housing Corporation (HCiS)	Dyer											
5.	Under Secretary: Scottish Office Development Division	Mills											
Administrative													
6.	Assistant Secretary: Scottish Office Development Division	Ewing											
7.	Development and Management: (various roles) Scottish Homes	Hastie											
8.	Registration manager : HCiS / Scottish Homes	Miller											
9.	Registration manager: Scottish Homes	Rendle											
10.	Finance Director: Scottish Homes	Breslin ¹³²											

¹³⁰ Later on the Board of Scottish Homes and active in supporting the development of Waverley Housing Trust.

¹³¹ SNP took control of West Lothian in 1992. Later Chair of Weslo Housing Management: a private, not-for-profit company which bought stock from Scottish Homes.

¹³² Breslin was previously employed by Glasgow City Council, (Finance department) and later by the Scottish Office.

This chapter argues that while the institution of council housing was already under resource pressure at 1985, housing legislation provides a far from satisfactory explanation for Scottish council transfers. The chapter reveals the extent of disruption caused by legislation on local government reorganisation and New Town wind-up, which affected local decision-making about transfer. The specific housing changes determined at the centre merely provided a framework for action. The opportunity to legislate was used to change the permissive framework surrounding council housing without directly affecting stock transfer. Later chapters pursue other forms of rule changes and the preferences and interests of actors at the centre. First, it is useful to review the context at 1985 for the council, voluntary and government sectors, in that order.

Context at 1985

Any account of policy has to make decisions about the significance of particular events. In UK housing policy literature, 1988 is often taken as the start date for changes in the socially rented sector (Malpass and Williams, 1997; Harriott and Matthews, 1998) because of legislative changes introduced in that year, at the beginning of the Conservatives' third term. While the timing of enactment is a common reference point, arguably legislation merely consolidates ideas already forming outside Parliament. In that respect, 1985 is used as the starting point for this chapter, since that is the year when Glasgow is documented as making the first move towards disposals of tenanted rented housing to alternative landlords (Ospina, 1987; Clapham, Kintrea and Whitefield, 1991). Moreover, it falls at the end of the Conservatives' second term of office in central government, preceding preparations for the general election of 1987.

Scottish Council Housing

By 1985, local authorities had become established in the form given to them by the 1974 reforms, with 53 district and three island councils carrying the housing function and regions performing social work, education and infrastructure services. Part of the rationale for having district councils in the 1970s had been to retain local focus on housing issues (Paterson, 1973). Housing thus came to be, and be seen as, the dominant function of the district councils (Ferguson, 1984). By 1978, councils in Scotland housed the majority (54%) of the population (Currie and Murie, 1996:58). The perception of the housing function was in turn dominated by the landlord role: the focus on 'enabling' and 'strategic' functions was to come later. However housing policy had undergone changes over the 1980s which could best be described as 'decremental involving a slow but steady reduction of the role of local government in housing' (Midwinter *et al*, 1991:179)

The development of council housing had enjoyed popular support in alleviating poor living conditions earlier in the century (CoSLA, 1987a). However, the management of council housing was being criticised by local tenants' groups, consumer lobby, right wing politicians and academic commentators (Rodger, 1989; Currie and Murie, 1996). Criticisms ranged

across a number of issues including lack of choice, political patronage,¹³³ poor service and poor standards. This was the climate in which the government set out to change the institution of council housing. While the RTB changed important property rights underpinning that institution (Lane and Ersson, 2000), other less visible measures were also introduced and we can examine councils' access to and use of resources for housing, to understand the context for transfer in Scotland.

Resources: Rental Income and Repairs Expenditure

Scottish councils were believed to keep rents low especially when the majority of the electors were council tenants (Shelter, 1981). In the early 1980s, unemployment was relatively low and most tenants paid their own rents: most did not require assistance, although there were welfare benefits including rent rebates for those on supplementary benefit (Aughton and Malpass, 1994). Council revenue budgets were heavily subsidised until the Conservatives came to power in 1979/80: rent paid by tenants comprised less than half of gross housing revenue, the rest being made up of subsidy from two sources.¹³⁴ Authority to use either lay with the Secretary of State.

The incoming Conservative government programme included better targeting of resources and more freedom for the individual (Thatcher, 1993). Thatcher claimed that 'conditions of dependency were strongly present' in Scottish council housing (Thatcher, 1993:619). In relation to council housing, government policy meant home ownership through the right to buy (RTB) for sitting tenants. 'Better targeting of resources' was designed to improve housing quality and increase value for money though in practice it meant cutting back on public spending (Malpass and Murie, 1993). Government policy reduced revenue subsidy allocations from both sources and constrained councils' capital borrowing capacity.

Unlike their English counterparts, councils in Scotland were relatively free to borrow to undertake new capital investment. As a result, much of the work to existing property which might have been regarded as ongoing maintenance and thus funded out of revenue, was left to build up and then capitalised (Stanforth *et al*, 1986). Council discretion on such matters declined as the centre increasingly restricted capital borrowing by local authorities, intensifying the erosion of local government autonomy over its finances (Gibb, Munro and Satsangi, 1999). Poor standards were partly a consequence of poor construction but also of poor management and maintenance. By the mid-1980s, the twin culture of minimising rents and capitalising repairs had become embedded, leading to physical deterioration of housing especially in peripheral council estates resulting in very poor living environments (Robertson, 1992). Routine government statistics only monitored expenditure on repairs and

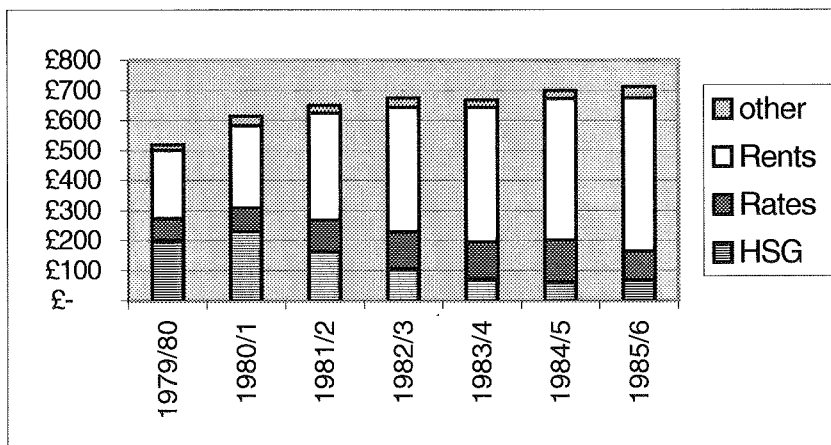
¹³³ *Widespread political patronage by councillors in the allocation of housing was identified long ago as a problem requiring remedial action (Cullingworth, 1967). Councillor involvement in allocations was still acknowledged by councillors themselves as a feature of housing in the late 1990s, though by then deplored as such (Winters, 1998).*

¹³⁴ *1) locally generated rate funds (Rate Fund Contribution); 2) central government subsidy Housing Support Grant (HSG). based on an annual calculation, linked to interest rate movements (Currie and Murie, 1996).*

maintenance from 1987/88. However, it was 1991 before surveys showed the extent of disrepair nationwide (Scottish Homes, 1991).

'Targeting resources' meant central government cutting back on funding to those it saw as not in need. Applied to housing, this meant removing blanket subsidies to council tenants, though not removing local subsidy entirely (Balchin 1995; Gibb, Munro and Satsangi, 1999). In withdrawing support (via a mixture of legislation and administrative controls), central government was able to force local authorities to cut service costs or increase rents. Figure 36 shows the value of the consolidated rent account for Scotland between 1979/80 and 1985/6, the decline in the value of subsidy from the centre and in rate support. The chart shows how gross rental income increased steeply over this period while stock numbers were falling, although in 1985 rents were still subsidised to some extent.¹³⁵

Figure 36: Scottish Local Authority Rents and Subsidies: 1978/9 To 1985/6 (£ million)



Source: Scottish Office Housing Statistical Bulletin HSU 5 June 1988 – current prices

Data on rental trends were not routinely collected at this time for government statistics. However, a special statistical bulletin compared public landlords' rents and the relationship between rents and earnings (see footnote 135). Most councils in Scotland raised rents to replace loss of subsidy. Analysis of average rents for each of the 56 local authorities (1982 – 1986), reveals most of the *highest* rent councils under Labour control, and the *lowest* not usually under Labour control. This suggests very varied and perverse local responses to the centre's withdrawal of subsidy.¹³⁶ These are not entirely explained by reference to political control and suggests that while central government controlled some critical levers, it could not determine their local impact.

¹³⁵ Rents increased by 12.5% in 1985/6 (Scottish Office Statistical bulletin HSIU29). The 'other' category is rental income for garages and commercial premises associated with housing: it remains fairly constant throughout.

¹³⁶ Scottish Office Statistical Bulletin HSIU 29, July 1987 shows Aberdeen, Dundee, Cunninghame, Renfrew and Inverclyde consistently charged the highest rents over the period. Wigtown, Stewartry, Argyll and Bute, Berwickshire, Roxburgh, Western Isles, Lochaber and Edinburgh charged the lowest rents. These councils were not usually under Labour control. Conservative-controlled Eastwood was in the interesting position of starting in the lowest quartile and finishing in the highest between 1982 and 1986 while Labour Clydebank moved in the opposite direction.

More and more tenants depended on benefit to pay the rent.¹³⁷ Following reform in 1982, councils became responsible for administration, generally in housing departments ((Malpass, 2000; Bines *et al* 1993; Scott *et al*, 1993) with the DSS reimbursing the costs of administration and most of the subsidy. While the scheme was identical for tenants throughout the UK, the details of the financial settlement for the subsidy between central and local government differed north and south of the border. The perceived inequity of Housing Benefit subsidy had critical importance in triggering some early transfers by English authorities (CSL, 1992; Mullins *et al*, 1993).¹³⁸

Right To Buy

Rising rents triggered the Right To Buy (RTB) in the best stock. Following the Tenants Rights (etc) (Scotland) Act 1980, many councils had seen their stock being depleted as public sector tenants took up the government's generous purchase discount schemes, with rising rents becoming more expensive than mortgage costs (Malpass and Murie, 1993). It is well established that the most attractive properties were the first to be bought, leaving councils with more properties in lower demand areas already by the mid-1980s. Councils in Scotland were allowed to use receipts to fund capital works to remaining rented housing,¹³⁹ providing them with perverse incentives to sell more. By 1985, some 6% of Scotland's public housing had been sold through the RTB¹⁴⁰ and since the stock was not being replaced by new building or acquisition, public landlords' share of Scotland's expanding housing stock was falling.¹⁴¹ As Figure 37 shows, independent landlords start to feature in the statistics as housing associations become active. Local impact was variable: in some authorities, the percentage of RTB sales by 1985/6 was as high as 20%, exceeded only by the rate of sale in certain New Towns. By contrast, RTB rates were very low around 4% or less in other authorities, notably those which were urban, densely populated and with greater levels of deprivation and where the council owned and managed over 60% of local housing (CoSLA, 1987a). Examples of such areas include Motherwell, Glasgow and Dundee.

¹³⁷ Throughout the UK, economic change was producing closure of traditional sources of employment, job losses and increasing numbers of people on benefit, with the result that overall public expenditure rose as Department of Social Security (DSS) and welfare budgets escalated to compensate for cuts elsewhere (Balchin, 1995). As council rents rose, there was increasing dependence on rent rebates to pay the rent, especially among people affected by job losses.

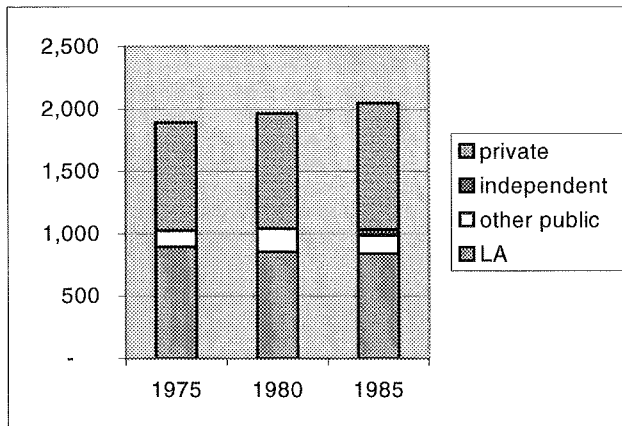
¹³⁸ In particular the English local authorities were bound from 1992 onwards to offset any surplus on their rent account (with rent levels in effect set externally by the DoE) against the costs of subsidy at the local level (Aughton and Malpass, 1996).

¹³⁹ The average RTB valuation in 1985 was £19,279 with 47% discount reducing the price payable still further, so that by the mid-1980s, average prices after discount were running at £11,000 for flats and £17,000 for houses (Scottish Homes, 1996). These compare with average dwelling prices in 1980 and 1985 of £21,754 and £26,941 (Scottish Office Statistical bulletin HSU 10).

¹⁴⁰ Scottish Office Statistical Bulletin HSIU 19Q3 (85).

¹⁴¹ RTB sales by local authorities were running at around 15,000 per annum until 1981/2, but rising to 77,000 per annum two years later, in 1983/4.

Figure 37: All Scottish Housing Tenure at 1975, 1980, 1985



Source: Scottish Homes, 1996b

Political Control and Central-Local Relations

By 1985/6, although the Conservative Party held power in Westminster, it was losing influence in Scotland generally and especially in local government. A small and declining number of local councils in Scotland were under Conservative control. In England too, the rolling system of one third elections meant that every year fewer local councils throughout Britain were controlled by Conservatives (Seldon and Ball, 1994).

The early 1980s were characterised by confrontation between central and local government with local councils – as creatures of statute – subjected to continuing restrictions on their activities, politically, constitutionally and financially as the state became more centralised (Jenkins, 1995). As Chapter Four argued, there was limited opportunity to win debates with government and especially with the PM, even though the Scottish Secretary of State’s *de facto* role often protected Scotland (Midwinter *et al*, 1991). Local government felt increasingly emasculated, treated as outsiders in the policy process and bypassed in favour of the new flexible voluntary sector. A bunker mentality contributed to stimulating guerrilla warfare and street level bureaucracy so that whatever the rhetoric of opposition to government policy, certain key councils – including Glasgow – had to become more inventive at exploiting and subverting the government’s priorities. As future chapters will show, key council actors became more amenable and adept at accommodating their stance and adjusting to the availability of resources, to address pressing problems of under-investment. In housing, a multiple pincer movement from the centre - involving restrictions on borrowing, withdrawal of subsidy, decline in service, rising rents and loss of stock under the RTB - left a higher proportion of council housing in poor condition. Perversely the loss of stock through the RTB increased pressure on budgets, removing the most potentially profitable stock from the asset base.

Voluntary Sector and Government Intervention

The voluntary housing sector consists mainly of housing associations. Although this form of organisation had existed since the 13th century in England (Malpass, 2000), associations received a major boost due to the funding consequences of the 1974 Act (Great Britain). This introduced very significant levels of subsidy (Housing Association Grant – HAG) and marked the establishment of the Housing Corporation in Scotland (HCiS – see Central Government below) for funding and regulation.

Capital grant funding (HAG) allowed associations to develop new housing or to refurbish housing in poor condition. Around 95% of eligible costs could be subsidised, supplemented by private borrowing¹⁴² (Armstrong, 1984; Robertson, 1990). For much of the period from 1974 to 1986 there was broad agreement to a 60:40 split in Scotland between two headings of the Traditional Programme: area renewal and special needs (Robertson, 1990).¹⁴³ The associations through which area renewal funding was channelled were mostly community-based housing associations (CBHAs).¹⁴⁴

Mutuality was a strong feature of Scottish associations by contrast with the housing association movement in England whose roots were more constitutionally charitable as well as philanthropic in nature (Armstrong, 1984). These committees comprised residents and other volunteers, who paid and directed professional staff to manage high value renewal contracts, funded by HCiS. The concept of CBHAs had emerged from a demonstration project in Govan in the early 1970s.¹⁴⁵ Armstrong (1984) argued that the 1974 Act owed its existence and form to prior experimentation in Govan, spawning a new wave of neighbourhood housing associations, even before the Bill received Royal Assent. Even more CBHAs were established after 1974, in a series of run-down inner city areas of 19th century private tenemental housing. Working in incremental problem-solving partnerships with the council, HCiS promoted the housing association model among local communities displaying features from the implementation programme structures model (Hjern and Porter, 1981). Initially they employed development staff on their behalf and many of the personnel employed in the new associations moved freely between the Corporation and the voluntary sector, then and since, creating stable producer and informal social networks (Rhodes, 1997), frequently bypassing the local authority.

In 1985/6, after ten years of operation, most of these associations typically had fewer than 750 houses and were small by comparison with their English counterparts. They were very

¹⁴² HAG was a government subsidy established in 1974, calculated as a proportion of eligible costs and complemented by borrowing from the private sector initially counted against the PSBR.

¹⁴³ Area renewal was mainly targeted on 19th century private tenemental stock, initially in inner city areas in Glasgow and the west of Scotland (Robertson, 1990). By contrast, the prevalent form of special needs investment was new construction spread throughout Scotland, benefiting Glasgow only in a small way.

¹⁴⁴ The researcher worked as Director of such an association 1982 – 1988, participating in the Glasgow and West of Scotland Forum of Housing Associations.

¹⁴⁵ The project involved a team of architects employed through the Department of Architecture of the new University of Strathclyde and supported by individual council officials (Ospina, 1987; Armstrong, 1984). The leader of the demonstration project went on to manage the new Housing Corporation operation in Scotland in 1974.

closely bound to tightly defined neighbourhoods, with strong local membership. Although there were geographical limitations on their scope, they became involved in aspects of area regeneration beyond physical housing matters providing a distinctive, attractive and tested model of housing ownership, both alternative and complementary to the council.¹⁴⁶ The associations were represented by a federated membership body or producer network (Rhodes, 1997) covering the whole of Scotland, Scottish Federation of Housing Associations (SFHA). Staff and local committee members formally lobbied and informally influenced the HCiS and the Minister over the amount and distribution of funding and policy affecting associations, and - unlike CoSLA - served as an insider group (Lynch, 2001). Associations in Glasgow and the West of Scotland were strongly represented.

Although associations were voluntary bodies and constitutionally controlled by local residents (often a majority of tenants), they were subject to extensive central government intervention and regulation, affecting capital subsidy and revenue arrangements. Independent Rent Officers set 'Fair Rents', with no clear criteria beyond reference to other local rents and crucially *without* reference to local supply and demand. Anticipated rent levels, set by Rent Officers, were used to calculate the amount of capital grant required from HCiS (Robertson and Taylor, 1993). Further, in order to be eligible to receive HAG from HCiS (Development Funding), associations had to be registered and demonstrate to HCiS (Registration and Monitoring) that their operations were satisfactory. If an association got into financial difficulties additional Revenue Deficit Grants were payable by HCiS.

While bipartisan support facilitated the rapid growth of the movement, Labour and Conservative ideology did not conceive of the 'legitimate role' of housing associations in the same way. While associations were ostensibly voluntary, their actions were substantially controlled by the state due to dependence on high levels of government grant coupled with the rent-setting mechanism and detailed, regular supervision by a government agency (Back and Hamnett, 1986). Parallel to but not compensating for cuts in local authority budgets, were increases in allocation of subsidy to housing associations, with increasing access to the inside track through tight networks with actors holding multiple roles (Back and Hamnett, 1986; Davies, 1990). Growth in registrations and stock of small associations under tenant control / influence was actively promoted by governmental agencies, notably HCiS, working in partnership at the local scale and the new bodies found favour with many people.

These factors emphasise the receptive and pragmatic climate for the housing association model at that time in Scotland. In exchange for resources, associations were largely free to get on with the job on the ground, within a framework of rules and resources determined at the centre. This reveals the control of the dominant coalition over critical resource and

¹⁴⁶ *In Glasgow alone, over 25 associations were registered between 1974 and 1984 (Armstrong, 1984), quite unique in a UK context in terms of size, scale, speed of growth and success (Davies, 1990). Within a decade, the associations had succeeded in rehabilitating over 10,000 inner city tenemental properties, channelling investment in the city's housing by £185 million (Armstrong, 1984), to considerable acclaim (MacLennan and Brailey, 1983; Keating, 1988; Ospina, 1987).*

regulatory levers, leaving implementation capacity and action at voluntary, ground level with room for experimentation (Rhodes, 1997; Hill, 1997a).

Central Government

Central government in Scotland operated through the various departments of the Scottish Office, although these had not changed significantly since the 1930s (Parry 1987). McCrone lends weight to Kellas' description of the Scottish Office as a 'semi-state', claiming the relative administrative autonomy of decision-making by the Scottish policy community (McCrone, 1992). In Scotland, he argued, this sustained the distinctiveness of separate institutions and relationships, used for influencing bargaining and thus policy outcomes. This resonates with the Moore and Booth concept of a 'politically negotiated order' of decision-making which emphasises corporate consensus, in a manner 'deeply at odds with the tenets of Thatcherism' (McCrone 1992:144).

In 1985/6 the main department responsible for housing matters was the Scottish Development Department (SDD) within the ministerial portfolio for Housing, Education, Fisheries and Sport. However the Industry Department also held responsibility for certain housing issues. In particular urban regeneration lay within the portfolio of the Minister for Industry and Economic Development, along with responsibility for all New Town functions, including housing (Parry, 1987; Midwinter *et al*, 1991). Though the housing portfolio was much coveted, the range of responsibilities within the typical Scottish ministerial portfolio was such that

... Scottish ministers, when not taking their lead from Whitehall departments may be more dependent on civil service advice than their counterparts in England who are more specialised...

Midwinter Keating and Mitchell 1991: 61

In the early 1980s, the Minister for Housing (etc) in Scotland was Malcolm Rifkind MP, under Secretary of State George Younger, whom Rifkind replaced from 1986 (Midwinter *et al*, 1991). While Younger was decent and paternalistic (Thatcher, 1993) even 'conciliatory' towards councils, Rifkind was seen as 'bold' and 'aggressive' (Midwinter *et al*, 1991:95). The former PM saw Rifkind as 'eloquent, but highly strung' and 'unpredictable', and not really in tune with her radical approach (Thatcher, 1993: 621). Yet many interviewees saw Rifkind as well-disposed to housing associations because they were seen to have a fresh approach and were popular with tenants: he rewarded their behaviour with resources, via HCiS. Ancram, appointed as Housing Minister in 1984, was similarly well disposed to associations for their community links.¹⁴⁷

The SDD was responsible for planning, local government, roads and transport (Midwinter *et al*, 1991), along with housing for which there were three divisions:

¹⁴⁷ Interviews with Dyer, Mills, Hastie and Miller, 1998.

- Division One - local authority housing and the Housing Revenue Account
- Division Two - the Housing Corporation, housing associations and private sector renewal
- Division Three - Scottish Special Housing Association (SSHA), shared with the urban programme in the Industry Department

The counterpart in Whitehall for the SDD was the Dept of Environment (DoE). There is little to document the relationship between parallel departments in Whitehall and St Andrew's House. The Scottish Office was permeable compared to other parts of central government:

Given the absence of ministers in London for most of the week, most contact tends to be with the Edinburgh civil servants. The smallness of the Scottish political arena means that personal acquaintance is easier and civil servants may be more accessible than their Whitehall counterparts... weaken[ing] political control

Midwinter Keating and Mitchell 1991: 77

Scottish Office staff could experiment and operate differently on the margins of policy (Midwinter *et al*, 1991). The Scottish Office could be relatively autonomous, particularly in relation to council housing, while other aspects of housing policy were only semi-autonomous¹⁴⁸ (Parry, 1981). Midwinter *et al* (1991) promote a concept of 'concurrent policies', where principles are uniform but implementation is '*separate*' [author italics]: this issue reappears in the next chapter. Perhaps the defence of Scottish interests is the primary function of the Scottish Office and more important than responding to Scottish wishes. Moreover, as Midwinter *et al* (1991) suggest, the ambivalence inherent in the relationship with Whitehall can be attributed both to independence from UK or England on many policy matters and contrasted with resource dependence. These almost cancel each other out.

Financial management within the Scottish Office was the responsibility of the Principal Accounting Officer (PAO), with a Principal Officer (PO) located within each spending department, accountable both to the Under-Secretary of that department and to the PAO. The SDD PO incumbent in the early 1980s (Mills), went to London and came back in 1984 as Under-Secretary for the Scottish Development Department, consistent with the observation that promotion was virtually impossible without having spent some time in Whitehall (Midwinter *et al*, 1991). In that capacity, he came to be responsible for negotiations about Glasgow's community ownership proposals in 1985. The PO had responsibility for liaising with counterparts in other spending departments in England and Wales. In that capacity, Mills recalled negotiating along with his 'old friends', to secure Treasury agreement to treat housing association borrowing as outwith the PSBR, an idea which had apparently arisen during the mid-1980s when civil servants were seeking to persuade lenders to relax restrictions on lending for RTB purchases. This information cropped up in answer to a question about the interviewee's role in transfer.¹⁴⁹ This rather

¹⁴⁸ Arguably this was true in the mid-1980s though separate changes in personal housing-related subsidies (Housing Benefit) constrained the autonomy of the Scottish Office in later years.

¹⁴⁹ Interview with Mills, 1998.

casual account of an episode of vital decision-making about the underlying structure of resource rules reveals the significance of informal networks within government formed by budget maximisers, without reference to politicians. Though the ideas may not have been conceived with stock transfer in mind, they nevertheless had a significant bearing on subsequent developments in creating opportunities for increasing private funding (Gibb *et al*, 1999).

Government Agencies

Arguably, ad hoc agencies were seen as a way of bypassing local government and opposition to implement programmes (Rhodes, 1997). A proliferation of such bodies reflected lack of trust in local government particularly in urban policy, especially in Glasgow and created the opportunity for shifting policy in the direction desired by the centre without central government having to become involved in details of implementation (Midwinter *et al*, 1991). Two such bodies are important in housing: the Scottish Special Housing Association (SSHA) and the Housing Corporation in Scotland (HCiS).

Housing Corporation in Scotland (HCiS)

The Housing Corporation in Scotland (HCiS) was part of a GB-wide quango, the Housing Corporation, which operated in England, Scotland and Wales.¹⁵⁰ Its powers were defined by legislation dating back to 1974 with roles in: 1) development funding; and 2) supervision and monitoring of housing associations. The Housing Corporation was managed by one London-based board with two Scottish representatives and a Scottish Advisory Board of three, used as a sounding board for the Scottish programme.¹⁵¹ A dual system of accountability was in place (to London *and* to Scottish Ministers). Funding was channelled through the Scottish Block grant and the Scottish Housing Minister approved the amount and use of money allocated in Scotland (Currie and Murie, 1996). Scottish Office Development Department - Division Two (see below) supervised administration of the HCiS, with a system of double scrutiny until the mid-1980s.¹⁵²

The main board in London ultimately controlled decisions about the registration and supervision of housing associations. However Scottish operations were often 'at odds with' operations in England. The main Board had been resisting attempts to register a number of small associations (in rural Scotland) and, through informal visits, expressed disapproval of the way money was being spent. This prompted Dyer (a former Progressive councillor who became Conservative in 1974) to use his access to and influence to encourage Conservative Ministers (including Ancram) to remove Scottish operations from London's

¹⁵⁰ *The HC did not operate in Northern Ireland.*

¹⁵¹ *The Scottish members were John Richards (architect) and Ian Dyer (Interview Miller, 1998). Dyer was a solicitor, law lecturer and Conservative councillor in Glasgow post 1974 and also a founder member of Pollokshields HA.*

¹⁵² *Interview Miller, 1998.*

control.¹⁵³ This action reveals some of Dyer's behaviour as a policy entrepreneur, to which we shall return later.

Scottish Special Housing Association: SSHA

The SSHA was a Non Departmental Public Body (NDPB) with roles as a landlord and developer throughout Scotland (Rodger, 1989). It was established in the late 1930s and had a board appointed by the Secretary of State for Scotland. SSHA was used by Government as a vehicle to assist councils with local housing problems (Begg, 1995). Over the decades, they assisted with relocation of miners (Fife), the development of the oil industry (Aberdeen), the management of renewal and urban regeneration projects. By 1980, it was the second largest landlord in Scotland with 110,000 houses in ownership at its peak.¹⁵⁴ By the mid-1980s, a large proportion of these had been bought by sitting tenants and, using other sales schemes, RTB sales were running at nearly 16% against a Scottish public sector average of 8% (Scottish Homes, 1996).

Although SSHA had been active in development of new and refurbished housing for many years, it had a reduced capital programme by the mid-1980s for its own stock. Yet it was still acquiring stock from Glasgow city council, for example, in Glasgow's east end regeneration initiative and in Castlemilk (Robertson, 1992; Begg, 1987). A review of the SSHA anticipated imminent insolvency because the SSHA's per house debt burden was mounting (Scottish Office, 1985). The problem stemmed from failure to use receipts from house sales to redeem historic debt: instead these were being used to fund new investment. Although senior managers and Board members in SSHA enjoyed the confidence of Ministers until 1985/6, recent appointees were thought to be personally unpopular with the Minister (Rifkind) who later became Secretary of State. Antipathy was based on objections to

...high-handed paternalism, perceived managerial incompetence, complacency and a preoccupation with status.

Interview Dyer, 1998

Dyer claimed that SSHA bureaucrats were 'discombobulated' by later proposals to legislate SSHA out of existence and sell its assets (SDD, 1987a).

Both the HCiS and SSHA were creatures of statute and had local operations in similar areas but they were not known for collaboration at this or at the national scale (Robertson, 1992; Edwards and Yanetta, 1994). Rather, disagreement and conflict marred relations between them at the local level (Robertson, 2001). The relationship was not helped by the fact that the two agencies were managed by separate divisions of the SDD and the situation was further exacerbated by the 1987 proposals to form a new body - Scottish Homes - to replace them (SDD, 1987a). This is examined further in dealing with the Housing (Scotland)

¹⁵³ Interview Dyer, 1998.

¹⁵⁴ Glasgow District Council was the largest with 180,000 houses to rent at its peak of ownership.

Act 1988 and other legislation, which housing literature often takes as the critical reference point for change.

Legislative Change to Scottish Housing: 1987 – 1997

Chapter Four has already made clear that the 1988 Housing Act is generally taken as the point of departure for stock transfer policy in the UK context (Kleinman, 1993; Kemp, 1990; Harloe, 1994). However this is not the only legislation, still less the only form of rule change relevant to transfer. Moreover the Scottish legislation is different in important details from the English legislation. Although the premise of the argument in this thesis is that institutions (broadly defined) may be important, it is not presumed that legislation is *necessarily* the most important aspect of institutions. Given that the legal framework for stock transfer is largely permissive (Mullen, 2001), councils can, but are not required to, transfer stock.

We can now examine a series of broad and specific changes in the period from 1986 to 1997, focussing on the legal framework of powers and rights. Following an institutionalist approach, the behaviour of the various players in the case study areas (explored in later chapters) is structured by these rules (Lane and Ersson, 2000). So it is essential first to understand the framework in which these actors were operating. This is not to suggest *a priori* that the structure or system of rules is more significant than local actions, merely that it is more helpful first to examine the structure and circumstances they shared and consider how well these were understood by the players on the national stage.

Several pieces of legislation affected housing during the period (Mullen, 1992; Currie and Murie, 1996). These included:

- Housing (Scotland) Act, 1987
- Housing (Scotland) Act, 1988
- Housing Act, 1988: some parts affected Scotland
- Enterprise and New Towns Act, 1990
- Local Government etc (Scotland) Act, 1994.

Some other contemporary legislation is of lesser relevance, curtailing aspects of councillor intervention in allocations, introducing a tenants' right to manage or creating the basis for community care.¹⁵⁵ Other legislation in the list above affected the development of transfers in different ways though the link with the New Towns is not fully accounted for in the literature. These Acts profoundly affected the institutional framework and the rules governing their powers and duties, though other types of rule changes (in Chapter Eight) will come to be seen as important.

¹⁵⁵ *Local Government and Housing Act, 1989, Social Security Act, 1990, National Health Service and Community Care Act, 1990, Local Government Act, 1992, Leasehold Reform and Urban Development Act, 1993 A Scottish Office paper (SODD, 1996a) contains a schedule of relevant legislation - some of which was not accurate. It is shown at Appendix Nine.*

Housing Scotland Act 1987

This Act responded to Scottish Law Commission recommendations to consolidate housing legislation. It did so in 16 separate parts affecting a wide range of matters, including the ownership and management of housing in public ownership, demolition, homelessness, grants to private owners and arrangements for compensating owners of defective housing (Mullen 1992; Himsworth, 1994). Yet it was to be substantially amended within a year.

Part 1 confirmed the powers (and some duties) of local authorities in owning and providing and managing housing, derived from legislation from 1945 to 1980. It confirmed councils' powers to own housing and land and (in section 12) permitted disposal of housing or land (by sale or lease). Permission was subject to the consent of the Secretary of State who could attach conditions, but there were exceptions to the requirement for consent. For example, no consent was required where the housing (or land) was sold to a sitting tenant, or was not held on the Housing Revenue Account (HRA), or was on the HRA but empty for a long period or was difficult-to-let. Himsworth concluded that:

... before 1988 the necessary legislation was in place to enable but not directly to compel local authorities to accede to the government's wish to see a major diversification of tenure. ... Government had to act in the knowledge that only those authorities ideologically aligned with itself (i.e. very few in Scotland) would respond enthusiastically to encouragement towards diversification. Most authorities would be unlikely to volunteer disposals beyond the small numbers ... which might suit them...

Himsworth, 1994: 148

Government financial measures and the war of words would make it 'difficult for some authorities not to 'volunteer' some disposals in order to finance their remaining operations' (Himsworth, 1994: 148).

Housing (Scotland) Act, 1988

A White Paper, 'Housing: the Government's proposals for Scotland', promised to

... give people a wider choice of housing; improve the supply and quality of that housing; encourage greater individual responsibility for, and control over, the conditions in which people live; and to provide a means for dealing with residual problems of homelessness

SDD, 1987b: 1

Its stated objectives were in most respects compatible with contemporary English proposals, but with important differences in the mechanisms created by legislation. Common government objectives were to:

- encourage the spread of home ownership;
- revitalise the private rented sector;
- encourage public sector housing authorities to change and develop their role,
- focus the use of scarce public money more effectively.

While the objectives for Scotland and England were similar, Robertson (1992) argued that there was a difference in tone: the language of the Scottish objectives was more muted, after a hostile reception to aspects of earlier proposals. Where the English legislation created compulsory transfers to Housing Action Trusts (Institute of Housing, 1988; Malpass and Means, 1993), there was no such compulsion in Scotland once the disposal of SSHA / Scottish Homes stock was abandoned (Robertson, 1992). Moreover the Local Government and Planning Act 1989 (drawing on the 1987 White Paper for England) introduced a new financial regime for local authority both in terms of capital and revenue (Bines *et al*, 1993). In relation to the third objective in the Scottish White Paper, there was no reference to 'stock transfer' or 'community ownership' as such. There was, however, a commitment that the Government would assist authorities wishing to reduce the scale of public provision, as well as giving new rights to tenants to 'take the initiative' by choosing from an increasing range of alternatives.

The White Paper did propose the establishment of Scottish Homes, more diverse rents (to cover the basic costs of management and maintenance with Housing Benefit continuing to provide support) or improvements to urban environments and to rural housing. Perhaps inevitably, not all of these proposals came into the 1988 Act, whose three parts covered:

- a) The establishment of a new agency (Scottish Homes);
- b) New forms of tenancy (assured and short assured); and
- c) New rights for tenants (Tenant's Choice).

Although the latter provisions were the most controversial (Midwinter *et al*, 1991), none of the proposals was particularly warmly received (Robertson, 1992). The proposals passed into legislation in the teeth of opposition at Westminster, where the Conservatives held a minority of Scottish seats and with some concessions having been made. The most notable of these concerned the withdrawal of proposals to dispose of housing owned by the SSHA (Robertson, 1992).

Scottish Homes

Part 1 of the 1988 Act defined a role and powers for Scottish Homes, replacing HCiS (as funder / enabler / developer and regulator) and SSHA (as a landlord and developer). The landlord role was the most controversial feature of the Scottish Homes proposals, even though the transitional character of the role was not in the end a legal requirement (Robertson 2001; Taylor, 1999). The new agency was 'designed to help obtain the maximum benefit from the new framework' (SDD, 1987b). It was given the status of a Non Departmental Public Body (NDPB) under the control of – and with a board appointed by – the Secretary of State for Scotland. Former Housing Minister, Michael Ancram, claimed that the Housing Corporation had been 'too tied to London'. After losing his seat in the General Election that year, he was placed on the Board of the new body: Rifkind apparently placed

him there in an effort to 'maintain continuity and momentum of policy'.¹⁵⁶ His subsequent involvement in the controversy about the Waverley Trust acquisition of Scottish Homes stock (NAO, 1994; Committee of Public Accounts, 1994) confirms the maintenance of continuity. Ancram eventually secured a seat in Devizes (Wiltshire) in 1991/2.

The creation of Scottish Homes was designed to bring financial support and supervision of the voluntary sector (HCiS activities) more effectively under the control of the Scottish Office, like the SSHA. It could be argued that Scottish Homes was one of the specifically Scottish agencies popular with the Scottish Office, which Midwinter *et al* (1991) maintain were designed to help implement programmes where local councillors could not be trusted, with the great merit of government action at one remove. Although Scottish Homes' own stock disposal programme would be a good candidate to investigate such an argument, that is not the focus here. Nevertheless it is difficult to avoid reference to Scottish Homes stock transfers (to which we return shortly).

Assured Tenancies and Tenant's Choice

The second set of provisions changed property rights with a new set of form of tenancy for all new housing association and private tenants. It was called the 'assured' tenancy, replacing the 'secure' tenancy created in 1980. This was designed to make private lending to housing associations more attractive by making repossession easier (Robertson, 1992). It also removed the Right to Buy for 'new' tenants (Himsworth, 1994). Although debates then ensued about what constituted a new tenancy, the absence of right to buy was part of the pull of stock transfer at later stages.¹⁵⁷

Finally, Part Three created the framework for the Tenant's Choice provisions and arrangements for approving landlords for the scheme. Though the Scottish legislation shared the same principles as its English counterpart (see below), Tenant's Choice was an area where the terminology – indeed, the position of the apostrophe – denotes quite different meanings. As mentioned in Chapter One, the Tenant's Choice provisions in Scotland gave each tenant the *individual* right to *require* their landlord to sell their house to another landlord, provided it was 'Approved' by Scottish Homes. Controversy centred on the absence of a requirement to ballot (Midwinter *et al*, 1991), though as an individual right a ballot would not be relevant.

Though the White Paper came out in November 1987, its preparation had involved Housing Minister, Michael Ancram, before he lost his seat in the General Election of May that year. In 1998, Ancram claimed he was not against council housing *per se*. He was more interested in creating communities on a scale where people felt in control of their lives and in accessing private investment for housing. Ten years later, he had no recollection of the

¹⁵⁶ Interview Ancram, 1998.

¹⁵⁷ Interviews Dyer, Findlay and Jones, 1998.

Tenant's Choice provisions for Scotland and deferred to the civil service. Asked about these very provisions, the relevant senior civil servant revealed:

... Tenant's Choice was seen as a way of doing, em..... actually I've forgotten how it worked - I think they could go to Scottish Homes if they wanted [sic]. It was basically an English idea and we were already going down our own track by then. They also came up with HATs but we did not want to do it like that. Money comes into it as we could only afford a certain rate of transfer - the point is we were already doing transfers anyway, at the bottom of the market and they were coming on stream quite smoothly before the Act.

Interview Mills, 1998.

At the time, Scottish Homes was seeking to dispose of its own stock, not buy up council stock. This suggests a local adaptation, perhaps a deliberate dilution of a big idea from England, or perhaps it shows an example of concurrent policy (Midwinter, *et al* 1991). Where Tenant's Choice was seen at the time as being of great potential significance (as English discussions leaked into Scotland), there was virtually no take-up among council tenants in Scotland (Tulloch, 1998). The Housing Corporation's war of attrition similarly obstructed local attempts to use Tenants' Choice provisions in England (Tulloch, 1998).¹⁵⁸

The local government response to the White Paper and Tenant's Choice was hostile (CoSLA, 1987 various). Council representatives were 'manning the trenches' in preparation for a Conservative onslaught on housing as local government representatives feared that the Tories would legislate to remove council housing altogether. Yet CoSLA's Housing Convenor at that time also claimed the Tories knew nothing could change unless the councils wanted it to.¹⁵⁹ A senior civil servant similarly acknowledged (though referring to a later period) that government could not *make* transfer happen, merely encourage it.

People think - legislation first, but that's not true in Scotland.

Interview Ewing, 1998

The CoSLA Convenor reported that there had been no will or enthusiasm even among Tory councils for major changes to council housing. He even claimed Ancram had commented privately to him that he was not really keen on stock transfer but he had to do it.¹⁶⁰ Ancram did not use his interview to make any such claim. He did give considerable emphasis to the importance of psychological ownership, on a small scale around 400 households, similar to

¹⁵⁸ Scottish Homes tenants in Grampian used them to create fully mutual co-ops, serviced by a staff group who formed a private management company. It should be noted that the provisions in Scotland remained on the statute book until 2001 though they could be suspended during voluntary transfer discussions. They came to be controversial in the Borders between 1999 – 2001, as individual council tenants were encouraged to move ownership of their homes to Waverley Housing. In 1996 Tenants' Choice provisions were repealed in England.

¹⁵⁹ Interview Lee, 1998. Robert Lee was a Labour councillor for Fauldhouse, the only West Lothian DC ward in which transfer took place (in 1987) (Duncan, 1991). Cllr Lee was Convenor of CoSLA's housing committee in the late 1980s / early 1990s.

¹⁶⁰ Interview Lee, 1998.

the scale of the first co-ops although having left office he helped develop the Waverley proposals on a larger scale affecting 2,000 properties.¹⁶¹

Ewing stressed that Ministers moved relatively freely around the Scottish policy community as argued by Midwinter *et al* (1991), and Ancram may have talked to Cllr Lee in these terms in the 1980s, but intending to engage his trust, assuage concern and defuse vocal opposition. An alternative explanation is that Lee changed his stance after the event, to accommodate his actions. By 1993, West Lothian council was controlled by the SNP and Lee's role in the intergovernmental network was over shifting his allegiance away from CoSLA. Meantime, the Labour councillor had become Board Chairman of Weslo, one of the first Scottish Homes transfer vehicles. In this capacity he found himself speaking on conference platforms next to Conservative ministers, extolling the virtues of stock transfer as the best thing since council housing. This would fit with his retrospective claim that transfer was a council idea.¹⁶²

None of this evidence reveals the Housing Scotland Act, 1988 as critical to stock transfer. Indeed, many disposals called 'voluntary transfers' were already complete by 1988 (Robertson, 1992).¹⁶³ Robertson refers to transfers being negotiated throughout Scotland, and to a crucial new requirement, under the 1988 Act, to demonstrate lack of tenant opposition. This refers to the GB legislation to which we now turn our attention.

Housing Act, 1988: Power by the Back Door?

The Act in England also created assured and short assured tenancies, along with permissive and compulsory transfers (Tenants' Choice and Housing Action Trusts¹⁶⁴ respectively) (Institute of Housing, 1988). The provisions covered much detail about ballots and processes. By contrast with Scotland, Tenants' Choice in England carried a requirement to consult tenants about *collective* transfers. Tenants were to be 'liberated' by the Housing Act 1988 to form new organisations or nominate other landlords to relieve councils of housing ownership (Institute of Housing, 1988) though this barely happened because the policy was thwarted from the inside (Tulloch, 1998).

¹⁶¹ *The Waverley transfer was extremely controversial in the early 1990s. Waverley was an independent Trust with a tenant majority, which contracted with a staff-controlled housing management company for service provision. It took over housing previously owned by SSHA and factored by Roxburgh DC, amid allegations of insider dealing, conspiracy and corrupt practice by council and government officials in league with former Minister Ancram. Later two official enquiries investigated the allegations.*

¹⁶² *Interview Lee, 1998.*

¹⁶³ *The disposals to which Robertson refers include many sales to private developers, now excluded from the definition of transfer.*

¹⁶⁴ *Nicholas Ridley Secretary of State for the Environment, described HATs as the 'cutting edge of the Government's inner city regeneration drive' (quoted by Karn in Malpass and Means, 1993, p74). Yet this review of HATs shows how ideas from Whitehall antagonised local people to the extent that the proposals were diluted to placate local opinion. The HAT model has not been replicated nor was it held up as a success story.*

Buried among the schedules to the Housing Act, 1988 (for Great Britain) were clauses affecting the powers of the Secretary of State for Scotland in giving consent to council disposals of housing. An Information Paper (SDD, 1988) pointed out that these were late amendments at House of Commons report stage and the provisions only came into effect in February 1992 (Mullen, 1992). Under Part V: Miscellaneous and General, were clauses 133 – 135 in schedule 16¹⁶⁵ which amended the Housing (Scotland) Act 1987, providing as follows:

The Secretary of State shall not give his consent if it appears to him that majority of the tenants to which the application relates do not wish the disposal to proceed; but this does not affect his general discretion to refuse consent ... on any other ground.

Housing Act 1988: sch 16: sch 6a.parag 5 (1)

These were said to be designed to ‘strengthen the reassurances to tenants that their housing will not be sold to an unsuitable landlord’ (Institute of Housing 1988: 74).

Himsworth (1994) reported consent and consultation as two of four key changes made in this way by the Housing Act, 1988: the others affected the right to buy and subsequent disposals to others. The Secretary of State had to take account of matters such as control or influence of the council over the prospective purchaser, its possible monopoly at the local scale and the terms of the sale (Himsworth, 1994). The Secretary of State was also given powers under the Housing Act 1988 to direct use of receipts from sales. The requirement to consult was framed in such a way that ballots should be ‘normal practice’ even if not a statutory requirement as such (Himsworth 1994:149). Although the collective consultation provisions did not directly affect Scotland, contemporary English experience of pre-emptive balloting in Torbay (Tulloch, 1998) had a profound effect on underlying thinking and was reflected in belated amendments to Scottish legislation.

Just as the framework for council housing was permissive and discretionary, so too the sale of stock affecting sitting tenants was also largely permissive (Mullen, 2001: 49). Most interviewees for this study claimed that the 1988 legislation was not particularly relevant: either transfers were already happening:¹⁶⁶ and/ or other factors were cited as more important, such as regulation practice, funding and the establishment of Scottish Homes *per se*.¹⁶⁷ Only former Minister Robertson thought that the 1988 legislation had a significant effect, by concentrating minds.¹⁶⁸

¹⁶⁵Draft guidance about stock transfer (SOEnD, 1996) refers incorrectly to these provisions and direct local authorities to schedule 17 which is in fact about codes of practice governing English council financial arrangements.

¹⁶⁶ Interviews Hastie, Smith, 1998.

¹⁶⁷ Interviews Dyer, Ewing, Miller, Rendle, Breslin, 1998.

¹⁶⁸ Interview Robertson, 1998.

Arguably, before the 1987 elections, the Scottish Office merely intended to consolidate powers in what became the 1987 Act, without anticipating further changes. Meanwhile Ridley's 1987 manifesto proposals introduced the possibility of Tenant's Choice (Thatcher, 1993). In 1988, the Scottish Office used the opportunity of parliamentary time for housing legislation in Scotland to create a new Scottish body for regeneration and private investment, without thinking through how it might deliver other changes. As a result, it ended up making late amendments to the UK (predominantly English) legislation determining crucially that tenants would have to be informed and consulted at the local scale and to be shown not to oppose proposals. By contrast, earlier transactions in Glasgow had no ballot (Clapham *et al*, 1991) and in some cases not even a show of hands at a meeting, even after 1988.¹⁶⁹

The introduction of a requirement to demonstrate lack of opposition was to become critical later but in other respects, the assortment of legislation reviewed above does not suggest government (in Scotland at least) having a clear agenda for, or ideas about how to achieve, local authority stock transfer using the 1988 legislation.¹⁷⁰ Although important rules affecting the process of decision-making about transfer were being amended, it is not evident that they were clearly conceived or managed through the legislative process. Rather we see messy *post hoc* retrieval of rule changes, resulting in some understandable lack of clarity at later stages in the policy process, in determining what provisions actually governed stock transfer. In addition, we have to consider other legislation of the period.

Enterprise and New Towns (Scotland) Act, 1990

Although the New Towns Act does not usually figure in transfer discussions or significantly among listings of relevant housing legislation, it may have some significance. The New Town Development Corporations were always intended to be temporary, so wind-up was inevitable even if the terms and timing were not. Wind-up affected a range of functions including the ownership and management of 30,000 homes left after extensive house sales. The responsible department (Industry Department for Scotland - IDS) issued a White Paper in 1989 - 'The Way Ahead'. The next year's Enterprise and New Towns (Scotland) Act 1990 gave a timetable for wind-up and showed housing associations as the key alternative landlords for the rented stock relying on voluntary mechanisms prior to statutory wind-up.

There was no commitment to ballot, nor even to obtain tenant consent and while transfer to councils was discouraged, it was not ruled out (Muirhead, 1997). Guidance on the disposal of housing stock (prepared by Scottish Homes staff) was issued in 1992, followed a year later with details of the financial arrangements (Cumbernauld and Kilsyth DC Housing Plan, 1994) though by this time councils were facing comprehensive reorganisation. Chapter Eight considers further changes affecting the implementation of the New Towns Act and

¹⁶⁹ Interviews Hastie, Smith, 1998.

¹⁷⁰ Most respondents (central and local) did not see the 1988 Act as especially significant.

explores its coincidence with reorganisation and with Scottish Homes transfers representing a critical juncture further destabilising Scottish housing.

Local Government (Scotland) Act, 1994

The timing of local government reform emerges from earlier chapters as potentially significant and perhaps more than merely coincidental. A senior civil servant volunteered certain factors as critically significant in explaining transfer blockage:¹⁷¹ resource problems and ideological resistance were two of the three key obstacles to whole stock transfer: the third was reorganisation. Although reorganisation does not feature in the literature about housing stock transfer, its significance is explored in this thesis, starting here with the legislation.

Reform was first mooted in Scotland in 1991, with consultation about the principle of reform into single tier authorities, about which there was an appearance of consensus (McVicar, Boyne and Jordan, 1995). Thus within a year, a further consultation paper was published by Allan Stewart (Minister for Local Government under Secretary of State, Ian Lang) (Scottish Office, 1992). It mooted different permutations of functions and boundaries, reflecting ministerial uncertainty, even conflict, about the models of reform and the possible number of unitary authorities (65, 15, or 32). The Conservative Party in Scotland was split into three camps on the issue of reorganisation pursuing localist, strategic and managerialist models of reform: the latter model triumphed, occupying the middle ground (McVicar *et al*, 1995:6). The proposals were contested by opponents on grounds of alleged gerrymandering, lack of independence and lack of moral authority for constitutional reform.

Reform was required in order to allow services to be delivered more efficiently, by enabling others to provide them. However, the final proposals accepted that councils should be large enough to remain as direct providers for some services (McVicar *et al*, 1995). While organisation of housing services was important in the 1974 reforms (Scottish Office, 1992), it was not critical in determining the future shape or size of local authorities in Scotland (Stoker, 1996). The advantage of the new unitary authorities would be to bring housing, social work, education, roads and transport together under the same authorities, resulting in improved co-ordination (Scottish Office 1992). In the light of increasing diversity of housing tenure, the role of local authorities was changing to become more 'strategic and enabling', requiring a planned, co-ordinated response to assessed needs. Larger authorities would be better placed to exercise enabling functions particularly if the council's jurisdiction corresponded with local market areas.

¹⁷¹ Interview Ewing, 1998.

Moreover, it was thought that the larger authorities would decentralise management.

Increasing efforts have been made in recent years to make the delivery of housing services more accessible to the customer through the decentralisation of housing management functions. It is expected that the new councils will continue these trends.

Scottish Office 1992: 9

Even though the 'enabling role' was commonly understood by opponents in councils to imply disposal/ transfer, this extract suggests that even in 1992 central government envisaged local authorities continuing as landlords.

Reform proposals for Scotland (and Wales) were comprehensive (unlike England where reform was partial and incremental (Norton, 2001)). The 1994 Act produced a total of 32 authorities, including the three island councils, which were already single tier bodies. It brought together 53 districts and nine regional councils into 29 new authorities. Twelve of the new councils were based on the old districts, four on the old regions and the rest (13) were partly aggregated districts (some with changed boundaries) and partly disaggregated regions – notably Labour Strathclyde (Midwinter, 1995), with some joint / shared board arrangements (Lynch, 2001).

Political Control

Although there were charges of Conservative self-interest in decision-making about reform,¹⁷² these were not borne out by electoral outcomes. In 1994/5, seven districts were under Conservative control.¹⁷³ Some may have been only nominally Conservative since the party had mobilised Progressives and Moderates in the 1960s to stand on a Conservative party ticket (McCrone, 1992). Five of the new Scottish unitary authorities were based on these districts: the Conservatives did not win control of any of the five new authorities in the 1995 elections (Scotsman, 6/4/95) leaving the party further embarrassed with only 11.5% of the vote (Lynch, 2001).

By 1987, Conservative support had already dropped to 24% in Scotland, from a peak of around 50% in the fifties (Thatcher, 1993). Since this was well below English levels at the time, it served to reinforce the image of the Conservatives as anti-Scottish (Midwinter *et al*, 1991). They already had a wafer-thin majority in Westminster and by 1992, merely 11 MPs in Scotland. Midwinter *et al* (1991) claim that the Conservatives were already treading warily after their Scottish losses in the 1987 general election, even though their majority in Westminster had allowed them to take more radical action, for instance to introduce the poll tax (Butler *et al*, 1994). At the local scale, Conservative councillors in Scotland were not

¹⁷² Failure to establish an independent boundary commission allowed opponents to claim the proposals were being manipulated to suit the government (McVicar *et al* 1995).

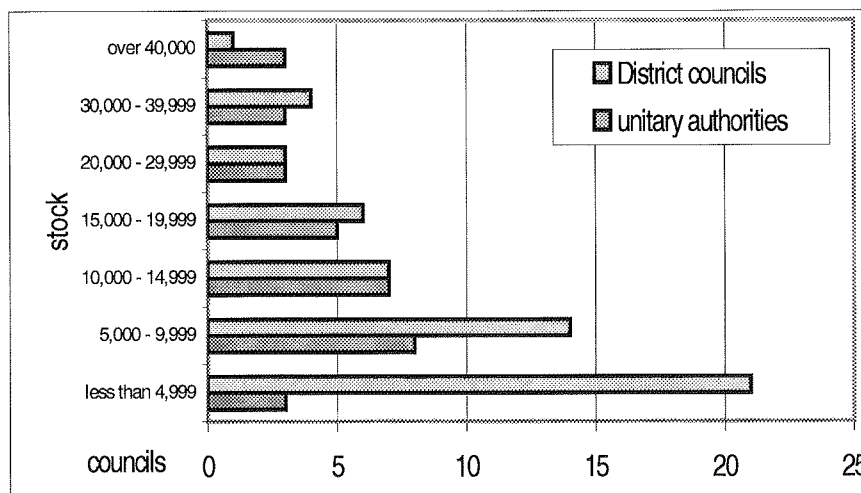
¹⁷³ The seven councils were Stirling, Bearsden and Milngavie, Kyle and Carrick, Moray, Berwickshire, Eastwood and Perth and Kinross (Scotsman 6 April, 1995).

necessarily as ideologically minded as national representatives. Indeed, Ancram and Robertson claimed that Conservative councillors were often not persuaded of the merits of Conservative Central Office policy about housing and frequently sat stony faced through speeches at Scottish party conference.¹⁷⁴ This betrays more than a residue of 'reluctant collectivism' (George and Wilding, cited by Kemp, 1990).

Landlord Characteristics: Limited Consistency

There was no consistent pattern to the characteristics of the new authorities (Stoker, 1996): while some of the unitary councils were too small to be economic, many were very substantial organisations (Lynch, 2001). In terms of council housing ownership, more councils became larger landlords as a result of reorganisation, while fewer councils had less than 5,000 houses - as shown in Figure 38.

Figure 38: Scottish Local Authorities: Size of Landlord Operations



Source: based on CIPFA, 1995

The balance of council ownership of housing was rather different in 1995/6 from a decade earlier (see Table 26). In 1978, more than half the population was housed in council housing. By 1995, not one council owned a majority of housing. Currie and Murie (1996) show wide variation in the housing stock owned by the new councils. Glasgow was the largest with 129,240 houses (46% of the local stock) and Orkney the smallest with 1,241 (14%). Eleven councils owned more than 20,000 houses and seven of these were Labour-controlled, with between 20% and 49% of the stock in their area, a form of mass landlordism (Cole and Furbey, 1994).

Perhaps the most important feature of reorganisation was its disruptive effect on local government operations. Reorganisation deliberations were crucial (not just parallel or coincidental) in triggering questions within the Scottish Office in 1992 and 1993 about what

¹⁷⁴ Interviews Ancram, Robertson, 1998.

role housing was to play.¹⁷⁵ Although Ministers did not take the opportunity to make radical, mandatory changes to the housing function, nevertheless they wanted to challenge councillors to think about whether they really need to be involved in minor local details, (such as window replacement contracts), rather than big strategic issues. Yet as Chapter Six showed, the government's agency Scottish Homes made substantial subsidy available to facilitate partial transfers in the early 1990s, while LSVT was under way in England.

Table 26: Scottish Unitary Councils – Volume and Proportion of Stock Owned at 1996 (In Descending Order of Local Ownership)

Name of authority	Council housing as % of total stock	Houses owned by the council (nearest 000)	Other socially rented stock as % of total	No of households (nearest 000)
Glasgow	43	124	16	273
North Lanarkshire	43	54	7	126
East Ayrshire	40	19	6	49
Falkirk	38	23	5	61
Moray	37	8	3	33
West Dunbartonshire	37	15	7	39
Clackmannanshire	35	7	8	19
Inverclyde	34	13	5	37
South Lanarkshire	33	40	4	123
North Ayrshire	33	19	5	68
West Lothian	33	19	7	58
Dundee	33	24	8	72
Fife	33	42	4	140
Aberdeen	32	30	10	92
East Lothian	31	11	11	35
Renfrewshire	31	23	8	72
Dumfries and Galloway	30	14	3	62
Shetland	29	3	2	8
Midlothian	28	8	14	31
Stirling	24	8	3	33
South Ayrshire	24	11	1	46
Highlands	22	20	3	81
Angus	22	10	4	44
Aberdeenshire	18	17	2	92
East Dunbartonshire	18	7	3	40
Scottish Borders	18	9	11	45
Perth and Kinross	18	11	3	63
Argyll & Bute	16	7	5	37
Edinburgh	16	32	6	192
Western Isles	15	2	1	11
Orkney	13	1	6	8
East Renfrewshire	12	4	2	32

Source : Taylor, 1998b

Note predecessors of councils highlighted in bold had conducted transfer before April 1996

The incoming authorities faced such a broad range of challenges that Kerley *et al* (1994) anticipated that it would be several years before things settled down. There was extensive movement of staff between authorities reducing scope for continuity and in 1998, managers

¹⁷⁵ Interview Robertson, Ewing, 1998.

reported many pressing concerns (Taylor, 1998b). Local government funding in the wake of the poll tax left central government largely in control of local government spending (Lynch, 2001).

The financial problems affecting council budgets¹⁷⁶ were considerable, even with transitional assistance. Moreover, capital controls continued to restrict borrowing (CIPFA, 1997). Preparations for the new bodies were not well advanced in some areas where councils facing unwelcome (dis)aggregation had opted not to co-operate with each other. It was often former regional council personnel who took control politically and administratively in 1995/6, even in new councils based on old district boundaries, which contributed to downgrading the status of housing in organisational terms (Taylor, 1998b).¹⁷⁷

Reorganisation: an Opportunity for Transfer?

By October 1995, during the shadow / transitional year, the new Minister Raymond Robertson argued in a speech to the professional body that:

...local government reorganisation is [sic] an opportunity to ask fundamental questions about the role of local authorities in the housing field in the future.... Attracting private investment into regenerating our housing stock must be a key objective... an important facet of the government policy to encourage greater diversity of social landlords in Scotland has been the transfer of public sector stock to new landlords. ... Stock transfer immediately removes investment in council housing from the constraints of public expenditure controls ... and can potentially secure a substantial capital receipt from which any surplus after repayment of outstanding debt, can be reinvested.

Robertson: 1995: 8

Robertson was a Minister in Forsyth's Scottish cabinet from July 1995. McVicar *et al* (1995) show Forsyth against creating fewer, larger authorities yet Scottish local government reform in Scotland had produced both small uneconomic councils and left some large municipal monoliths. Leaving more small authorities in place might have allowed more whole stock transfer by 'localist' authorities sympathetic to a Conservative Scottish Office promotion of transfer¹⁷⁸: some might even have been won by Conservatives. A consultant adviser to tenants on stock transfer issues argued that many of these 'localist' districts actively considered transfer before the 1994 Act, albeit not always productively.¹⁷⁹ The councils who considered whole stock transfer before 1994 were not overtly Tory even though some – including Berwickshire - were nominally under Conservative control. They were more

¹⁷⁶ Social work and education were the biggest spenders in the new authorities. Housing budgets (HRA) were ring-fenced and as a result, housing could be ignored, initially. Later the relative comfort of the HRA soon became an attractive target for other departments to 'supplement their resources' (Taylor, 1998b) and this factor becomes an important obstacle post 1997.

¹⁷⁷ In former districts, financial pressure was especially extreme.

¹⁷⁸ Though acceptance of the more overtly ideological stance in the promotion of the LSVT 'policy' from the centre became by 1995/6 could not be taken for granted.

¹⁷⁹ One (Wigtown) actually conducted a ballot in 1995, which aroused 75% opposition on a high turnout.

'county' in style, more concerned about protecting local identity and a cosy relaxed rural way of life. However they were not particularly strategic in deliberating about or promoting transfer, and some of their approaches were beyond inept, 'just plain daft'.¹⁸⁰

Larger post-1995 unitary councils (often Labour-controlled) were ideologically ill-disposed to the larger scale transfers,¹⁸¹ though many of their predecessors had been pursuing small-scale transfers with subsidy. Chapter Six has shown that very few unitary councils (outside Glasgow) pursued transfer after reorganisation. Financial incentives were receding (as Chapter Eight will show), though disarray among sellers may have prevented use of available incentives: few were in control of their existing operations, still less in a position to think about future strategy (Taylor, 1998b).

By 1995, the opportunity to legislate to *require* change in housing had passed. Former Minister Robertson claimed in an interview for this study that had the Conservatives been returned in 1997, they would have *required* councils to cease to be landlords. On the other hand, his predecessor and senior colleague, Ancram was sanguine that making transfer compulsory never had been and never would be on the Tory agenda: he conceded, though, that it might have been 'tempting to scare recalcitrant opponents'.¹⁸² The civil service thought mandatory transfer would never have been seriously considered by Conservative Ministers because two principles were sacrosanct: first, council housing belonged to councils not the government; secondly, transfer affected tenants' homes - not just houses.¹⁸³

Conclusion – Relative Insignificance of Legislation?

Documentary evidence and key actors suggests that we have to look beyond the 1988 legislation for explanations about the origin of transfer. By 1985, the institution of council housing was already constrained by the withdrawal of revenue and capital resources and from changes to property rights, weakening subjective attachment to and objective quality of housing in that tenure. Right to Buy legislation was prized as a great success by the Conservatives, whereas many of the resource changes were achieved more through use of financial and administrative measures and created an incentive structure which stimulated sales, with variable local impact. While central government controlled critical levers, it could not control nor did it monitor their consequences. Central government relations with local councils were poor and confrontational, though perhaps not as bad as in England. The Conservatives controlled fewer Scottish councils before 1995 and none thereafter, so its natural allies were limited. However, some councils – notably Glasgow – responded to the decline in power by engaging in practical partnership with government, its agencies and the growing voluntary sector, adjusting its action to available resources.

¹⁸⁰ Interview Smith, 1998.

¹⁸¹ Interview Ewing, 1998.

¹⁸² Ancram was a senior British Conservative party figure, soon to be Chairman in 1998.

¹⁸³ Interview Ewing, 1998.

Ministers controlled and reduced major flows of subsidy to the council and voluntary sectors, but in the latter case rather indirectly until 1988. While councils were being pushed to the outside, associations were becoming insiders, rewarded with burgeoning government subsidy, notably in Glasgow and urban Scotland. This gave rise to a new form of neighbourhood housing association working in tandem with councils in former private housing, and to great acclaim from the mid-1970s. The Thatcher government in Scotland used legislative time and opportunity to merge two problematic government-controlled agencies in housing. The intention was to get one out of insolvency and bring the other under Scottish control, removing the anomaly of finance from Scottish budgets being managed from London.

Arguably the most significant mandatory legal change was structural reform overhauling local government and its funding. However, just as the consolidating housing legislation did not challenge but codified the fundamental tenets of municipal housing provision, so local government reform left untouched the essential powers of councils to own and manage housing. The pursuit of greater efficiency via local government reorganisation, required the sacrifice of other goals by acquiescing in continued direct housing provision and in effect cut across the stock transfer agenda. Although throughout the 1990s, Ministers encouraged councils to leave direct provision to others and concentrate on enabling, relevant legislation permitted local authorities to remain as landlords. Ministers came to pursue the enabling role of councils in housing more aggressively after reorganisation.

Perversely, such legislation may have done more to obstruct than promote stock transfer. Without a push for local government reform in the early 1990s, more of the smaller district councils might have taken whole stock transfer further. Nevertheless, the association of transfer with Conservatism and the unpopularity of Conservative ideas in Scotland at that time might still have served as a brake on active political promotion and in the end they might have stumbled over the limits of policy read-across from England. The spatial boundaries of councils shifted, in some cases dramatically, yet in spite of considerable disruption, the institution remained 'safe'.

Mechanisms to ensure delivery of government housing policy objectives were limited to encouraging rather than requiring the disposal of council housing. Although SSHA (Scotland's second largest landlord) was dismantled, the provisions for *mandatory* disposal of its stock were in the end withdrawn, perversely retaining a state agency among the largest public landlords in UK. Public tenants were given new rights of choice but these were barely used. Instead, almost all transfers were conducted via block sales supported by subsidy. The Scottish Office may have achieved some improvements in the supply and quality of housing, delivered increased choice by virtue of creating new bodies under tenant control. It may even have increased individual and collective responsibility over former council housing - but not widely, nor directly as a result of legislation. Indeed, examining the

legislation reveals nothing about the role of subsidy and the pattern of incentives used by councils for small-scale transfers.

Permissive legislation leaves less formal mechanisms to policy actors to achieve central government aims. The existence of transfer as a policy objective can only be inferred, from the first and third of the government's objectives. Yet interviewees at the centre regarded the 'policy' of small scale stock transfer as successful in delivering regeneration, albeit at a high cost. This suggests they were able to distinguish between policy as formal objectives (in the absence of overt transfer policy documents or legislative mechanisms) and actual practices on the ground – decision and actions, even by those who claimed ideological opposition to transfer.

Legislative change had limited direct impact on *council* stock transfer in Scotland. Formal changes comprised consolidating legislation, new specifically Scottish provisions affecting individual property rights (RTB and assured tenancy) and institutional arrangements for housing. Crucially, transfer was not a legal requirement before or after 1988 and there is no evidence so far of legislative measures making a particular contribution to the *presence* of transfer: rather, top-down policy (via local government reform and New Town wind-up) may have contributed to its *absence*. To test the adequacy of institutional theory, we have to search other sources of rules such as financial and administrative measures - guidance, procedures, circulars and statutory instruments and resource incentives for further evidence.

Chapter Eight

Using Resources to Achieve Change

If the legislation only helps to explain the *absence* of transfer, other rules may provide clues to the *presence* of transfer. This chapter therefore adopts an institutionalist approach to scrutinise less formal rules and procedures as well as incentives affecting the allocation and distribution of resources for housing investment in Scotland between 1987 and 1997. Changes of rules and practices provide a framework of incentives and constraints on behaviour, affecting actors' capacity for action. They effect subtle changes to underlying rules about access to and use of resources, influencing regulation and the climate of opinion. The behaviour of supporters and opponents is explored in subsequent chapters on local action.

Processes of decision-making and lines of authority and accountability were less than crystalline. Rules and procedures were retrieved from guidance, circular letters and statutory instruments from government and Scottish Homes. Rule changes connect strongly with resources and so national level resource allocations (determined by central government) are included here. The chapter covers some ostensibly technical but politically important details underpinning transfer, while emphasising such issues as tenant consultation, valuation, connections with other policies and, most critically, the basis on which housing resource flows were organised. It seeks to bring out where responsibility for decisions lay and what led to them, rather than engage with the content of those decisions.

Like Chapter Seven, this chapter draws on documentary evidence interspersed with an understanding of perspectives gleaned from analysis of interview material with actors at the centre. This has been particularly important in view of the lack of clear public documentation in some critical areas.

The chapter will argue that public rather than private resources were critical in facilitating small-scale transfers in Scotland, while they lasted. It will be shown that this flow was due to a combination of ministerial priority in allocating public resources to the voluntary sector generally and politicians' acquiescence in the distributive actions of those responsible for managing Scottish Homes' operations in regulation and investment. It will show that the drop in council transfers in the mid-1990s can be explained variously, by the withdrawal of financial support, by decisions at the centre to cut back on registrations and intervening factors from the wider policy environment.

Throughout this period, changes originated from the government's agency, Scottish Homes, and from two Scottish Office departments - Development (SDD) in 1988 and 1996 and Industry (IDS) 1988 to 1994. In presenting the account here, headings are based on guidance and information sources primarily but not exhaustively in chronological order of appearance (rather than thematically) in order to explain rules at the relevant juncture. Appendix Three shows the strict chronological sequence of events. The chapter starts with

the Scottish Office Information Paper and works through resource allocations to councils and Scottish Homes in the late 1980s and early 1990s, before examining the leakage from New Town and Scottish Homes transfers. Later government guidance is considered along with decisions affecting the new unitary councils' debts, valuations and access to borrowing.

Voluntary Transfer 'Information Paper'

The primary source of procedures for transfer was an Information Paper (IP), issued by the Scottish Office in September 1988, three months before the Housing (Scotland) Act and Housing Act received Royal Assent (SDD, 1988). The paper was entitled 'Voluntary Transfer'; the first time that community ownership was officially referred to as transfer in Scotland.¹⁸⁴ Without defining transfer, the paper referred to it as 'a disposal for which the Secretary of State's consent would be required', under the Housing (Scotland) Act 1987, amended. It emphasised the technically 'voluntary' aspect of stock transfers as 'block sales' rather than Tenant's Choice. The voluntary element applied to the landlord rather than the tenant. An Information Paper is scarcely a robust source of policy, yet the best clue can be found in the accompanying letter, stating (author's underline and brackets):

The government is sympathetic in principle to authorities disposing of their housing stock as long as the disposal takes place on the right terms. The guidelines attached have been prepared particularly with large scale disposals in mind but the general principles set out apply where appropriate to all sales of council housing other than those initiated by tenants under the Right to Buy or Tenants' [sic] Choice. Each application will be considered on its merits.

Source: SDD, 1988

The IP focussed on a range of issues. Tenants' interests were to be fully taken into account and in particular, one of the most significant requirements stipulated demonstration of lack of tenant opposition, though with no *requirement* for a ballot.¹⁸⁵ The IP also exhorted avoidance of monopoly, increased competition, the need to meet ongoing council obligations and indicated terms of sale including use of receipts.

New landlords would have to be independent from the local authority, able to demonstrate stable and responsible long-term commitments to providing rented housing and good service. In order to avoid monopoly and to promote competition and choice, there was an expectation that disposals should be to more than one purchaser, particularly in disposals of 5,000 or more houses.

¹⁸⁴ According to one of the researchers involved in the Scottish Office evaluation (Clapham et al 1991), Community Ownership was always a marketing term. 'It was never referred to as stock transfer in Glasgow. The policy of transfer really emerged, it was certainly not for trumpeting from the rooftops' (Personal communication with Keith Kintrea, 1999).

¹⁸⁵ As Chapter Seven showed, this was inserted belated as a retrospective amendment to the Housing Scotland Act 1987. In England at that time there were changes to the normal understanding of a majority. After infamous attempts in Torbay to ensure that anyone not voting in a ballot was assumed to be in favour of the proposal, such an interpretation of 'a majority not opposed' was soon dropped in England (Karn, in Malapss and Means, 1993; Tulloch, 1998).

This ceiling was bizarre given the size of most of the 56 district councils' stock holdings at the time and the pattern of disposals already underway by large authorities, which seldom exceeded 500 houses. Indeed, the IP introduction even acknowledged active consideration of partial sales for regeneration purposes.¹⁸⁶

A single paragraph entitled 'Other Financial Factors' indicated in dense, technical language the basis of valuation (as in the Right to Buy).¹⁸⁷ It showed how receipts from disposals should be treated and how they would affect councils' revenue and capital arrangements. Receipts could be used to enhance new borrowing by recipient councils, but apparently contradictory decisions allowed different arrangements for stock transferred to Scottish Homes [sic].¹⁸⁸ The guidance conceded that some sales would have negative value and a nil receipt. While any receipts from positive value sales could enhance a council's borrowing capacity, negative value sales would reduce it. In addition, councils could expect to receive more revenue subsidy (HSG) if their average debt increased as a result of the disposal.¹⁸⁹

There was no mention of receipts being used to pay off councils' debts, which was curious given the rationale for closing down SSHA, due to insolvency from failure to use receipts for that very purpose (see Chapter Seven). In contrast to the emerging arrangements in England (Aughton and Malpass, 2000), government in Scotland was dangling resource incentives to councils to maximise positive receipts for capital borrowing and revenue subsidy purposes.¹⁹⁰ Availability of capital subsidy from Scottish Homes to improve council built stock (i.e. associations) was not mentioned in the IP though we may assume that council decision-makers would have known about it. This subsidy would have further reinforced incentives to sell. The issue of capital subsidy is discussed further under the Scottish Homes development funding arrangements (below).

The Information Paper was the only government statement of 'policy' on voluntary transfer in Scotland until draft 'Guidance' was issued in 1996. It did not show how whole or partial stock transfers might be conducted, or funded, nor did it engage with the problem of debt. In these respects it was hardly 'policy' in Hogwood and Gunn terms. It attempted to influence local authority disposals with few rules and requirements, while alluding to incentives running counter to the wider policy of cutbacks. This does not indicate a clear policy programme so much as rules emerging to structure existing practice (Hills, 1997a; Sabatier, 1986 – see Chapter Two). We return shortly to investment incentives and later to

¹⁸⁶ CIPFA 1994 show 21 out of 56 councils having a stock of fewer than 5000 houses: see Chapter Seven for a breakdown.

¹⁸⁷ See valuation in Chapter Four. This was the original method in use for decades - market value subject to tenancy. In this case the value could be adjusted downwards, if necessary to reflect the existence of sitting tenants.

¹⁸⁸ Glasgow District Council was at that time transferring ownership of 1000 houses in Windlaw, Castlemilk to SSHA, soon to become Scottish Homes (Robertson, 1992). This was unique. This provision was made – somewhat perversely – just as Scottish Homes was being created, with the government having recently climbed down on proposed compulsory disposals of former SSHA housing.

¹⁸⁹ Such an increase would result from the total debt being spread over a smaller number of houses and would be relevant to calculations about rents.

¹⁹⁰ Councils would have been aware already of the steady cuts to revenue statement at face value.

subsequent, revised government guidance in Scotland, but first we need to examine central government constraints squeezing council finances.

Less Subsidy and Borrowing for Councils, Higher Rents

Under the Local Government (Scotland) Act 1973, the Secretary of State controlled council borrowing consent by means of Statutory Instruments. Gross housing consents were made up of net capital consent to borrow, dependent on a specified level of 'useable' capital receipts (CIPFA, 1997). Failure to bring in target receipts meant a reduced capital programme: the corollary was that a council could *increase* its capital programme by increasing receipts from asset sales (mainly RTB).

The Secretary of State also had power to vary revenue subsidy, using an arcane annual calculation (CIPFA, 1997). While in 1986 many authorities' rents were still subsidised,¹⁹¹ further incremental restructuring of council housing finances over the period meant that fewer councils received subsidy with each year that passed (CIH, 1995).¹⁹² Moreover local authorities' rent accounts were 'ring-fenced' under the 1987 Act, (Himsworth, 1994) requiring an account (called the Housing Revenue Account – HRA).¹⁹³ Rents rose steadily ahead of inflation over the period 1985/6 – 1996/7 partly because of the withdrawal of subsidy, partly because of ongoing investment and partly because revenue costs were spread over fewer houses due to house sales (CIH, 1995). Higher rents in turn stimulated more sales which further exacerbated councils' financial problems and repair costs on the remaining stock were often above average.

After reorganisation, only three authorities received revenue subsidy at a cost to the Scottish Office of £19 million in 1995/6 (CIH, 1995). Each of these was rural with much higher than average outstanding debts to be serviced. In the case of the highest, Shetland, debt was £21,000 per house compared with the national average of £6,000 (Scottish Homes/ CoSLA, 1998). Thus by 1995/6, rents alone paid for housing services – costs of management, maintenance and debt servicing. However, the proportion of tenants receiving financial support through Housing Benefit was increasing.¹⁹⁴ Across the UK, HB costs were rising (Aughton and Malpass, 1994) as more tenants became eligible and rents were increased to pay for repairs no longer funded from capital borrowing (Gibb, Munro and Satsangi, 1999).

Local authorities' capital funding stood at £147m p.a. in 1987/7, having fallen from £200m in 1983/4 (CoSLA, 1987b). Meanwhile, more capital resources were being allocated to the

¹⁹¹ Two sources: 1) Housing Support Grant (HSG) from central government and 2) from the Rate Fund Contribution RFC – see Chapter Seven.

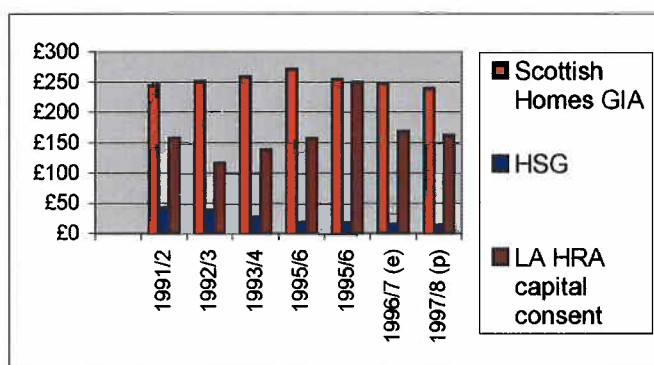
¹⁹² Many still received HSG for subsidy to hostels for homeless people.

¹⁹³ The HRA could only contain income and expenditure on council rented stock.

¹⁹⁴ Housing Benefit is an income subsidy payable to tenants, administered by local authorities. In Scotland 95% of the costs of HB are financed direct to local authorities by central government – DSS (now Dept of Work and Pensions) – outside the Scottish block. Data on local incidence of HB is weak.

voluntary sector in the form of subsidy, rather than consent to borrow. This was a key component of the funding framework for small-scale transfers. Scottish Homes' resources were considerable relative to those of all the Scottish local authorities taken together and its preferential resource position was among the contested and resented aspects of its existence. Taking 1989/90 as an example, programmed Grant-In-Aid (GIA) (for housing association development) amounted to £229m.¹⁹⁵ In later years, as shown in Figure 39, GIA was to remain steadily ahead of councils' capital borrowing consent (HRA) except in 1995/6 when council borrowing consent increased to accommodate housing acquisitions from the New Towns:

Figure 39: Scottish Housing Expenditure By Central Government And Local Government (£million)



Source: Scottish Office (1997b): converted to constant values as at 2001 prices

Thus, while appearing to offer more subsidy (per the Information Paper), the effect of government action was to cut it back steadily. Former Minister Ancram was sanguine, even enthusiastic, about reducing general subsidy to councils at that time since in his view most tenants did not need assistance. He and his colleagues had succeeded in reducing central and local subsidies to council housing, leaving the Scottish Office to redistribute the 'savings'.¹⁹⁶ Similarly, a senior civil servant pointed out that the Scottish Office had used various 'wheezes' in the past using alternately net and gross measures while RTB receipts were rising: this had helped divert resources to health and other council budgets.¹⁹⁷ The Treasury was unaware of the impact, and did not claw resources back until several years later when it became concerned about Ministers 'going native'.¹⁹⁸ Redeployment of resources previously available for council housing elsewhere within the Scottish block grant was evidently politically instigated and quietly administered without being open to debate.

¹⁹⁵ £229m represented 57% of the total Approved Development Programme ADP of £385m including private borrowing Scottish Homes, 1989.

¹⁹⁶ Interview with Michael Ancram, MP 1998.

¹⁹⁷ Interview with Harold Mills, 1998.

¹⁹⁸ Interview with Michael Ancram, MP 1998.

Development Funding: Scottish Homes' Powers, Systems, Resources

Scottish Homes was the source of complementary guidance, resources and regulation affecting regeneration by associations purchasing council stock. It inherited extensive powers from its predecessor (HCiS) to fund associations using Housing Association Grant, run on a separate basis from England from 1989.¹⁹⁹ Moreover as a regulator, Scottish Homes could register and supervise housing associations (to which the next section returns). Its fluctuating objectives included contributing to tenure diversification and improving the quality of Scottish housing and its management (Scottish Homes, 1992b). Overall funding came from government through GIA, supplemented with sales receipts from 1990/1 (Robertson, 1992; Robertson, 2001).²⁰⁰ Receipts became more significant and problematic as later sections will show.

While Scottish Homes' resources were considerable,²⁰¹ tracking their flow was and remains unnecessarily difficult: many of the dimensions changed in structure and terminology incrementally between 1989 and 1997 and output reporting was weak. Many factors were among aspects of policy reviewed in Chapter Two dealing with implementation and power. These include: roles and responsibilities in organisational structures; visible and invisible champions; vertical and horizontal interdependence of networks; the structure of the programme and competition for priority; decision-making about the level of resources overall, their distribution and use, affecting subsidy rates and private funding leverage; communication and compliance in implementation; knowledge about and capacity to act on trend/performance information; the distinction between 'programmes' (i.e. plans and targets) and outturn. These are central questions in this thesis, establishing who made decisions, who took action and who was thus in control.

Resource Allocation - Whose Decision?

The size of Scottish Homes programme overall (though less than 5% of the Scottish budget) had to be a Ministerial decision since GIA was voted expenditure (Scottish Office, 1997b).²⁰²

¹⁹⁹ *Scottish Homes increasingly referred to leverage rather than HAG targets as it balanced different forms of subsidy of which HAG was only one - albeit the largest. Following the creation of Scottish Homes separating HCiS from Housing Corporation in London, increasingly separate arrangements were emerging regarding housing association funding north and south of the border. The terminology remained the same until 1996 when the English grant was renamed. Structural changes in 1988 affected procedures for calculating HAG across the UK, arising from financial reforms designed to increase the private funding contribution. The pressure would have to produce more output for less public money everywhere, but by different means. Scottish Homes had an array of other less numerically significant funding instruments for other providers. Where HAG was in excess of 90% at the start, it was set to fall though not as fast as in England at the same time.*

²⁰⁰ *In addition, rental income covered costs of managing Scottish Homes' own stock. GIA also covered corporate costs.*

²⁰¹ *Relevant documents include annual Programme Announcements, Annual Reports and occasional Investment Bulletins. Few show trend information or outturn against programme. The data analysed below are based on data supplied in June 2002 by Scottish Homes' successor, Communities Scotland and converted to constant values (see Appendix Six).*

²⁰² <http://www.scotland.gov.uk/library2/doc14/iij-00.asp>

The ADP was usually announced publicly in April of each year for the year ahead, though notified three months in advance with forward commitments indicated at the same level two years ahead (Scottish Homes programme announcements - successive years). It was mainly distributed via housing associations for development spending. While glossy programme announcements showed the Minister setting the overall amount, the headings of expenditure and the priority attached to each, senior staff accounts differed about the balance of responsibility and discretion for the distribution of Scottish Homes' funds. According to the Finance Director,²⁰³ decisions about resource distribution were made by Development staff. However the senior Development Manager claimed that the Scottish Office 'called the shots': the Minister decided the allocation and overall priorities while staff in local offices merely gave project approval to particular projects.²⁰⁴ An official report showed that Scottish Homes had to submit proposed expenditure plans by February each year for the following financial year 'for Ministerial approval' (SODD 1996c: 29). The Department could then monitor monthly returns of cash spent, copies of Board papers and mid-year requests to vire expenditure between programme headings, 'noting' programme variations. In spite of the bland conclusion that performance was 'generally good', the report reveals a lack of departmental confidence in its knowledge and control of the agency's activities. Scottish Homes was

...not formally required to seek the Department's approval when it wished to change budgets... in practice changes of this nature are notified... [in future] it is recommended that any changes... should require Departmental approval.

Source: SODD, 1996c: 30

Proposed targets were also submitted by Scottish Homes 'for ministerial approval' although after seven years [sic] of Scottish Homes' existence, the Scottish Office noted that targets should in future be submitted at the same time as the programme, so that Ministers could be 'aware of proposed outputs when approving the inputs' (SODD, 1996c: 30).

Decisions affecting local projects were made by local staff determined within overall subsidy allocations and by the subsidy or leverage target (which varied over time and according to the type of project and area). Targets included leverage and the level of income from receipts (RTB and increasingly LSVT). The spending divisions (notably development) depended on these, as figures later will show. Programme announcements showed explicit targets for bringing down subsidy rates and increasing the contribution of private finance to housing investment – i.e. 'leverage'.²⁰⁵ Chapter Seven showed how negotiations with the Treasury before 1987 allowed the private borrowing element in housing association capital programmes not to count against government borrowing. This had an important impact on leverage thinking as an array of instruments with varying levels of subsidy could attract

²⁰³ Interview with John Breslin, 1998.

²⁰⁴ Interview with Jim Hastie 1998.

²⁰⁵ See footnote 199.

private funding to a greater or lesser extent. Later sections show the effect of these targets on different projects and areas.

Although the Conservatives had a reputation for cutting housing funding, the manager responsible for Scottish Homes Development Division for most of the period was staunch and vocal in crediting Conservative Ministers' generosity in the late 1980s and early 1990s (while contrasting them to Forsyth and to Labour post 1997):

We need to be fair to the Tories and Lord James especially. ... The credibility of Tory government went when he left, if you analyse the facts and the results, you could see what Lord James actually did. HAG did not go down. He pushed HAG to Community Ownership. HCiS grant had never gone above £150m in Scotland, but development-funding rose to £300m and one year peaked at £325m under Lord James. Community Ownership got a regular £30m a year and it benefited estates right across urban Scotland to do regeneration. Housing was given gradual increases in funding - it was important to plan it sensitively and be able to rely on it coming.

Later

Community Ownership was evaluated far too quickly, but it expanded with 15 new registrations in the first couple of years, just look at growth in resources. ... 1988 - 95 was in my view the most sensible gradualist acceleration of well-thought through programmes and new drives for estate regeneration: Lord James and Rifkind saw transfer as a part of that. It was not a thing to sing and dance round table about with councils, though... Besides, Rifkind endorsed model of 50% public tenure in estates, so he was not anti council housing as such.

Interview Hastie, 1998

These quotes provide evidence of the pragmatic and stealthy accommodation of Ministers to what implementing officials were able to deliver on the ground. The manager's reiterated emphasis also indicates the importance of ministerial support (visible championship – Kingdon, 1995) to the person responsible for development resources and the loyalty of the invisible entrepreneur to a Minister acknowledged to be easy to ridicule because of his rather ponderous style in public policy debates. Lord James Douglas Hamilton was considered by many interviewees to be 'very friendly to housing associations' though also a man who was fond of 'funny little schemes like restoring empty houses above shops'.²⁰⁶ The Development Manager reported that he was 'personally happier with the content of policy then than now [1998] or under Robertson ... [who was] the worst housing minister ever'.²⁰⁷

Arguably the accommodation and sponsorship achieved with the earlier Minister had evaporated on Robertson's appointment in 1995. While this senior official recognised the

²⁰⁶ Interview with John Breslin, 1998.

²⁰⁷ Interview with Jim Hastie 1998.

previous minister's contribution, it could be argued that the allocation decisions were as much the Development Manager's as they were the Minister's. At the very least, he concurred with the agenda and was thus a compliant official. Though, as one of his deputies commented about other changes affecting the structure of the development programme, 'Jim [Hastie] must have been a fan, otherwise it would not have happened'.²⁰⁸ In other words, what this official did not like did not materialise. Arguably, it suited his interests for ministerial decisions to prioritise housing funding via HClS and later Scottish Homes.²⁰⁹ This points all the more clearly to the Development Manager as an invisible champion (Kingdon, 1995). More widely, the pattern of decisions suggests a high degree of vertical interdependence (Rhodes, 1997) though not necessarily compliance of implementing officials (Sabatier, 1986) given later Scottish Office concern about lack of transparency.

Resource Distribution Priorities: Types of Project

Scottish Homes' first Strategic Investment Plan had announced the new structure and priorities of the Approved Development Programme (ADP). It envisaged support to 20 new and existing bodies, to deal with refurbishment of 70% of the 1,500 houses reported to have been acquired by associations from councils between October 1987 and 1989.²¹⁰ It envisaged a similar rate of acquisition of council property in future 'with a corresponding increase in investment' (Scottish Homes, 1989: 4). HClS funds went on area renewal or special needs between 1986/7 – 1988/9 with some new additional resources to support Community Ownership (Robertson, 1992). In addition to the Traditional Programme inherited from HClS, new headings received further significant funding in 1989/90.

The new programme headings were listed in the following order of priority with Community Ownership (coloured gold in the charts) listed third:

- Partnership Areas via New Life for Urban Scotland;²¹¹
- Low cost home ownership;
- Community Ownership;
- New Powers;
- Traditional Rented Programme;
- Own stock.

Source: Scottish Homes, 1989a

Spending was to be distributed as shown in Figure 40, though the data are planned / intended rather than outturn. The Community Ownership and Partnership share of funding grew fairly steadily throughout the early years to 1992/3 along with other new categories, at

²⁰⁸ Personal communication with development staff in the course of establishing Scottish Homes' use of development resources over the 1990s.

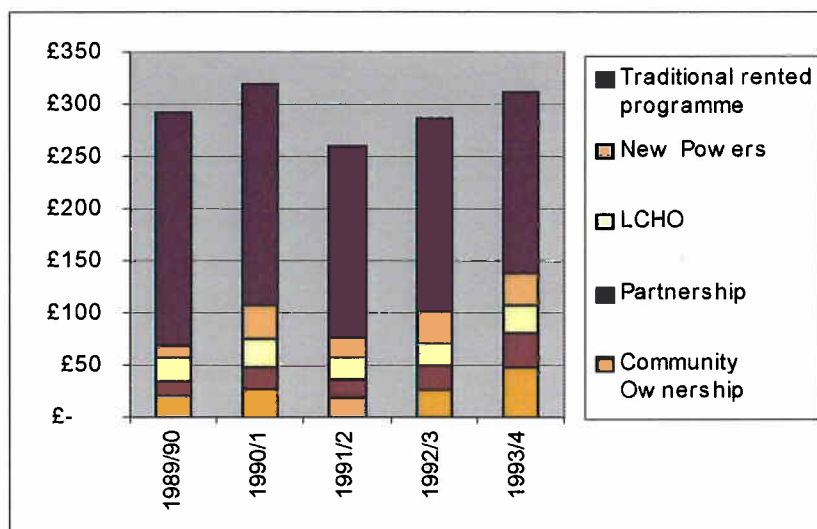
²⁰⁹ See Chapters Nine and Ten about the development of the Glasgow community ownership proposals. The Development Manager was also closely involved in these.

²¹⁰ Data in Chapter Six show more than 2,500 houses having been acquired over the two years in question.

²¹¹ There were 4 major urban centres: Castlemilk, Glasgow; Wester Hailes, Edinburgh; Ferguslie Park, Paisley; Whitfield, Dundee. The sponsoring department for New Life was IDS under Minister Allan Stewart.

the expense of the 'Traditional Programme'.²¹² Though the bulk of resources went on housing association developments for rent, Ministers were reported to like the emphasis on home-ownership.²¹³ This was to prove significant in interpreting 'leverage'.

Figure 40: Scottish Homes ADP: Distribution of Development Spending 1989/90 - 1992/3 (£ million)



Source: Robertson 1992, adjusted to 2001 values

The structure of the new ADP was soon reviewed, arguably to introduce greater rationality into annual expenditure and to 'target resources more closely on needs' (Scottish Homes, 1989b; 15). A change of expenditure categories eventually materialised in 1992, after lengthy negotiations (Scottish Homes, 1992c). This may have resulted from organisational restructuring, following a change of Chief Executive in 1991. The new structure based on a first tier functional division,²¹⁴ was designed to improve consistency, strategic direction and management of the various functions. For example, the role of Initiatives was to conduct disposals to bring in receipts while the task of spending the programme fell to Development.

The new ADP structure showed more clearly what kind of areas and types of suppliers were to benefit from investment. None of the new spending categories referred to transfer as such, nor to community ownership.

²¹² The Traditional Programme declined in value although its beneficiaries had been promised in 1986/7 that resources for former council housing refurbishment would not compromise existing commitments (Robertson, 1990). It ceased to absorb all spending from 1985/6. Its share fell from 82% in 1989/90 and 72% in 1988/9.

²¹³ Interviews with Breslin and Hastie, 1998.

²¹⁴ Scottish Homes' first structure was based on geographical divisions (North, East, West, Central) to create opportunities for flexibility and innovation at the local scale. In 1992 a functional structure was brought in to achieve consistency between areas and to allow staff to specialise in particular areas of work – such as development funding.

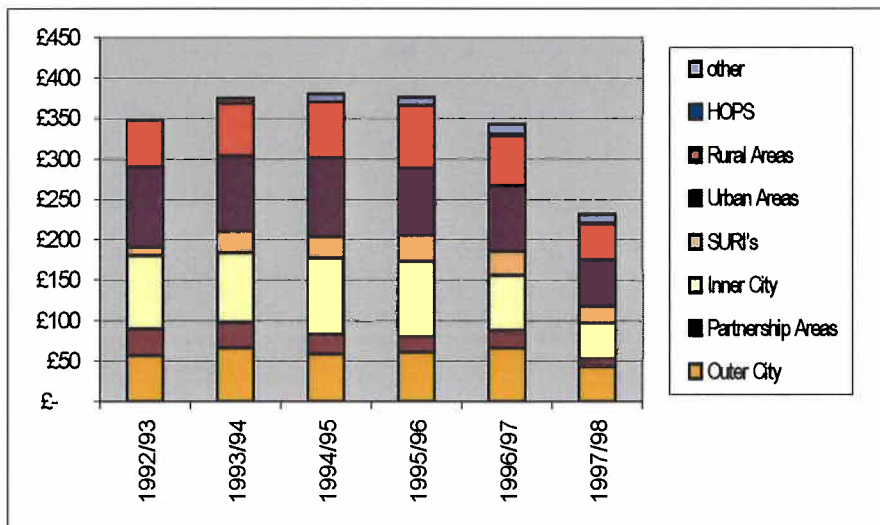
According to the new breakdown, relevant categories were referred to as Partnership Areas, Outer City, SURIs, which comprised approximately 24% of all spending 1992-7:

- Partnership Areas: as above
- Inner City
- Outer City: this effectively replaced Community Ownership – also coloured gold
- SURIs (small urban regeneration initiatives)
- Urban Areas
- Rural Areas
- New Towns
- Various other

Source Scottish Homes, 1992c

The post-1992 annual programme exceeded £300 million in real terms for five years (1993/4 - 1995/6 (incl)) with a steep fall a year later. Figure 41 shows the distribution.

Figure 41: Scottish Homes ADP: Distribution of Development Spending (Outturn) 1992/3 – 1997/8 (£ million)



Source: Communities Scotland, 2002 adjusted to 2001 values

Resources allocated to Partnership declined steadily over time, befitting a time-limited programme. Spending on SURIs and Outer City spending held up relatively well, arguably protected while other spend categories bore the brunt of cuts after 1996. The restrained tone of the 1996/7 programme announcement showed protection of funding to the Outer City, maintained just below 1995/6 levels:

.... This recognises a critical stage of regeneration reached by the network of housing associations and co-operatives established in Glasgow, Edinburgh and Dundee and the landbank [sic] of unimproved stock hit by the 1996 freeze.

Scottish Homes 1996: 8

Presumably the freeze referred to ice rather than funding and refers to tenanted, former council stock.

While the structure of the ADP remained constant after 1992, revealing the breakdown of funding beneficiaries over time, comparison before and after 1992 is problematic because the categories were different. It could be argued that this was designed to make it harder for others to monitor trends and would have the merit of breaking producer attachment to particular parts of the programme.

Balancing Subsidy, Private Funding and Competition: Whose Decisions?

Subsidy for refurbishing former council housing was administered as part of Scottish Homes' normal development funding role (inherited from HCiS). As before, associations had to be registered and had to demonstrate feasibility and produce cost plans before receiving subsidy but the terms on which HAG was available changed incrementally (More, 1993). Subsidy levels and grant rates started off higher in Scotland than in England²¹⁵ and resulted in a less steep decline because Scottish Homes was allowed to achieve overall leverage through a mixture of schemes with different subsidy rates.²¹⁶ Other types of projects received subsidy but at much lower rates,²¹⁷ with the result that HAG-funded projects remained generously subsidised, especially in the Glasgow area (Table 27).

Table 27: Scottish Homes Regional HAG (%) Targets: 1989/90 –1999/0

Scottish Homes region (1)	Glasgow & North Clyde	Lothian Borders & Forth Valley	North & East	South West	Average for year	Overall leverage target
1989/90	71					N/a
1990/1	71					N/a
1991/2	71					N/a
1992/3	91	59	73	92	79	N/k
1993/4	93	81	87	91	88	66
1994/5	94	71	65	88	80	63
1995/6	90	75	51	88	76	60
1996/7	92	48	59	85	71	56
1997/8	86	79	59	80	76	N/k
1998/9	79	58	60	78	69	N/k
1999/0	72	58	44	65	60	N/k
Average	83	67	65	80	74	

Source: research database, 2001: (1) though these figures were used as the basis for the database, they use the post 1997 definition of a region following Scottish Homes' third restructuring in nine years.

District staff were instructed to work on the basis of local HAG targets from 1992/3, although differentiated targets were not *publicised* for another four years (in 1996/7).²¹⁸ Areas varied

²¹⁵ See footnote 199.

²¹⁶ HAG rates dropped from 95% to 75% in Scotland compared with 90% to 45% in England (More, 1993; Harriott and Matthews, 1998). Ministers supporting owner occupation were happy to acquiesce in spending being used for that purpose.

²¹⁷ For example Low Cost Home Ownership.

²¹⁸ Interview with Hastie, 1998.

significantly in terms of priorities, amounts and type of spend and – as the table shows – subsidy rate. Managers' performance was assessed on their ability to meet these targets which might have had an incentive effect on project decision-making. Even in 2002, however, available outturn data did not reveal what leverage was actually achieved.

Management of the differential between leverage and HAG left huge discretion in the hands of Scottish Homes development personnel. The gap between the highest HAG rate and the leverage rate for the year is pronounced and Table 27 shows Glasgow and the South West enjoying much higher rates of HAG than Dundee and Lothians. This may reflect the outcome of internal competition for control of resources (Robertson, 2001), though it may also have had an incentive effect on decision-making by some councils to undertake partial disposals to access this generous subsidy.

Though overall leverage targets were set by the Scottish Office, government tended to endorse Scottish Homes' recommendations, without active ministerial intervention or direction before 1996 (SODD, 1996c). Yet the 1996/7 programme announcement pointed to the HAG targets as the most challenging ever:²¹⁹ where they had stood at 77% in 1993/4, they were targeted to fall to 68% by 1996/7. Figures in Table 27 suggest higher HAG targets being circulated internally in some areas. The text of that announcement betrayed restrained protest at the rupture in established practice, curbing the bureaucrats' freedom.

Moreover area programmes suggested very different local priorities, as though two sets of policies were running in parallel.²²⁰ Where Highland and South West Scotland emphasised rural housing and community care, urban teams prioritised estate regeneration. The total Outer City programme was £43m in 1995/6, of which Glasgow was to take £34m with Lothian, Tayside and Highland sharing the rest. Small town renewal (SURIs) took £22m, mainly on Clydeside (£11m) and Lanarkshire, with a little in Tayside and Ayrshire. It has not been possible to establish definitively how these distribution decisions were reached.

Who Knew and Controlled Programme Outturn?

It has been unnecessarily difficult to establish definitively Scottish Homes' use of these resources over the period. Information was not structured to allow consistent monitoring by others before and after 1992/3, perhaps deliberately. While programme plans were published annually, outturn data was seldom published and annual announcements showed single year figures with slightly different measures from year to year.

²¹⁹ *Scottish Homes programme announcement 1996/7 - published April 1996.*

²²⁰ *There were seven districts between 1992/3 and 1996/7. Glasgow, Tayside, Clydeside, Highlands, Islands, South West, Lothian and Borders, Lanarkshire. Each programme announcement after 1992 showed plans and priorities for the year ahead with a breakdown of the programme by type of project.*

The departmental review even suggested

... it would improve consistency if Scottish Homes profiled its planned performance by quarter and showed actual performance against plan.

SODD, 1996c: 30

Having funded Community Ownership, Scottish Homes was unable to quantify how much it had invested, for what output in terms of number of registrations or number of tenants affected. In 1998, Scottish Homes Performance Unit was asked to confirm spending on council stock transfer. Staff could only estimate spending between 1989/90 and 1996/7 (Taylor, 1998a) without being able and/or willing to make breakdown available by type, age or location of housing or unit costs.²²¹ The differences in available figures are marked, with clear implications for assessing policy outputs. Scottish Homes' inability to produce such data until recently reveals the difficulty of monitoring spending. A Scottish Office Review of Scottish Homes' performance cited programme input figures rather than outturn, and inaccurately. It was unable to point to evidence for its conclusion that 'private sector leverage was achieved across a range of grant regimes' and that 'from 1989/90 to 1993/4 Scottish Homes has generally performed well' (SODD, 1996c: 24). Although Scottish Homes received considerable funding, the performance review by the sponsoring Department (SOEnD / SDD) revealed limited knowledge of and control over its agency's activities.

The researcher was only able to access outturn figures in 2002, several years after the operation of the policy and under a different government. Data showed that regeneration of former council housing was an important strand in each of these programme categories though total spend in these areas included more than transfer. While spending overall fell after 1996/7, the categories supporting effective transfer subsidy may have been protected. A comparison with the database reported in Chapter Six indicates data capture of as little as 40% of spending on estate regeneration in former council estates, with the gap between the two sources widening over time. The differential may reflect changes in definitions or in policy. This may mean that not all grant spending on 'transfer' was captured for the researcher's database, and policy or definitions may have been changing during this time towards demolition of empty council housing and replacement new building by associations, replacing rehabilitation of tenanted properties. Such expenditure was not placed on the database.

Chapter Six showed per unit grant falling after reaching up to £70,000 per unit.²²² An anecdote may help to explain why per house expenditure started to fall, revealing policy by

²²¹ The request was to support an article commissioned by Scottish Homes for publication by Scottish Homes about its own spending. It showed spending of £381 million (current values). Analysis of outturn data (Outer City, Partnership and SURIs) now shows spending closer to £839 million adjusted (89/90 – 97/8), compared with £220 million in the same period.

²²² Interview with Hastie, 1998

accident (Kingdon, 1995).²²³ A research report to Scottish Homes claimed unfair HAG distribution favouring Glasgow (More, 1993). In response, the Board requested internal trend analysis in 1994 and 1995. Board members picked up on one case among a range of actual approvals, showing a Community Ownership project in Drumchapel costing £76,000. Although it turned out this could be justified on grounds of remodelling needs, the 'damage' was done and the message stuck that Community Ownership was expensive. This may have impacted on resource allocation, as well as registration thinking (to which we return).

Within rules governing HAG, the administration arrangements left huge discretion and project control with implementing officials. Although Scottish Homes resources were clearly made available to support small scale council transfers from 1988/9, there were no published estimates of the scale of the demand for renewal of council housing, nor any published proposals of the resources required and over what timescale. There were no targets for acquisition, improvement or demolition, nor any anticipation or assessment of the magnitude of the problem of debt rising relative to value. Yet the Development Manager was able to recite from memory the annual amounts and breakdown years later (see quotes above). Arguably, since it was his programme, the less others knew, the easier it would have been to maintain control over action without argument or scrutiny. This points to further evidence of the invisible entrepreneur at work and, as the next section shows, an agency with incentives to recycle its own transfer receipts into investment.

Depending On Transfer Receipts

The experience of small-scale council stock transfer was to 'inform Scottish Homes' strategy for its own stock' (Scottish Homes, 1989b: 3), but arguably not in the way that materialised. Figure 42 shows the pattern of spending of the development programme to date, with clear growth in the total programme (shown in navy/ red) and rising actual receipts (shown in blue/ green) running at 22% of the total programme value overall.²²⁴ The pink broken line reflects the assumed amount of GIA from the Scottish Office, calculated from the other two. We can now see assumed GIA rising steadily until 1994/5. Receipts were still rising when GIA was cut. The further fall in GIA in 1996/7 reflected a ministerial decision, for the first time, to use receipts entirely for debt redemption, holding the GIA at the same level (Scottish Homes, 1996e). Having expected two years' warning of changes to programme funding, development interests within Scottish Homes were appalled at the 1996 cuts:

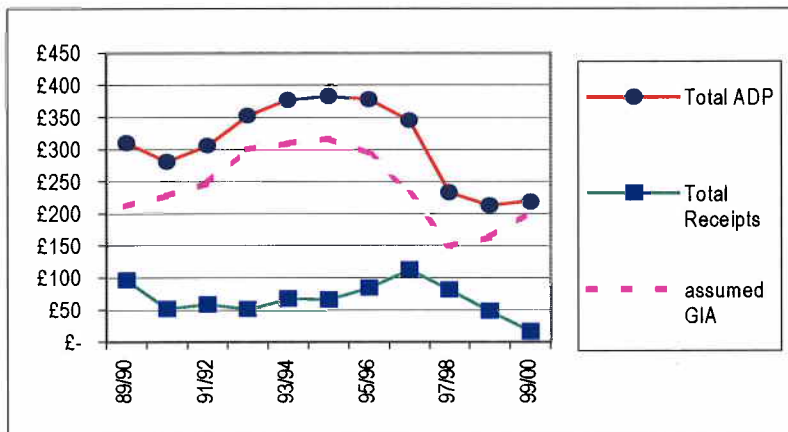
The tragedy was when Forsyth came in. ... housing and regeneration fell off the agenda when Lord James left. The focus moved to education and law and order and the cut in Scottish Homes' budget is there for all to see the year after Forsyth took over.

Interview Hastie, 1998

²²³ Personal communication with development staff (2002) in the course of establishing Scottish Homes use of development resources over the 1990s.

²²⁴ Outturn data supplied in 2002 by Communities Scotland – not previously published. A later section comments on access to data by the Scottish Office.

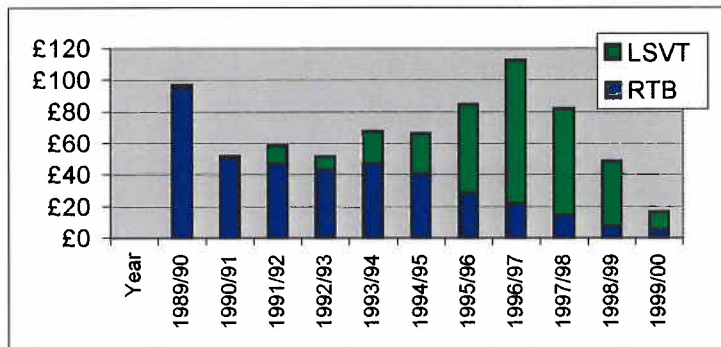
Figure 42: Scottish Homes Resources 1989/90 – 1999/0 £Million



Source: Communities Scotland, 2002: adjusted to constant values at 2001

Development spending grew until 1995/6 as gross receipts were rising, but Figure 43 shows the increasing importance of Scottish Homes own stock transfer ('LSVT') to investment as RTB share of receipts declined.

Figure 43: Value And Source Of Receipts To Scottish Homes £Million



Source: Communities Scotland, 2002: adjusted to constant values at 2001.

This serves to confirm that Scottish Homes' own disposal programme was never very far away from policy-making. This part of the account reveals the perverse and contradictory implications of rule-changing by different departments of the Scottish Office, by no means rational policy-making. It could be argued that bureaucrats were making 'policy on the hoof'. A retired civil servant (who had claimed previous wheezes with net and gross measures) was asked about resources for council transfers. He was sanguine about juggling between budgets in the early 1990s:

We had enough when we started but [later] there was not nearly enough and a backlog of transferred stock started to pile up. Later things became complicated by the insolvency of Scottish Homes as a result of selling its own stock. This hit the Scottish block and there was not enough to go

around given other pressures like health where there were real increases in commitments. So any cuts had to come from discretionary programmes including housing, and especially capital programmes.

Interview Mills 1998

Even though they are not the primary focus here, a detour into Scottish Homes and New Town transfers is required as these affected the atmosphere and expectations surrounding local authority transfers, especially around the mid-1990s.

New Town Wind-Up: Leaky Decision-Making

Chapter Seven has already referred to the legal requirement for New Town wind-up from around 1992. This created a chain reaction: while councils were being encouraged to sell their stock to associations (SDD, 1988), Scottish Homes sold its stock to associations, but not to councils (Taylor, 1999a). Meanwhile the timetable for statutory wind-up of the New Town Development Corporations became entangled with local government reorganisation (Muirhead, 1997). Allan Stewart (Minister responsible for New Towns, Industry and Local Government) eventually conceded in February 1994 that local authorities could bid for rented housing in the Scottish New Towns (Goodlad and Scott, 1996). His decision followed a concerted campaign waged by a coalition of New Town tenants, councils (prospective buyers) and opposition MPs - to allow councils to bid for New Town stock. Decisions would ultimately be subject to majority ballot and councils reaching a minimum / reserve price (Muirhead, 1997). In May that year, the timetable for winding up the New Towns was brought forward to 1996, arguably to suit the timetable for local government reform (Muirhead, 1997): Allan Stewart was responsible for both programmes.

Tenant ballots were held in a climate of controversy, expensive consultation, competition and abortive business planning, with three sets of ballots in summer 1996 (Muirhead, 1997) after the new unitary authorities had taken over. In all five towns, the majority of tenants voted in favour of their local authority.²²⁵ As a result, Muirhead concludes that between 1994 and 1996 (thus increasingly close to a General Election), New Towns transferred more houses to five local authorities,²²⁶ than local authorities elsewhere transferred to housing associations in total from 1985/6. He further concluded that although government had considerable control over the situation, policy aims were not achieved. Drawing on Hogwood and Gunn (1984), Muirhead catalogued implementation failure, including extensive chains and networks, too many intervening variables, insufficient time, poor use of resources, lack of agreement about objectives and poor process. Such plentiful policy deficit could only spill over.

²²⁵ Two housing associations won ballots: Almond in Livingston and Irvine in Irvine.

²²⁶ Cumbernauld (North Lanarkshire), Kirkcaldy (Fife), West Lothian, Cunninghame (North Ayrshire); East Kilbride (South Lanarkshire). Names of unitary councils are shown in brackets. The total number of houses affected was approaching 30,000 though late RTB sales reduced the stock actually transferred. In some cases associations bought newly built housing prior to occupation and others experimented with trickle transfers. In one ballot area in Cumbernauld, the council did not offer enough and the stock defaulted to Scottish Homes and issues remained unresolved in autumn 2001.

As Figure 39 indicated earlier, councils borrowing consent increased at that time to accommodate the acquisition of New Town stock. The fall-out was very significant politically and financially. A senior civil servant from SDD (not IDS) was almost intemperate in claiming that allowing the New Towns to sell to local authorities was

...a disaster - one of the worst things to happen to Scottish housing. It cost us £200m and the opportunity for a positive PSBR effect was lost.

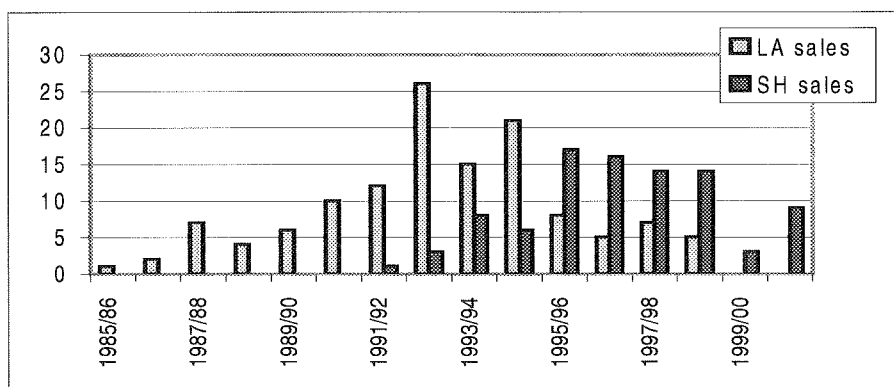
Interview Mills, 1998

New Town housing disposals were referred to as 'housing stock transfer', though this both confused and complicated matters, with different understandings of 'stock transfer' leaking from the New Towns to Scottish Homes and to local authorities. The fall-out was to generate demand for Scottish Homes' tenants also to be able to 'transfer' to their local authority, arguably the very opposite of what government intended. New Town disposals fundamentally affected the wider political climate surrounding 'transfer' in the two years preceding the General Election in 1997.

Wider Environment for Generating Receipts

Many factors may have affected Scottish Homes' transfers including leakage from the New Town climb-down and positive pro-council majorities. While Scottish Homes enjoyed an expanded GIA to fund new associations to take over council stock, it was also promoting voluntary disposal of its own rented stock (Scottish Homes 1992; Taylor 1999; Robertson 2001). Figure 44 shows Scottish Homes transactions increasing as local authority numbers declined.²²⁷

Figure 44: Numbers Of Stock Transfer Transactions By Scottish Local Authorities And By Scottish Homes



Source: research database 2001

In the absence of any statutory requirement to dispose, Scottish Homes was 'diversifying' its stock to other landlords 'at a pace with which tenants were comfortable' (Scottish Homes,

²²⁷ There were 51 transactions, affecting 23,579 tenants / homes bringing in receipts of £188 million. The average price of £7,990 per house (adjusted) is in line with English whole stock transfer valuations at the time.

1992a: 18). Transfer was emphasised in each successive strategic plan (two in one year, 1992). From 1992, a dedicated staff group²²⁸ promoted disposal within rules provided in a manual (Scottish Homes, 1992a; Scottish Homes, 1997c). Analysis of the documentation surrounding the approval of their transfers²²⁹ suggested that staff enjoyed considerable discretion in determining terms of transfer, even though the framework appeared to be very tightly prescribed. Ballots were the norm and increasingly in the run-up to 1997, it became harder to win ballots as the failure rate increased in spite of strong strategic pressure to deliver receipts (Robertson, 2001).

As a rule, transfer was without subsidy (Scottish Homes, 1994) which meant that the acquisition had to be funded entirely by borrowing, usually private. By 1998, the basis of valuations in housing was changing in response to the first disposal to Waverley²³⁰ (NAO, 1994; CPA, 1994) and in view of emerging practice in England (DoE, 1993). Scottish Homes' Director of Development claimed that the Waverley controversy put a 'real dampener' on stock transfer generally and brought about a more elaborate process of information and decision-making than he thought necessary. Changes brought in

...a visible series of checks and balances. Lord James had to change the approach in the Scottish Office to make sure checks and balances were there and working. He came under a lot of pressure from the Opposition on this issue. The mechanics slowed down the approach to privately funded transfers.

Interview Hastie 1998

The policy framework was consolidated in a series of local strategy statements aimed at tenants and prospective bidders (Scottish Homes, 1993-5). The pace of transfer by Scottish Homes increased steadily over the period from 1992 producing acute growth in gross transfer receipts. In spite of internal opposition to transfer,²³¹ receipts for transfers were starting to flow and were needed to bolster the ADP.

²²⁸ The responsible department was called the Initiatives Unit, in the 'Operations' Division from 1992.

²²⁹ Analysis was undertaken as part of the preparation of a database on transfer in Scotland for the Scottish Executive. See Appendix Six.

²³⁰ See footnote 161. While Waverley was being set up, there was a protracted correspondence between Scottish Office and Scottish Homes officials about how to handle the gap between the historic book debt and the value of the stock to be disposed: interview, Breslin 1998. The Scottish Office argued that HAG should be used to plug the gap, but Waverley could not receive HAG as it was not a registered housing association. The eventual decision to accept a lower value and a different valuation system set a precedent for all subsequent transfers by Scottish Homes.

²³¹ Interview Breslin, 1998.

Development interests within the agency had very one particularly powerful advocate.²³² Though the Development Manager saw 'tenure transfer' as a distraction from regeneration, he acknowledged that

Scottish Homes wanted to diversify ownership and management in line with modern Social Democratic thinking. ... and hijacked private funding issues for transfer because it needed to do something about funding its own stock.

Interview Hastie, 1998.

However receipts represented a source of income to his programme since (as the previous section showed) the ADP depended heavily and increasingly on receipts. This shows the underlying problem of rules concerning public spending and borrowing constraining scope for action even for powerful actors, producing unintended consequences.

Strategic Importance of Receipts: A Double-Edged Sword

While delegating more authority to Scottish Homes regarding its own transfers, reflecting the strategic importance attached to delivering receipts, the Scottish Office also acknowledged that

Consideration would need to be given to the long term funding of the development programme before Scottish Homes meets its strategic objectives of disposing of the remainder of its stock. The position regarding capital debt also needs to be considered given that capital receipts are not currently used to pay outstanding debt on housing which is sold.

Source: SODD, 1996c: 20

The Scottish Office had already needed to bale out SSHA in 1986 (SODD, 1985) and Scottish Homes as early as 1992 (SODD, 1996c: 41) yet the 'arrangements' for including receipts from house sales 'as an element in overall resources' was shown to be 'well established'.

Through such arrangements tight targets can be set for receipts from RTB and stock transfer which can act as an incentive to effective processing.

Source: SODD, 1996c: 20

Such complacency is not easily explained. Scottish Office behaviour could be interpreted as leaving the Treasury to pick up the pieces. Perhaps mischief over receipts could be blamed on others, a case of policy managers preferring not to know what was going on in their name (Brunsson, 1989). Equally it could reveal the Scottish Office putting on a brave

²³² Hastie (see Chapter 7: Table 1) was cited by a range of different respondents as well-connected and pivotal: in galvanising tenants to form new associations, securing Ministerial support for resources, persuading Board members, spending budgets and influencing people. Though rather coy about the significance of his own role, he acknowledged his contacts ranged widely though he preferred not to front ideas in the community as his entire demeanour would diminish the credibility of his ideas about regeneration 19 (which reinforces his potential status as an invisible champion (Kingdon, 1995).

face after being rumbled. In acknowledging that within 18 months its agency could be 'technically insolvent' (page 40), the Scottish Office report defensively highlighted the importance of receipts²³³ to the ADP (page 37). There were three options, one of which included repaying outstanding debt from the receipts, but it was merely noted that these options would be kept 'under constant review'.

The text of the report provides a clue to the opaque internal pressures between the agency and its paymaster about where the money was coming from. It also shows clearly that at the highest level from at least October 1995 (when deliberations on the report ended), the government was aware of impending financial pressure. Yet Forsyth and Robertson (who came to office in July 1995) agreed to a further year's spending of Scottish Homes' receipts in April 1996 (for 1996/7), the same year in which they cut GIA and in which stock transfer guidance to local authorities was issued, just as the new councils finally took over. This underlines 1995 and 1996 as critical years, not just because of ministerial personnel changes.

By 1996, the spillover of controversy affecting various aspects of New Town and Scottish Homes transfers served to make 'stock transfer' in general highly contentious.²³⁴ The term 'stock transfer' started to convey more ideological than pragmatic connotations to the advocates of council housing. Although senior staff were credited with recognising the benefits of transfer, the wider political climate was far from conducive to local authority managers raising the possibility of transfer with councillors or with tenants, had they wished to do so. A civil servant recognised that managers might even resist placing transfer on the agenda, as

... it would have betrayed ideologically impure thoughts.

Interview Ewing, 1998.

Many interviewees at the centre regarded ideological *resistance* (from councils) as a powerful obstacle to larger scale transfers, though without recognising the council or tenants' perception of the government's proposals as ideologically challenging.

In any case, local government reform presented more pressing concerns (as shown in Chapter Seven) and as the Tories lost ground nationally, increasingly there was a feeling that at a future general election, the Labour white knights would win and 'save the day'. Even the former Minister (Robertson) claimed a sense of impending election defeat in

²³³ The report claims receipts were running at 25% though outturn for the year shows receipts representing 41% of GIA in that same year – a bumper year - bringing in £112m.

²³⁴ Public Accounts Committee enquiry into Waverley (the first transfer) (1994); National Audit Office investigation into Waverley (1994); a Scottish Grand Committee debate (February 1996); media coverage in press, radio and television current and consumer affairs; an increasing number of ballots with majority votes against transfer; a vociferous, if often ill-informed resistance campaign from tenants through the Freedom of Choice campaign, supported by local authorities and certain opposition MPs (Labour and SNP).

1995/6.²³⁵ By 1995, the benefits of small-scale transfer were waning as funding declined, the political atmosphere became more tense and criticism increasingly hit new small landlords registered by HCiS / Scottish Homes. These changes emphasise the absence of a stable climate (Sabatier, 1986).

Registration of New Landlords

Scottish Homes inherited the HCiS role of issuing advice to tenants forming steering groups to become prospective landlords, containing criteria which had to be satisfied before registration could be recommended to the Board. Procedures were inherited to the letter from the predecessor body Housing Corporation until a formal review in 1994 effectively changed the basis of registration.²³⁶ Until 1988, registration and supervision (R&S) staff had reported directly to the London-based board of the Housing Corporation whereas their development colleagues reported to a Scottish committee. HCiS development staff prepared groups for registration: the anecdote at the time was that they formed co-ops around people standing at bus stops.²³⁷ Though almost certainly apocryphal, this notion is emblematic of the informal, pragmatic bottom-up spirit in which co-op development was tackled literally at street level.

Applications were tightly controlled initially. Senior civil servants and Ministers were involved in early registration applications liaising with staff and the Chair of HC Scottish Board because of the significance of the new initiative.

There were lots of registrations: even before the pilot was over [in 1989] we knew there would be more to follow.

Interview Hastie, 1998

HCiS created a manual, but it eventually proved 'too cumbersome'.²³⁸ Most new registrations went through without demur; some applications were 'deferred for further development' though they could have been turned down outright²³⁶. According to Miller, registration got harder once Scottish Homes was established. Paradoxically, this tightening was due to *increased* local interest: while the Housing Corporation Board in London had only two people from Scotland, Scottish Homes' entire board was local, even including some former co-operative members and former Housing Minister, Ancram, who for a time took an active interest in the subcommittee for registrations.²³⁹

²³⁵ Interview, Robertson 1998.

²³⁶ Interview Miller, 1998.

²³⁷ Interviews with Hastie, Smith, Bryden, McLeish 1998.

²³⁸ Interview with Miller, 1998, manager in charge of registration between 1986 and 1988.

²³⁹ Interview with Rendle, 1998, manager in charge of registration after 1988.

Emerging Problems

Problems only emerged later.²⁴⁰ It was Scottish Homes' Board, rather than the Housing Corporation, which reined in new registrations and prompted mergers. Management and viability problems were already surfacing among small associations from 1991 onwards and it was becoming increasingly difficult to register new associations with confidence. Miller and Rendle both reflected that the difficulties were related largely to size and could have been foreseen, but were not. The fact that the money might run out was evidently not anticipated though with hindsight such small bodies were bound to run into problems. However at the time, everyone expected the money to continue to flow and the co-ops were expected to get bigger'.²⁴¹

Moreover the workload of registration and monitoring staff had increased significantly²⁴² (SODD, 1996c) without commensurate increases in funding. Greater competition for funding, lower HAG targets and pressure on the ADP from 1995/6, contributed to reduction of support for new registrations. Over the years, the climate became less tolerant of high cost schemes for rent, which had been the basis of planning assumptions for many of the transfer schemes now owned by small associations in former council estates. As a result, by 1997 Scottish Homes reported that over half of all associations in Scotland were unable to break even on development (Scottish Homes, 1998b).

Staff interviewees in Glasgow, Dundee and Motherwell revealed ground level awareness of increasing pressure even in 1994.²⁴³ The tightening rate of public subsidy to increase private finance leverage meant that acquiring landlords were perceived to need reserves to contribute to the regeneration schemes targeted for transfer.²⁴⁴ Small, new bodies could not make such a contribution and were inherently more dependent on public subsidy. Though reserves were not previously required, external pressures were changing the financial environment for decision-making about resources and registrations.

Registration criteria were already being interpreted more stringently a year before formal review. Tenants were being encouraged from as early as 1992, to agree to transfers to existing bodies.²⁴³ Had transfer been instigated merely months later in 1994, disposals would have been to larger, established local associations rather than newly created bodies. However the *formal* criteria for registration only changed in 1994 following consultation about Scottish Homes' relationship with housing associations (Scottish Homes, 1995b). This was to promote greater self-reliance, more competition and better value for money, coinciding with changes to accounting standards, not dissimilar but also not identical to

²⁴⁰ *Some Community- based housing associations got into difficulties over membership and staffing: R&S staff worked hard to maintain a positive public profile for associations to avoid any wider adverse fall-out.*

²⁴¹ *Interview Miller 1998.*

²⁴² *222 associations were registered in Scotland with almost 55,000 houses at April 1993 – barely 3% of the nation's housing stock (Scottish Homes, 1994). Yet this represented a 38% increase from 1989.*

²⁴³ *Interviews Mulholland, Forbes, Anderson, 1998.*

²⁴⁴ *This proved to be the case in the English ERCF transfers a few years later.*

changes in England (Malpass, 2000). The consultation proposed linking development funding to performance and a grading system designed to increase financial institutions' confidence and comfort in lending to associations (SODD, 1996c). Arguably these changes were primarily about satisfying lenders of the robustness of the regulatory regime in respect of Scottish Homes' own stock disposals.²⁴⁵

Consolidating Practice

Registration systems changed very little between 1989 and 1997: revisions were policy statements backed with earlier draconian powers.²⁴⁶ In this sense, the change of rules shown in the documents was a less formal consolidation of emerging Scottish Homes' practice. By contrast, the 1996 Act in England changed the legal framework of regulation by the Housing Corporation. Crucially however, standards and expectations changed.²⁴⁷ Performance expectations increased the annual burden of planning and reporting, hitting small associations hardest though most associations protested that the requirements were excessive.

While new registrations in the late 1980s and early 1990s were mainly council stock transfer recipients (SFHA Federation Focus – various; Scottish Homes Annual reports various), new registrations from 1994 show a sharp decline²⁴⁸ (Scottish Homes, 1997a). As the bureaucrat controlling the later registration valve, Rendle argued that this merely coincided with a reduction in development funding. He had never been aware of any future 'pipeline' of transfers from his development funding colleagues. This indicates a lack of co-ordination between the different interests in Scottish Homes about the registration and organisational implications of the community ownership 'programme', even though they were inextricably connected.

Arguably the will to channel development funds to new small organisations was 'known' not to be sustainable but more powerful advocates and alliances at the political and administrative levels effectively won the argument. Formal written policy changes agreed by the Board in 1994/5 were presaged by the behaviour of registration and development personnel. Here too, the rules merely consolidated emerging patterns of decision and action.

The decision to curb registrations of new bodies certainly preceded the decision to cut the ADP taken (winter 1995/6) by Raymond Robertson under Secretary of State, Michael

²⁴⁵ *These were fully financed by private borrowing though this had become difficult to establish, as lenders were wary of government proposals for funding housing associations. Many respondents commented on this including civil servants, Ministers and Finance staff.*

²⁴⁶ *Such powers included appointment of new committee members or - in extremis - take-over of the associations' undertakings.*

²⁴⁷ *Standards (the basis for future monitoring) were overhauled in a joint exercise with the representative body (SFHA) in 1993/4, suggesting insider involvement or incorporation of the representative body.*

²⁴⁸ *Other than to support Scottish Homes own transfers.*

Forsyth.²⁴⁹ Tighter registration was foreseen at the time small-scale transfers were introduced but resource cuts were not anticipated. Forsyth and Robertson were reviled for taking harsh spending decisions,²⁵⁰ whereas the groundwork and basis for these decisions had already been laid due to the actions of budget maximisers inside Scottish Homes. Arguably, Ministers inherited a plethora of problems, not least of which was reorganisation. They retrieved the negative consequences of previous political and administrative negligence by visible and invisible champions.

Pushing Whole Stock Transfer on to Council Agendas

New draft procedures for council stock transfer were issued in Scotland in May 1996 (SODD, 1996a), within 12 months of the new Minister's appointment and only one month after the new councils took over. By May 1996, Scottish housing policy was diverging from policy in England, Scottish Homes transfers were well under way,²⁵¹ some New Town ballots were complete and others pending, the Berwickshire transfer was complete and the ADP had been cut. Moreover, a General Election lay a year ahead. There were thus many crippling constraints in the wider environment.

Guidelines had been available for some time to a handful of councils actively considering transfer²⁵² but on a confidential basis as circulation was severely restricted. There was no consultation about the draft with authorities as a whole, nor with the professional body and tenants' organisations, though agreement on objectives would have been unlikely in the climate surrounding reorganisation and other transfers. Commenting on the prior lack of guidance, Ferguson reported the Scottish Office view that there was 'no need':

... as no LSVT has taken place there has been no need to develop guidance to cover issues such as the deployment of receipts.

Bramley *et al*, 1993: 24

The Draft Guidance fundamentally changed the basis of Scottish council transfers. It overturned most previous local authority practice in terms of scale, purpose, characteristics, funding and arrangements for tenant advice and information. Indeed the only constant element was the requirement to demonstrate that a majority of tenants was not opposed (SODD, 1996a). The Guidance acknowledged both the small scale of activity and the previous regeneration focus of council transfers in Scotland. It referred also to Scottish Homes' experience though the New Towns were not mentioned.

²⁴⁹ Robertson was Minister for Housing Fisheries, Sport and Education appointed in July 1995, with no prior ministerial experience.

²⁵⁰ Interview Hastie, 1998.

²⁵¹ According to the database over 14,000 houses had been transferred in 35 transactions across Scotland.

²⁵² Personal communication and interviews: Ewing, Jones, Smith, 1998. Consulted authorities included Berwickshire and Wigtown.

Arguments advanced for transfer (emphasising whole) were based on three factors:

- a) tenant satisfaction (referring to English government funded research);
- b) increased investment from the private sector, for improving existing conditions and prospects of new construction;
- c) opportunity to focus on the enabling role.

Strategic Option Appraisal guidance had been issued by the Scottish Office in 1993, but local authorities were not *required* to pursue this approach to resource planning. Option Appraisal would not have been a priority for many councils preceding reorganisation. Councils were not expected to collect information about transfer or plan programmes themselves until 1996.²⁵³ Councils were now invited to develop a future stock strategy and incorporate it into their annual capital planning discussion with government, though it is not evident that the Scottish Office itself took a strategic approach, as we shall see shortly. Councils were asked to consult the Scottish Office about proposals affecting more than 1,000 houses (rather than the previous figure of 5,000), even though many new unitary landlords were now much bigger than their district predecessors.

Meanwhile in England, the DoE in London had by 1996 issued waves of guidance, following consultation and research,²⁵⁴ clarifying and refining the terms on which council housing could be transferred to the voluntary sector to allow faster implementation, minimising reinvention of the wheel at the local scale. ERCF funding had been made available and limited legislation had been introduced by government changing some of the terms affecting transfer in England²⁵⁵ (Mullen in Cowan and Marsh, 2001; Malpass, 2000) yet with no equivalent in Scotland. Legislation in 1996 allowed Local Housing Companies to be established within a revised regulatory framework as alternatives to housing associations (Zitron, 1997; Malpass, 2000).

Robertson liked what he had heard in England about local housing companies:²⁵⁶ he saw them as offering private investment potential, releasing public funds for other things. At this time, the only private investment avenues open to him were for housing, not for other matters in his portfolio such as education.²⁶¹ Robertson maintained in 1998 that his officials advised him against pushing for local housing companies in Scotland. He thought his

²⁵³ An annual voluntary return on house sales (S3) was adapted in 1993 to show Tenant's Choice and 'other sales'. Authorities were expected to record addresses, numbers, whether the stock was on the HRA and the level of receipt, as well the name of the buyer.

²⁵⁴ Preliminary guidance came out in 1988, revised guidance in 1993 following consultation, research on completed transfers commissioned and published (1992 and 1995), revised guidance issued annually from 1995.

²⁵⁵ Leasehold Reform, Housing and Urban Development Act 1993 introduced the notion of an annual programme of consents and a levy to offset Housing Benefit spending. The Housing Act changed the governance arrangements and introduced the term RSL to include Local Housing Companies (see Chapter Four).

²⁵⁶ The LHC was a new organisational vehicle designed to break the mould of housing associations, by making the transfer recipient more acceptable to local authorities (see Chapter Four). It became strongly associated with ERCF funding in England and thus with partial regeneration transfers though this was not how the Scottish Minister viewed it.

officials were too 'thick with' housing associations and viewed their advice with suspicion but could achieve nothing. Though the Housing Act 1996 provided for a revised regulatory framework in England, Scotland's arrangements were not touched. In the end, the Minister's ideas for local housing companies were left as *options* in the 1996 draft.

Process Complexity and Organisational Priorities

An array of implementation problems (Chapter Two: Table 1) reveal that the Scottish Office did not know or understand what they were introducing with the 1996 guidance, though there were some crude carrots and sticks, with inadvertently more of the latter. With almost 50 pages of unfamiliar instructions and concepts, the draft Guidance conceded that 'negotiating stock transfer is an intensive, time-consuming and complex process' (SODDa, 1996: 3). A flow chart was therefore provided to show what needed to be done (see Chapter Four) at least showing tasks specified in the correct sequence (Hogwood and Gunn, 1984). Scottish Office staff support was offered to assist in developing proposals. Still, a flow chart and advertised complexity were hardly selling points given the timing in relation to reorganisation.²⁵⁷

Moreover council managers were faced with extensive preparations for Compulsory Competitive Tendering (CCT) of housing management services, deferred beyond the English councils' timetable, precisely due to reorganisation (Taylor, 1998b). In this respect, by releasing councils from requirements to prepare for CCT if they pursued stock transfer, (SODD, 1996a: parag 80) the Guidance dangled a weedy carrot just out of councils' reach. Authorities wishing to avoid CCT entirely would have had to countenance whole (rather than partial) stock transfer - an excessive ideological shift for most. If a case study of Clackmannanshire has any value beyond itself, political acceptability of transfer to a LHC was low in the year before a General Election (Thirkettle, 1996: 48). The notion that new staff and councils might prioritise an ideologically unwelcome policy of a dying government was rather fanciful.

Knowledge / Understanding of Value and Debt

The guidance proposed new ideas about valuation, expertise in financial management, business planning and risk management in borrowing. There was no reference to subsidy, instead councils were encouraged to access computer-based financial models, supporting new valuation methods.²⁵⁸ The section on funding opened with the simple statement that an

...acquiring landlord is responsible for raising from the private sector the necessary funds for transfer.

Source: SODD 1996a:23

²⁵⁷ See Chapter Seven: in the aftermath of reorganisation, some councils did not even know how many houses they owned nor where up to 18 months after the event, due to poor information systems and staff movement/turnover. Moreover the SODD was barely in a position to assist with only 2.5 staff working in the relevant section.

²⁵⁸ See Chapter Four.

Most councils responded to a survey²⁵⁹ (for this study) enquiring about their response to the guidance, the valuation model and capital constraints (below). Within nine months of the guidance being issued, only three had examined the model for themselves, though some were interested in illustrative modelling for their authority, available from the researcher (Taylor, 1997). Most showed valuation falling short of historic debt.²⁶⁰ In 1996 government had no information on possible valuations relative to debt in Scotland. Indeed, valuation estimates of Scottish councils' stock were only commissioned four months after the publication of Draft Guidance. The commission sought to address the value of partial transfers covering different stock types and conditions in three sample authorities. A confidential report by consultants to the Scottish Office revealed a substantial shortfall, only made public after the General Election (Anderson, 1997).

Robertson had neither ministerial nor housing experience. First elected in 1992, he had a very small window of opportunity to make a mark, unless re-elected. With experience and information from the floor of the House of Commons, his transfer sources and contacts were mainly English.²⁶¹ On this basis he thought that transfer automatically produced a receipt and surplus though by 1998 he knew this was not necessarily valid in Scotland.²⁶² The former Minister remembered being acutely conscious of needing to be careful with stock transfers, in view of *English* experience. With prompting, he recalled that this involved increased Housing Benefit costs, although he was not aware at the time that these problems did not apply in Scotland, due to different legislation and financial structures affecting local authorities in Scotland and England. He had only become aware of differences several months after taking office, and critically after failing to use his early days for what he saw as a vital opportunity to push hard on local authorities to transfer their stock.²⁶¹ That perception was not shared by most other respondents.

Robertson confirmed that he 'inherited the debt problem' though his predecessor had not been unduly concerned about it. In 'getting on top of his brief', Robertson had asked questions about certain expenditure flows in housing. Civil servants' answers revealed revenue subsidy (HSG) to three rural authorities with unusually high debts and a general discussion of councils' debt. However, officials advised that to calculate the value of stock in relation to debt would have been 'too difficult' and in any case, only a few authorities – such

²⁵⁹ The survey was conducted in January 1997, nine months into the financial year. See Appendix Five.

²⁶⁰ By September 1996, claims of significant potential receipts were circulating without foundation, prompting the researcher to make some estimates, subject to many assumptions with political implications. Calculations by the researcher were made public at a professional conference (Taylor, 1997). They showed only five authorities in Scotland with a positive valuation and close to covering their outstanding debt, by very small margins. Even with significant rent increases the number of authorities generating a net receipt was small, without delivering significant investment, which would have been the intended rationale for transfer. See also footnote 265.

²⁶¹ Interview Robertson 1998. Robertson was MP for a constituency in Aberdeen where there had been no council, New Town or Scottish Homes transfers by 1995, although Tenant's Choice had been used on Scottish Homes stock in Aberdeen without controversy about ballots as decision-making was individual.

²⁶² Berwickshire had produced a small surplus receipt of less than £1 million (less than 10% of the value). This contrasts with the evidence in Chapter Five, which showed that by that time surpluses for English authorities were running at double the value of the stock.

as Glasgow - would incur a shortfall.²⁶³ Though Scottish Office Ministers were dependent on civil service advice, in this case it was without proper foundation in its competence.²⁶⁴ During 1996, civil servants floated the possibility of being able to make a one-off payment of £180 million to the HSG recipients only, by 'commuting' the debt, in other words absorbing it into general government borrowing. This would have been at Treasury expense without affecting the Scottish Block, while releasing £19 million annual revenue subsidy for other purposes. Council officials and civil servants exchanged correspondence without making progress by May 1997.²⁶⁵

Target Receipts and Debt Repayment: Sticks to Challenge Non-Decision-Making?

Setting target receipts was one of the Minister's claims to success. Explicit transfer targets would focus minds in the new councils.²⁶⁶ In December 1995 authorities were, as usual, notified of their capital allocation for the coming year, consisting of borrowing consent based on an assumed level of receipts, with a breakdown now showing explicit assumptions of receipts from stock transfer and land sales. In their first year, 1996/7, the new unitary councils were expected to generate extra receipts, use part of the receipt for debt redemption (below), while maintaining capital investment in the stock. This proved to be a perverse mixture of incentives, without government control of the relevant levers.

While setting the target was easy, achieving it was not. The transfer receipts target was £17 million. A Parliamentary written answer showed a nil receipt from stock transfer for every Scottish council, whereas each had at least some RTB sales receipts and land sales though reduced from previous years.²⁶⁷ Correspondingly, borrowing fell, eliciting howls of protest. Where Chapter Six shows receipts of £14 million in 1995/6 (with Berwickshire accounting for almost 95%), seven transactions in 1996/7 (of which six were in Glasgow) produced receipts of only £3 million against a target of £17 million.

The annual borrowing consent announcement in December 1996, was also an opportunity to require local councils to use part of their capital receipt to redeem outstanding debt. Following signals to this effect in a St Andrew's Day speech by the Secretary of State, a

²⁶³ Interview Ewing 1998.

²⁶⁴ Modelling by Anderson, 1998; CoSLA / Scottish Homes, 1998 showed that the debt shortfall was of the order of at least £2 billion across Scotland affecting most authorities. This was based on conservative assumptions about future income and expenditure. This knowledge was not available to most central or local government personnel until early 1997, other than via the researcher. Any council seeking to establish this information would have had to incur considerable costs in commissioning stock surveys and valuations.

²⁶⁵ In England, similar efforts were made in relation to the authorities (especially in London) in receipt of subsidy (other than for Housing Benefit). This issue was of considerable interest to HSG authorities and especially to officials in Shetland (personal communication). The general problem was only resolved in September 2001 though no resolution had been found for the Shetland case even by October 2002 after investment of considerable time and effort through the NHP programme.

²⁶⁶ Interview with Ewing 1998.

²⁶⁷ Parliamentary Question no. 10697: January 1997 – half year data to October 1996. RTB receipts to councils overall had been running at an average of £250 million annually between 1988/9 and 1994/5 (PQ 813 March 1997). Unpublished Shelter figures in January 1997 indicated that by the year end receipts overall would be running at barely 50% of government estimates, while RTB sales would be down (38%) to £113 million, land sales would be down by 74% and stock transfer would still produce a nil receipt.

letter to council Chief Executives stipulated 25% of capital receipts to be used for debt redemption. This was to rise to 50% and 75% in later years, further squeezing resources available to local authorities for investment and constraining councils' housing finances.

A survey for this study produced responses from 24 out of 32 councils, of which seven indicated general or specific plans for transfer (Table 28). The general commitments included plans for the following year (Shetland, Argyll and Bute, East Lothian, Stirling). Specific plans usually referred to pockets of low demand or poor quality stock in need of investment (Edinburgh, North Lanarkshire, Dumfries and Galloway). While Angus was opposed to transfer, it was willing to demolish council housing for land sales. If the targets were meant to have an incentive effect, they did not succeed as the remaining authorities indicated it was 'not policy' or they had 'no plans' to transfer, or did not answer the questions. Forcing agenda-setting was not an evident success.

Ministers deliberately squeezed councils, instructing actions in the full knowledge of the potentially detrimental effects on short-term investment. It would be important to achieve higher investment in housing long term but not from public funding, given competing demands (from health and education) on limited Scottish Office resources. According to the Minister, the long-term pay-off of more housing investment would have to come from private sources via LSVT. A civil servant confirmed that while targets were not expected to achieve anything that year, their short-term merit lay in increasing the chances of specific discussion of transfers in councils when the borrowing consent was notified to the relevant council committee. He alleged that even previously sympathetic council officials had not put transfers on the agenda, as this was an item which might create difficulties for them. The new council officials were seen as concerned not to give the impression that they were pushing transfer in case it was construed as them 'feathering their own nests'.²⁶⁸ There had been allegations of that sort leaking from the English experience (Gardiner, 1991). Ewing recognised that whole stock transfer had been more of a top-down approach, but not a very successful one, partly because the Scottish Office could not 'crack the financial problems' surrounding debt for an important handful of cases.

By 1996, the potential incentive effect of targets was eclipsed and attempts to counter non-decision-making by councils had little or no effect. The ideological objectives of transfer were not shared and there was little attempt to engage with opponents. Instead, action was taken to constrain them as a means of forcing change. There was a lack of resources and positive incentives, partly through civil servants' failure to grasp the nature of the problem and identify a solution,²⁶⁹ though the Conservatives almost certainly would not have welcomed the implications of a debt shortfall.

²⁶⁸ Interview Ewing, 1998.

²⁶⁹ Interview Jones, Findlay, 1998.

Table 28: Scottish Local Authorities – Responses to Target Transfer Receipts

Name of authority	Stock Transfer target £m	% of total receipts target	Response to government policy (guidance and targets)	Subsequent action (Scottish Parliament, 2000) ²⁷⁰
Aberdeen	1.1	7%		Whole stock option appraisal from 1997
Angus	0.3	8%	Policy of clearing sites and selling empty – not transfer	Ministerial consent for one transaction 1997/8
Argyll and Bute	0.2	6%	All sales vacant land to date. Planning to sell off 1930s housing	Whole stock option appraisal from 1999
Clackmannanshire	0.2	6%		Whole stock option appraisal from 1998
Dumfries & Galloway	0.5	7%	400 planned: in need of £5m investment	Ministerial consent for one transaction 1999
Dundee	0.8	13%	No plans	Whole stock option appraisal from 1997
E Ayrshire	0.7	12%	No plans	
E Lothian	0.4	9%	Stock option appraisal planned for 1997/8	Whole stock option appraisal from 1997
East Renfrewshire	0.2	13%		Partial stock option appraisal from 1997
Edinburgh	1.2	9%	1,500 houses in low demand in Niddrie: need £30m. Expect £0.8m receipt in 1998	Partial stock option appraisal from 1997
Falkirk	0.8	10%	Under discussion	No bid for NHP
Fife	1.4	8%	Allowing £1m provisionally next year but no specific plans	Partial stock option appraisal from 1997
Highland	0.7	7%	No specific plans	Whole stock option appraisal from 1998
Midlothian	0.3	10%	No plans	
North Ayrshire	0.6	12%	Not policy to transfer	
North Lanarkshire	1.9	10%	641 units planned. Built 60s in low demand	Ministerial consent for one transaction 1998
Perth & Kinross	0.4	9%		
Scottish Borders	0.3	8%		Whole stock option appraisal from 1998
Shetland	0.1	6%	2400 (all) houses for 99/00: complex debt issues to be resolved	Whole stock option appraisal from 1998
South Lanarkshire	1.4	8%		
Stirling	0.3	7%	Committed to examine in 1997	Whole stock option appraisal from 1998
West Dunbartonshire	0.5	12%		
West Lothian	0.5	8%		
Western Isles			No plans	Whole stock option appraisal from 1998

Source: survey of councils January 1997. NB no councils reported receipts

²⁷⁰ One of the earliest actions of the New Labour government was to use additional CSR resources to establish the conditions and value of the stock. Most authorities bid for resources.

Evidence here indicated that Ministers not only depended on civil service advice (Midwinter *et al*, 1991), but arguably to the extent that they legitimised civil service action. Ministers' ideas were frequently bypassed;²⁷¹ officials were anxious not to disrupt the politically negotiated order incorporating producer networks (such as Scottish Homes and SFHA).²⁷² Robertson was not amenable to accommodating previous practices and alliances and challenged the *status quo* as an outsider, but even he could not get past his own officials. The compliance of implementing officials thus could not be taken for granted. Though less quiescent Ministers post-1995 found officials challenging, in housing circles it was the politicians who were seen to have exacerbated matters. Crucially the Scottish Office overall did not adequately understand factors affecting their own policy ambitions and the impact of the wider policy environment: reorganisation caused disruption, with consequences for time and organisational resources critical to implementation. Moreover the government had poor credibility and faced defeat in the impending election. Councils thought they could sit transfers out, not anticipating more of the same after the election.

Conclusions

Critical junctures in Scottish transfer practice were only partly due to the timing of General Elections and not particularly to the timing of legislation. Different problems were identified and solutions found at various stages. In 1986, the problem for councils was shrinking resources with creative solutions being found to exploit government resource preferences. By allocating resources, Ministers had the opportunity to pursue their ideological goals and address management scale and quality in some housing estates. Early decision-making provided the Housing Corporation with resources to encourage councils to transfer stock, as Ministers exercised powers (already in place) to constrain councils' finances. The incentive mechanisms existed already, only the resources were new. The intended framework in 1988 for using receipts was intrinsically flawed and ultimately contradictory because, overall, government wanted public borrowing reduced. Ultimately debt due to recycled receipts came to be seen as the problem in 1995.

The early 'policy' of transfer was not trumpeted or advertised and operated more by stealth, using resource incentives. Such resources were critical to partial transfer in Scotland, though not overtly promoted in documentation. Responsibility (and/or credit) for resources lay with the mutually convenient alliance of Ministers and bureaucrats between 1987 and 1995. While Ministers approved the gross amount of grant to Scottish Homes, they acquiesced in its distribution based on decisions made and actions taken by quango bureaucrats within a loose framework of priorities, within which leverage was key. Leverage was a radical and creative departure from previous Scottish and contemporary English practice. Bureaucrats were able to exploit ministerial preferences for owner-occupation,

²⁷¹ Interview Lee, 1998.

²⁷² Interview Robertson, 1998.

providing solutions to problems the bureaucrats wanted to solve while using internal resource distribution mechanisms to protect subsidy to preferred projects.²⁷³ This provides classic evidence of invisible entrepreneurs assisting visible champions.

Latent conflict about small-scale transfers was defused by stealthy resource incentives, contrasting sharply with covert and overt conflict over Scottish Homes and New Town transfers respectively, especially from 1991/2. Scottish Homes early secretive approach to circumvent transfer opposition backfired with the Waverley controversy, later compounded by New Town experience. Legislation requiring New Town wind-up and promoting independent landlords as the new owners, overturned councils' inheritance expectations. Frustration produced direct public confrontation as incompatible stances were adopted by government and an alliance of opponents. In eventually conceding to councils the chance to become landlords, Ministers undermined their colleagues' housing policy ambitions, with adverse political and financial fall-out for the government's overall objectives. However, Scottish Homes in turn could not back off from transfer out of the public sector because receipts from private funding were needed by budget maximisers in Scottish Homes to satisfy other criteria including leverage. By 1995/6, this pressure led to overt conflict using a war of words very often in the glare of publicity, very different from the stealth and secrecy of the original approach and in the end producing failed ballots. Transfer practice by Scottish Homes and the New Towns also created financial problems, initially ignored, but later undermining availability of resources which had been critically important to partial transfer in Scotland. Stealth was not the hallmark here.

Though political personnel changes in the July 1995 reshuffle appear responsible for removing resource incentives (subsidy), this is not the sole explanation. Government had already politely highlighted opaque decision-making about resources and lack of Scottish Office control of Scottish Homes' operations. Scottish Office Ministers were formally responsible for resource allocation but they did not have adequate output information and only limited control over inputs and targets. A nominally congratulatory report signalled dangers in the informality of practices, highlighting mounting concern about Scottish Homes' potential insolvency. Such practices were waiting to be reined in by July 1995. Regulation of new landlords also played a more significant role than has been credited in the past, initially supporting and later constraining small-scale transfer. Potential problems were overlooked initially in the interests of promoting ideas which visible champions preferred. Various factors contributed to the consolidation of practice emerging from the early 1990s, leading to tighter control of registration. Factors included emerging problems in small organisations, personnel changes and ultimately lender concerns about the regulatory framework, arising from Scottish Homes' own disposals. Regulatory changes created impediments for sustaining community ownership.

²⁷³ *By contrast, in the ERCF programme in England there were formal policy targets for partial transfer subsidy, administered by the government department itself.*

The year 1995 was thus a critical date primarily because of the convergence of regulatory, financial and political pressure, preceding significant political personnel changes. Pressure on public resources was resisted outwith ministerial circles as ideological and even agency officials reviled the new ministerial team, arguably for challenging established producer interests. Yet hard decisions about resources were overdue – mainly about Scottish block spending priorities, housing debt and receipts. Dry outsiders, with a different and radical ethos, actively and publicly promoted a policy of transfer and sought to change aspects of the rules. They stopped short of promoting legislation, but changed less formal rules, tightening constraints on councils already in organisational disarray. If the changes were designed to produce transfer, they were flawed technically and politically. Civil servants did not understand how the technical pieces of the jigsaw fitted together, in spite of their continuity and experience. Not only was there little co-ordination with colleagues in England, there was little evidence of technical or political co-ordination with colleagues within the Scottish Office. Neither Ministers nor civil servants had an effective solution to the problems of debt which they had highlighted and neither anticipated the knock-on consequences of wider policies on large-scale transfer. Moreover timing was poor because of the climate of confrontation surrounding transfer, reorganisation chaos in councils and an impending election. This study reveals little evidence of rational or strategic policy-making by government in terms of targets, resources, implementation and monitoring.

Different ministerial preferences were exploited by budget maximisers in Scottish Homes with support from civil servants in the Scottish Office. Ancram's interest in targeting shrinking public expenditure to bolster communities and experimentation, allowed pilot schemes to get off the ground, though ultimately his ideas proved unsustainable organisationally and financially in a more stringent economic climate. Lord James was friendly and accessible but easily exploited over leverage rates, to satisfy his interest in owner-occupation schemes of marginal consequence. While resources were relatively plentiful under his jurisdiction, the invisible champions quietly and stealthily achieved community ownership in heartlands of latent opposition in urban Scotland, producing partial transfers. By contrast, Robertson challenged vested interests, cutting public spending to increase private funding for social housing. No transfers were achieved by virtue of his confrontation, shattering cosy alliances and even provoking vitriolic responses from the budget maximisers. Arguably, problems had built up before he came to office. He merely *took* hard decisions, prioritising other programmes. However, the radical minister lacked invisible champions, resources and understanding. He could not obtain compliance from his officials or councils, which were prepared to suspend decision-making to the end.

Overt conflict about transfer elsewhere was ultimately counter-productive to the government's later objectives for whole transfer. Diversionary tactics with judicious use of resources allowed potential conflict to remain suppressed. This chapter shows the importance of government resources in facilitating transfer, from a top-down perspective. However it does not confirm transfer policy as linear, top down or rational. In examining

local action through case studies, Chapters Nine and Ten examine the process and power relations to establish the extent to which resources and other factors were important at the local scale in suppressing latent conflict between central government and its opponents over stances about council housing.

Chapter Nine

Local Actors: Pressures and Motives

Examining action at the local scale can reveal the impact of resources and other factors on decision-making and action. A case study approach brought forward information and views about the way in which five different councils approached the issue of stock transfer. These included partial, grant-funded transfer by three Labour-controlled councils at different stages; one whole transfer; and an example of aborted transfer or non-transfer, in spite of two efforts to establish initiatives.²⁷⁴ Both of the latter involved councils under Conservative control between 1992 and 1995. Where the data in Chapter Six referred to the five areas under the name of the unitary authority post-1996, Chapters Nine and Ten refer to Motherwell and Berwickshire rather than North Lanarkshire and Scottish Borders. In the latter case, this is required in order to distinguish the old district council from the shadow unitary council.²⁷⁵ In addition, North Lanarkshire council had four predecessor district councils but only one (Motherwell) was the focus of qualitative examination.²⁷⁶

The rationale for the selection of case studies was outlined in Chapter Three along with a discussion of the issues involved in interviewing key actors. While the case studies are not intended to be representative, and are consciously probabilistic in approach, they satisfy the criteria for the 'disciplined-configurative' type, by virtue of systematic data collection and analysis. This should mean that they have nomothetic value, i.e. beyond the cases themselves. This approach brought out the basis of temporal and spatial differences and similarities in stock transfer. The case study material primarily supports this and the following chapter and both are supported by Appendix Ten, which summarises the scale and timing of action in each case.

Qualitative data for the case studies was gathered primarily by means of semi-structured interviews with actors at the local and national level. Appendix Four contains a schedule of interviewees showing their names and profiles organised by role type: councillors, senior staff (seller), tenants and buyer staff. The interviews were semi-structured, using a common schedule of questions. Reference is also made to primary documents such as feasibility studies, information to tenants, newsletters, local strategies and published sources (where available). Table 29 shows the interviewees to which the chapter refers.

²⁷⁴ Reference to completed and aborted transfers avoids 'success' or otherwise as this would imply some form of evaluation of the outcome which is not the purpose of the exercise.

²⁷⁵ Its successor Scottish Borders – as a shadow council - sought to obstruct the Berwickshire transfer at the eleventh hour in August 1995. NB Glasgow, Dundee and Stirling became unitary authorities.

²⁷⁶ The four were Motherwell, Monklands, Cumbernauld and Kilsyth, and Strathkelvin (part). North Lanarkshire was one of the few councils to conduct transfers (without subsidy) shortly after 1997 as a result of preparation immediately following reorganisation.

Table 29: Interviewees' Capacity and Reference Points

Name	Role type	Buyer name (HA)	Referring to seller(s) / area(s)
Anderson	Buyer (staff)	Rutherglen	Glasgow
Dhir		Southdeen	Glasgow
Forbes		Ormiston	Dundee
Jones		Berwicks	Berwicks
Mulholland		Forgewood	Motherwell
McDermott		Stirling	Stirling
Crookston		Blairtummock	Glasgow
Bryden	Buyer (tenant/ member)	Southdeen	Glasgow
Muir		Forgewood	Motherwell
McLeish, Mulligan		Blairtummock	Glasgow
Comley	Seller (staff)		Glasgow
Rodgers			Glasgow
Breslin			Glasgow
Rowbotham			Dundee
Whitefield			Motherwell
Wiseman	Seller (elected members)		Glasgow
Dyer			Glasgow
Luke			Dundee
Harding, Scott			Stirling
McLaughlin			Motherwell
Findlay			Berwicks
Mills	Central / various²⁷⁷		Glasgow, Dundee
Ewing			Berwicks and others
Ancram			Glasgow
Robertson			Berwicks and others
Hastie			Glasgow
Miller			Various
Rendle			Various inc Berwicks
Lee			Various
Smith			Glasgow, Berwicks and others

Source: qualitative interviews, 1998.

This chapter reports in turn on the origins, imperatives and rationales for each of the five (prospective) sellers in Glasgow, Dundee, Motherwell, Berwickshire and Stirling. It also sets the scene for each of the five councils. It is complemented by a further chapter which examines the key actors in each area, their stances, action and capacity, and sources of opposition, prior to exploring the role of networks and other mechanisms for accommodating others' stances. This chapter refers back to the specialist policy literature whereas Chapter Ten draws on policy theory. The chapter is organised by the five seller areas before moving on to a more abstract discussion of the themes raised by the case studies.

²⁷⁷ See Chapter Seven for details.

Origins, Imperatives and Rationales

*Glasgow*²⁷⁸

The junction between central and local policy-making in Glasgow merits detailed attention as this is arguably where transfer started. At the time, no one wanted to claim responsibility for the development of proposals (Smith, 1986) and government-commissioned research could not pinpoint who was responsible (Clapham *et al*, 1991). A senior manager argued that it was impossible to disentangle whose idea it was because of the close working relationship between members and officials.²⁷⁹ While genuine collaboration may have been a crucial factor in the success of the proposals, there could be other reasons for masking the origin of ideas (to which Chapter Ten returns). This section shows how a coalition of interests was vital in presenting the case and arguing for resources.

A radical appointment was made by the Labour administration in 1983, replacing the retiring Director of Housing. The new Director, full of reforming zeal, soon seconded staff to explore and develop new ways of increasing investment into council housing, given the government's preference for funding the private sector.

*Before the election in 1983, most spending was cash limited, but the Chancellor took some areas off ration - especially non HRA spending for the private sector. That prompted Glasgow to have a bonanza of private grants, though Edinburgh missed its chance. ... There were fertile minds in Glasgow in the Housing and Finance departments where they conceived the possibility of diverting resources into council stock if they transferred the ownership to tenants, because, you know, the legislation referred to 'persons'. This broke down the wall between HRA and non-HRA.*²⁸⁰

Interview Mills 1998

Severe problems of under-investment had been building up (Clapham *et al*, 1989) with several thousand properties requiring modernisation. The newly elected political leaders of the Labour council in 1984 convened a group involving other political parties.²⁸¹ Representing the Conservatives was Ian Dyer, former Vice Chair of the council's Housing Sub Committee and Housing Corporation Scottish Board member. He had been active in supporting the development of management co-ops during a previous Conservative administration in Glasgow and was keen to consider how co-operative principles might be extended.²⁸²

²⁷⁸ The main sources for this case study include staff and committee members in three associations; staff and elected members of the council; civil servants and agency officials (HCiS and Scottish Homes) and an independent adviser. The case study also draws on the government's interim and final evaluation report on Community Ownership.

²⁷⁹ Interview Comley, 1998.

²⁸⁰ The HRA was an account only for income and expenditure relevant to council housing: the non-HRA was everything else and thus the private sector.

²⁸¹ Interview Wiseman, 1998.

²⁸² Interview Dyer, 1998.

Tenant management co-operatives had already been tried and tested with some success in the Glasgow context.²⁸³ In addition, many housing associations had successfully regenerated inner city neighbourhoods with assistance from the Housing Corporation. The council therefore came up with an idea to create ownership co-operatives, which would be funded by central government grants to the private sector, topped up with private loans. The organisations would get tax relief but the residents would still be tenants and thus eligible for rent assistance (Nicholson *et al*, 1985).²⁸⁴ The concept had the early informal backing of senior staff and certain key elected members cutting across party affiliations, but support to approach tenants had to be secured more widely among the ruling Labour group against a background of overt hostility from the trade unions (Smith, 1986).²⁸⁵ Discussion took many forms: 'secret' meetings in councillors' homes, city centre bars outside working hours and later more formally at Labour Party meetings in wards and constituencies.²⁸⁶

Research staff were commissioned to produce a paper on the socialist credentials of a concept called 'Community Ownership', as an alternative to council housing, to make it palatable to backbencher Labour members (Nicholson *et al*, 1985).²⁸⁷ The Labour group was initially split but a slightly larger sub-group - with more control over key committee positions - was in favour on an experimental basis.²⁸⁸ Some key personnel influenced thinking: they included a former Housing Convenor and a handful of councillors able to talk about their experience of associations in the inner city.²⁸⁹ This helped to convince, reassure and calm down anxieties in the outer city, 'critical to softening people up within Labour group'.²⁹⁰ In the end, the Labour party embraced it as their idea.²⁹¹

²⁸³ Interviews Dyer, Wiseman, 1998.

²⁸⁴ Rebates are now known as Housing Benefit: see Chapter Six.

²⁸⁵ Interview Mills, 1998.

²⁸⁶ Interview Wiseman, 1998.

²⁸⁷ Personal communication Kintrea, 1998.

²⁸⁸ Interview Wiseman 1998. One group took an ideological statist line parallel to Liverpool's stance on council housing at the time. The other took a partly pragmatic stance informed by community development thinking.

²⁸⁹ Interview Wiseman, 1998. John Kernaghan was of the personally powerful and influential individuals credited by Wiseman and Dyer with persuading fellow backbenchers. He was senior having been Housing convenor in the late seventies and early 1980s Another was John Ross who was deputy convenor of Housing under Baille McLean, Ross was thought as more likely to be trusted by Scottish Office.

²⁹⁰ Interview Hastie, 1998.

²⁹¹ Interview Comley, 1998.

While the Community Ownership paper emphasised investment overall, it was tenant demand on the ground that clinched where the opportunities were taken. Staff had been given freedom in late 1984 to develop *pilot* projects on a limited scale.²⁹² Proposals were put to tenants in seven areas, consciously targeted due to promises previously made and the likely reception from tenants. An important factor was the suitability of the area for investment: while they needed some refurbishment, they were not necessarily the areas with the worst housing conditions (Clapham *et al*, 1989). Tenants were offered control of new bodies which, it was thought, could access grants aimed at the private sector.

Central government officials and ministers recalled first hearing about this idea from Glasgow in 1985, in one case from officials,²⁹³ in the other from tenants.²⁹⁴ They were initially sceptical of the council's proposals and rejected them for a mixture of reasons involving money, control and accountability (Smith, 1986; Clapham *et al*, 1989).²⁹⁴ After months of negotiation and lobbying, the government surprised the council in 1986 with an alternative proposition of new, additional funding for three groups channelled through the government's agency, the Housing Corporation (Clapham *et al*, 1991). Although technical grounds were offered for the change, the amendments had distinct merit from a central government viewpoint, in distancing the council from administration and in deploying an existing mechanism and a government agency for administration.

Small-scale transfers to co-ops was a growth from thinking both about management co-ops and about private sector grants. Ideas have their time - Calvay was just a test case. We knew Raymond and Jim,²⁹⁵ so it seemed appropriate to direct the activity to them. There was an energy about housing associations and some fear about letting Glasgow [council] get too involved. So Ancram agreed to offer Calvay and the others on certain terms ... HAG.

Interview Mills 1998

Neither Smith (1986) nor Clapham (1991) could pinpoint just how the HCiS became involved nor how HAG came into the picture. Asked whether HCiS had suggested the HAG alternative, this civil servant confirmed that he had

... toured the city a bit with Raymond and chewed over possibilities then, you know, while out and about. Lots of ideas were being chucked around. The big issue then was to get Glasgow to agree to the HAG part of the proposal. We [Scottish Office] saw this as something new and we were keen for it to work, so connected into it and exploited the precedent of the CBHAs.

²⁹² Interview Comley, 1998.

²⁹³ Interview Mills, 1998.

²⁹⁴ Interview Ancram, 1998.

²⁹⁵ Raymond Young and Jim Hastie, senior officials of the HCiS at the time. Young managed the Scottish operation overall and Hastie managed the Glasgow operation in particular.

It seemed like the right idea at the time. It was just a pilot, you know, a device to assuage concerns.

Interview Mills 1998

Asked about his involvement in the development of ideas in Glasgow, the HClS Development Manager emphasised both registration and development aspects:

I'll give you a straight answer: under statute, the new co-ops had to be registered. So from when co-ops were steering groups, we [HClS] had to go out and liaise with them. We had seedcorn grants to give out. ... I needed to make sure that support was there and resourced. It was also very similar to the development of CBHAs in previous decades. ... We had to create new landlords in Glasgow, so we had to get residents to understand what they were taking on, not just transfer but longer-term issues about conditions and regeneration. [it was about] deplorable housing conditions ... not diversification for its own sake.

...The view was taken by HClS and represented to government was that improvement grants would not be enough. ... [the proposed] £10,000 per unit was not nearly enough: it would not have produced sufficient diversity of ownership or stock needed to make the overall scheme work long term and it was too important to get stuck at that stage. Also, given previous council large-scale modernisation, we were very keen to parcel it up into smaller phases to make sure the same kind of problems weren't repeated. So we argued to the Scottish Office that they should be spending more.... In end, they could have done it a lot cheaper but without diversity.

Later he added

...The Board [HClS] was for keeping going in inner city in Glasgow and west of Scotland generally, but public sector estates were The Problem to tackle. We had to forge a role for associations to stay involved in development. Otherwise, the only contentious issues [were] about the level of decoration in tenement closes - piffling stuff by comparison with scale of the challenge from conditions in the public sector.

Interview Hastie, 1998

The government alternative, using HAG for just three areas, came to be known as Phase 1. Phase 2 re-emerged in a form closer to the original council proposal, only months later, for three areas excluded from the amended proposals (Clapham *et al*, 1989). The tenants' groups had continued to lobby vigorously for the original proposal, on one occasion ambushing the Minister.²⁹⁶ They eventually won the opportunity to be registered, to receive private grants (though on a lesser scale) and with private borrowing guaranteed by HClS.²⁹⁷

²⁹⁶ Interviews Ancram, Bryden, 1998.

²⁹⁷ Although the government was keen to see increased private lending, many interviewees (Ancram, Rodgers, Breslin, Hastie) commented on the lack of appetite from lenders.

Considerable effort went into briefing and training tenants' representatives to take control of co-operatives.²⁹⁸ By 1988, most of the six were on site, four years after discussions started.

An interim (government-funded) evaluation of 'Community Ownership' (Clapham *et al*, 1989), showed the costliest option was to do nothing; the most 'cost-effective' regeneration 'solution' was to demolish and rebuild; Phase 1 (using the HAG vehicle) was the most expensive method of refurbishment. Before 1989, HCiS had already been approached by councils beyond Glasgow seeking funds for deteriorating council housing but faced resistance from traditional clients (via SFHA) in diverting resources (Clapham *et al*, 1989). However, by 1991 (as shown in Chapter Eight) HAG for Community Ownership had become a line in HCiS and later Scottish Homes' ADP allowing such funding to be rolled out throughout Scotland. Community Ownership was no longer just a pilot. Appendix Ten shows the extent to which Glasgow used this line of funding to support the transfer and improvement of around 12,000 houses.

Driving forces for transfer were thus mainly external to the council though they catalysed change through internal responses. Some councillors and officials were in favour of Community Ownership because of its potential to harness the enthusiasm and knowledge of local people consistent with tenant management co-operatives and community-based housing associations.²⁹⁹ However most saw the primary impetus as coming from the squeeze on resources under the control of central government. In this sense there was a political reluctance within local government to claim responsibility for the idea of Community Ownership even though the outcomes were commonly regarded as successful on political, financial, social and physical grounds. Local committee activists accepted that community ownership had not been their idea to start off with,³⁰⁰ though the co-operative body and the practice of community ownership had become 'theirs' in the process of transfer. Many expressed the view that tenants were willing to go along with anything which produced money for investment in their housing, wherever it came from.³⁰¹

External validation of ideas was also important in clinching the proposed changes. The council commissioned an independent Inquiry into Glasgow's housing, chaired by Sir Robert Grieve. Two years after internal negotiations got under way, the Inquiry reported in 1986, recommending diversification of ownership (and management) of the city's 170,000 houses. The Grieve report specifically recommended the

...gradual transfer [sic] of parts of the local authority housing stock to ... new agencies..[at a rate] reflecting demand on the ground and the success of the early programme. ...

²⁹⁸ Interview Hastie, 1998.

²⁹⁹ Interviews Dhir, Bryden, McLeish, Mulligan, Comley, Rodgers, Wiseman, Mills, Hastie, Miller, Smith, 1998.

³⁰⁰ Interviews Bryden, McLeish, Mulligan, 1998.

³⁰¹ Interviews Dhir, Comley, Rodgers, Wiseman, Hastie, Miller, Smith 1998.

The council should be prepared to transfer overall up to 25% of its stock over the next 10 years, higher in peripheral estates.

Grieve, 1986: 8

It is important to note that the report used the term 'transfer' rather than dispose of or sell and the term Community Ownership did not feature at this stage.

Staff of the buyer, seller and funding organisations were clear that transfer to community ownership was the only real option in response to the constraints on council resources.³⁰² By contrast the Minister of the time saw the moves not as primarily financial but as facilitating community empowerment first and improving quality of the living environment second.³⁰³ This emphasis tended to be a solitary perspective. Central government had ultimate control over the aggregate resources of the council and of HCiS/ SH. Arguably in this respect they had provided a driving force for change without consciously or deliberately providing agency or clear objectives as to what should, or would, come out of the pressure. There was no programme of action until 1989, coinciding with the completion of interim research.

Dundee

What Dundee created was neither 'stock transfer' nor Community Ownership but 'co-operatives' and Dundee respondents did not agree that they followed Glasgow's transfer example.³⁰⁴ Some estates were barely 10 years old in 1984 and already displaying signs of severe social and physical decline.³⁰⁵ This had prompted earlier attempts - largely unsuccessful - to arrest decline in Whitfield and other peripheral estates in the city (Rowbotham, 1991). Moreover, Dundee as a whole was experiencing falling housing demand due to population loss though the council did not readily grasp the strategic significance of the city's decline in the 1980s. Indeed, it was only addressed consciously in the late-1990s, with a strategy for extensive demolition and tenure diversification in poor estates.³⁰⁶

The potential for increasing tenant involvement in housing provision gathered political support in the early 1980s, after years of neglect and non-decision-making. A senior councillor thought that officials had been instructed to work in partnership with tenants all along, and that councillors would never have discouraged tenant involvement.³⁰⁷ However the Director of Housing in Dundee reported the political climate in the mid-1980s as having only just become receptive to tenant involvement, after elected members adjusted to

³⁰² Interviews Anderson, Dhir, Crookston, Comley, Rodgers, Breslin, Mills, Hastie, Miller, Smith 1998.

³⁰³ Interview Ancram 1998.

³⁰⁴ Interviews Forbes, Rowbotham 1998.

³⁰⁵ Interview Forbes, 1998.

³⁰⁶ Interview Luke, 1998. This has important implications for the definition of transfer. Dundee may have been transferring housing due for demolition and rebuilding at one stage, later transferring cleared land. One would count as transfer, the other not..

³⁰⁷ Interview Luke, 1998.

housing associations complementing the council's renewal activities in the inner city.³⁰⁸ Moreover, some councillors had been impressed by housing co-operatives in London and Liverpool in 1986.³⁰⁹ Yet two more years (1986-88) were spent trying - unsuccessfully - to secure Labour Group permission to promote co-operatives among tenants. In the end, tenants made the first move.

The Convenor of Housing from 1987 was the Labour councillor for Whitfield.³¹⁰ Tenants living in Ormiston (Whitfield), had established a Peoples' Action Group (OPAG) in 1983, partly for social / community purposes. It was Whitfield tenants who first approached the council,³¹¹ early in 1987, to put pressure on the council to act to deal with dampness and social problems in system-built flats. A Technical Feasibility Study referred explicitly to Dundee as Phase 3, referring to Phases 1 & 2 in Glasgow (Hutcheson, Fisher and Campbell, 1988).

Parallel to bottom-up community initiatives in Dundee was the new government's flagship initiative, New Life for Urban Scotland (Scottish Office Industry Department, 1988). The former Minister recalled seeing evidence of regeneration in Dundee through tenure diversification and remodelling of public sector estates.³¹² This visit was organised for the Minister and Scottish Homes' board by the Director of Housing, and it succeeded in overturning local Scottish Homes staff recommendations against investing in council housing.³¹³ In the end these factors contributed to the designation of Whitfield, Dundee as a Partnership Area in 1988, which carried additional resources for Partnership Areas (as discussed in Chapter Eight) for housing and other aspects of policy (Scottish Office, 1995).

Though this was portrayed as a parallel initiative contemporary with the Glasgow initiative,³¹⁴ this evidence suggests that Glasgow got there first, at least in laying groundwork to secure the resources and providing a model. Nevertheless the Dundee example shows some convergence in thinking among tenants and government.

All respondents emphasised the importance of investment opportunities, latterly through Scottish Homes, not least relative to the restricted opportunities for investment through the council. This provided the centre with a top-down facility for responding to bottom-up pressure on resources, albeit created in turn by the centre. Arguably, creating bottom-up

³⁰⁸ Interview Rowbotham, 1998. He returned to Dundee as Director in 1986 having previously been Assistant Director of Housing between 1974 and 1983.

³⁰⁹ Interviews Rowbotham, Forbes, 1998.

³¹⁰ Interview Luke, 1998.

³¹¹ Interview Rowbotham, 1998.

³¹² Interview Ancram, 1998.

³¹³ Interview Rowbotham, 1988.

³¹⁴ Interview Rowbotham, 1998.

pressure was critical, as the offer of resources from the top would not have been sufficient without ground-level demand.³¹⁵

Demand for renewal was forcefully articulated and pressed by affected residents, living in some of the worst social conditions in the city. This provided the council with the opportunity of a group with whom to work. In addition to there being an objective need for action, the need was expressed forcefully from the bottom up by local people, without necessarily anticipating transfer as an outcome.

There was evidence of a track record on the part of local and voluntary groups in the city through the work of the tenement rehabilitation associations, of which the city was proud, and with some councillors represented on the committees of those bodies. Councillors visited certain peripheral estates to inspect the conditions in which their council tenants were living. This was compelling in changing the minds of some elected members previously opposed to any form of sale of council housing and tipped the balance in favour of any form of investment, in the event via co-operatives.³¹⁶ The senior housing official's personal commitment to tenant participation and empowerment was important, though claimed more by that individual than recognised by other respondents. His personal commitment to co-operatives may have been a driving force, regardless of population loss or poor conditions.

Motherwell³¹⁷

In Motherwell, the origins were slightly different again, both with regard to the timing of action and the terminology and meaning of terms. Motherwell DC was arguably typical of the broader Lanarkshire picture of housing provision with massive council-built estates built by traditional Labour authorities, still predominantly owned and managed from one centralised council office in the main town with little or no participation by tenants. Motherwell respondents all agreed that the areas eventually targeted for transfer were the 'worst of the worst' living conditions in the district, whether measured by physical or social criteria.³¹⁸ The main purpose of transfer was to achieve improved standards of living and quality of life for residents, in ways which could not practicably be achieved through council spending.³¹⁹

The Director of Housing took a report to committee in the late 1980s, highlighting 'difficult-to-let' housing, referring to a number of areas of council housing which later became subject to transfer as a means of achieving regeneration with appropriate scale and timing.³²⁰ Tenants

³¹⁵ *Interview Forbes, 1998.*

³¹⁶ *Interview Luke, 1998.*

³¹⁷ *North Lanarkshire.*

³¹⁸ *Interview Mulholland, Muir, Whitfield, McLoughlin 1998. Monklands council took a similar approach, directing its energies to estates where demand was low and conditions were poor.*

³¹⁹ *Interviews Whitfield, McLoughlin, 1998.*

³²⁰ *Interview Whitfield, 1998.*

in several areas were approached about forming co-operatives from 1989 onwards. The areas were identified by the council and advice and support was funded by Scottish Homes.³²¹ Gowkthrapple (Wishaw) was one such estate, system-built, constructed in the 1970s and already physically degraded and in low demand. Forgewood (Motherwell) was another area, with over 1,000 households, a slum clearance scheme from the 1930s, visible from the main London to Glasgow railway line. Consistent with New Life for Urban Scotland (Scottish Office 1988), economic regeneration dating back to the mid-1980s focussed mainly on tenure diversification into owner-occupation (Duncan, 1991).³²² Physical regeneration by the council focussed on the most externally visible parts of the estate. At the early stages, there was no discussion of alternative landlords and tenants stuck in the 'back end' were extremely frustrated at the lack of council action to deal with cold, damp homes.³²³

Senior staff for the housing co-ops in Motherwell argued that part of the purpose of partial transfer was to extend effective decentralisation of management as well as ownership from the council, quite apart from any physical improvement.³²⁴ This issue was echoed by the Convenor (in 1998) from the same area who claimed, significantly with hindsight, that there needed to be a new way of working: the 'traditional high-handed council approach to regeneration would have been unhelpful'.³²⁵ Co-operatives under local tenant control, then being promoted by the emerging Scottish Homes, represented just such a new way. There was a fashion for co-ops around 1988: the lack of co-ops in Lanarkshire merely increased the pressure to create the first one. Registration thus represented something of a trophy or scalp – to be able to claim the credit for setting up a co-op in the deepest, darkest municipal strongholds.³²⁶

Motherwell respondents indicated one main theme, resources, though as in Dundee there were two facets. First was the fact that the council no longer had access to sufficient resources to meet tenant demands for improved conditions; second, however cynical or crude an incentive, money was available through Scottish Homes Community Ownership (and later the SURI) budget to improve run-down council housing. Apparently of secondary importance was respondents' recognition - with hindsight - that the council housing paradigm was dead or dying. Co-op staff argued that Scottish councils were unable to manage decline partly through weak political leadership within authorities and partly because they were 'under-resourced managerially'.³²⁷ Politicians recognised that the council

³²¹ *The researcher worked freelance 1988 – 1990 and was commissioned by HCiS/ Scottish Homes to talk to tenants in a number of estates in Motherwell, Bellshill, Wishaw, Coatbridge and Airdrie. She eventually developed proposals with tenants in Gowkthrapple, where the reception to proposals was sufficient to mature into a co-operative.*

³²² *This refers to low cost home ownership (LCHO) promoted by the council in tandem with private developers to sell empty housing for renewal and sale.*

³²³ *Interview Muir, 1998. The 'back end' refers to the least visible housing, furthest from the main road.*

³²⁴ *Interview Mulholland, 1998.*

³²⁵ *interview McLoughlin, 1998.*

³²⁶ *Interview Smith, 1998.*

³²⁷ *Interview Mulholland, 1998. Mulholland had previously worked in various local authority housing departments.*

was not best placed to achieve tenant-sensitive regeneration.³²⁸ Tenants needed to 'move on' and stop expecting the council to do things for them.³²⁹ In that sense there was an appetite for change, which was recognisable after the event even though it was not expressly articulated at the time. Arguably this was as important as resources even though respondents pointed to the latter.

Berwickshire³³⁰

In Conservative-controlled BDC, the impetus for transfer of the whole stock came from a perception shared by the outgoing Director and the Convenor of Housing that it was not economic or practicable to retain housing in council ownership in future.³³¹ The stimulus was threefold: partly it was about responding to threats to local identity arising from local government reorganisation; it was partly about access to future capital resources and partly a long-standing revenue budget problem. After 1980, the council had continued to build new housing for rent, which it then had to sell to sitting tenants at a discount. This was already a problem before the cost floor rules were relaxed. From 1988, recently built or modernised housing could be sold at considerable financial loss to the council, providing disincentives to undertake any new capital investment.³³² Before 1988 the price could not go below a fixed level nor below the outstanding debt. After 1988, a house could be sold at less than the historic debt even if it had received investment during the five years preceding sale (Himsworth, 1994). This provided disincentives to investing in housing which might be sold. Between 1985 and 1995 the council had had to sell 25% of its housing stock – 500 units in all. The incoming Director of Housing claimed Berwickshire's rate of loss through the RTB was consistently ahead of the national average. This problem was especially evident in councils (such as Berwickshire) where the pace of RTB sales was strong. There was little economic sense in the council replacing sold housing and there was no other locally controlled landlord body to provide new housing in the area. Sales left a rising debt with less rental income to service it, thus putting upward pressure on rents, which had started relatively high in the early 1980s but fallen behind as others increased.³³³ The consequences of this problem had been evident to certain people in the council from the late 1980s onwards but without the will to find a solution. The Director of Housing was alleged to have

³²⁸ Interview McLoughlin, 1998.

³²⁹ Interview Muir, 1998.

³³⁰ Earlier referred to as Scottish Borders. A member of the staff of the former district council legal services was not permitted by her new employer (Scottish Borders Council) to speak on the subject for this research. Other sources who referred specifically to Berwickshire were the Minister (Robertson), his civil servants and an independent adviser who had worked on the Berwickshire proposals. Their comments are included in the case study. Material has also been drawn from a postgraduate dissertation on the approaches to valuation in Berwickshire (Tulloch, 1997).

³³¹ Interview Findlay, 1998.

³³² Interview Jones, 1998.

³³³ See Chapter Seven.

plugged the idea of stock transfer for some five years before the council took it seriously in 1992.³³⁴

Curiously, it was the return of the Conservatives nationally at the 1992 General Election that convinced local Conservative members and officials of BDC of the need to act to preserve *local* control of rented housing.³³⁵ Prior to the election, central government had proposed reform of local government, prompting fears about loss of local identity. The 'Keep Berwickshire Local' campaign initially enjoyed support at the highest level, having been instigated and launched by the Lord Lieutenant, with housing an emotive issue embedded within local identity debates. The government's 1992 proposals for unitary authorities affected Berwickshire by combining it either with its Labour-controlled neighbour along the coast or with its Borders neighbours. Neither of these was palatable to Berwickshire councillors, catalysing detailed consideration of transfer proposals. Later, Berwickshire tenants became concerned that if transfer did not succeed they would be punished by the new council landlord for considering removing the ownership of their homes from the council.³³⁶ Whole stock transfer (already working in England) appeared the best solution to the problem of protecting a *local* supply of affordable rented housing for local people. Promotional literature highlighted local autonomy and safeguarding tradition as the primary issues in Berwickshire (BDC, 1994; BHA, 1994).³³⁷

Moreover, the Conservatives' national re-election in 1992 portended further cuts in resources to councils and further interference in local government activities.³³⁸ These concerns were borne out by such actions as the extension of CCT to white collar activities including housing management and later further cuts in capital allocations to local authorities. This convinced some housing professionals in (and beyond) Berwickshire that (whole) stock transfer was the way to preserve good quality rented housing.³³⁹ Their awareness of stock transfer was informed by the trade press and professional conference coverage of developments in England. Thus, in September 1992 the councillors accepted senior staff recommendations to investigate alternative options for managing local rented housing, including stock transfer.

Although Berwickshire council was nominally 'Conservative' it is not clear that this was particularly significant in this instance. The overt political dimension was rather limited: although some Berwickshire actors were well connected politically, their actions were not in

³³⁴ Interview Jones, 1998. Jones came to Berwickshire as the Chief Executive designate of Berwickshire HA as well as Director of Housing of Berwickshire DC. He had no prior association with the area and was attracted by the opportunities contained within a managerial post outwith council influence, under community control.

³³⁵ Interview Findlay, 1998. Findlay was first elected as a Conservative councillor but during 1994 defected to the SNP over reorganisation and high handed treatment of local councils, leaving the Conservatives without overall control of Berwickshire. He remained active in the voluntary housing movement through his role in Berwickshire and did not stand for election to the new authority in 1995.

³³⁶ Interview Findlay, 1998.

³³⁷ Interview Smith, 1998.

³³⁸ Interview Findlay, 1998.

³³⁹ Interview Jones, 1998.

concert with government policy as such. The 'need' to protect local control was a response to unwelcome reform of local government. Indeed, there was little actual assistance from central government to make stock transfer happen, even when local councils wished it.³⁴⁰

In the minds of local actors, the imperative for whole transfer stemmed from frustration at the inability of the council to meet local needs as they presided over a continuous haemorrhage of housing into private ownership under the RTB, though houses were often later sold as holiday homes. The catalysts were twofold: the opportunity to see examples in action in England to which the decision-makers could relate; and reorganisation of local government. If frustration pushed control of council housing *out* of the local authority, what pulled them *into* the housing association sector was the local appetite for (and perception of opportunities to continue) building as a housing association. It was hoped that they might enjoy HAG support from Scottish Homes, though HAG was already under pressure and - as it turned out - BHA was not prioritised by Scottish Homes.³⁴¹

Although the perception outside Berwickshire was that the council - ostensibly Conservative-controlled - was pursuing a Tory ideological agenda, there was little evidence of ideological zeal in the interviews for this study. The imperatives were protection of local autonomy and tradition. Local accountability was the element which clinched tenant support in the ballot. Reorganisation and the cumulative effect of under-resourcing were more significant as driving forces than anything arising from the 1988 Act in the attempt to preserve locally rented housing.³⁴² However the 1988 Act was significant, not particularly because of any mechanisms it introduced leading towards whole stock transfer, but in marking a change of culture in local authorities.³⁴³ The Tenant's Choice device changed the council housing mindset, not just in Berwickshire. Its main effect was to make managers think differently about the way in which they viewed tenants, driving them to become more aware of and sensitive to consumers' needs and aspirations.³⁴⁴

Stirling

While Berwickshire was the first council effectively to change the meaning of stock transfer in 1995, Stirling was among the first councils to move away from stock transfer as partial Community Ownership, in the aftermath of the 1992 elections. Stirling witnessed three abortive attempts to establish a stock transfer in a matter of months following a Conservative take-over of control of the council. The first of three initiatives was promoted by Conservative councillors who courted tenant activists in a Labour ward. The second was a middle-level staff initiative not supported by the ruling Conservative group. The third was a rather murky proposal from senior staff affecting the whole stock.

³⁴⁰ Interview Findlay, Smith 1998.

³⁴¹ Interview Jones, 1998.

³⁴² Interview Findlay 1998.

³⁴³ Interview Jones, 1998.

³⁴⁴ Interview Jones, 1998.

Control of Stirling council was hotly contested in the 1980s and 1990s, with both parties winning equal numbers of seats in two successive administrations. A cut of the cards determined the control shift from Labour back to the Conservatives in 1992. Stirling was thus one of only six councils under Conservative control in Scotland and Stirling was very much in the spotlight because of the prominence and radical views of local MP Michael Forsyth, re-elected in the same year with a 'wafer-thin' majority (Major, 1999). Forsyth had been Education Minister in the Scottish Office under Younger and became Scottish Party Chairman in 1989. Until his appointment as Secretary of State for Scotland in July 1995, he had been a Minister in the Home Office. Referring to Forsyth as the 'Demon King', the former PM observed that Forsyth's problem was that he always looked as if he was plotting even when he was not (Major, 1999; 425). This polarised local opinion on issues such as privatisation.

The Stirling Conservatives' 1992 manifesto committed them to making the council more of an enabling body and they immediately embarked on establishing competitive tendering of in-house legal services. The leader, Cllr Harding, was especially keen for Stirling council to become a radical authority, 'ahead of the pack'. He claimed to have been long aware of housing stock transfer from Conservative party conferences, though the Housing Convenor was only alerted to transfer at a conference of the housing professional body in 1991.³⁴⁵

The purpose of the first (partial) proposal was to transfer a few hundred houses in one of the poorest, most exposed and most visible areas of Stirling town. The Housing Convenor and Leader of the council promoted the idea of transfer in one particular area of Stirling in support of tenure diversification, demolition and redevelopment for sale. This was similar to initiatives elsewhere in Scotland at that time. Although there were two local housing associations already operating in the area, the aim was for a partial transfer to a new body to 'avoid the possibility of a new monopoly'.³⁴⁶ Councillors took senior staff and tenant activists to visit various alternative landlords in Scotland and England to examine possibilities. They abandoned the idea just weeks later, after tenants' representatives responded with hostility to informal discussion about transfer.³⁴⁷

Within weeks, a second initiative surfaced proposing the formation of a new body as a transfer vehicle for partial transfer. The proposal, called Cathedral Housing, came from individuals including two members of the council staff. This improbable alliance came from the Master and Factor of a local ancient charitable trust (seconded from the council's legal department). He had been a trade union shop steward and an outspoken employee.³⁴⁸ He developed ideas in partnership with two colleagues from the housing department. One was an Area Manager in the rural hinterland, the other a backroom administrator. The Cathedral

³⁴⁵ Interviews Harding, Scott, 1998.

³⁴⁶ Interviews Harding, Scott, 1998.

³⁴⁷ Interviews Harding, Scott, 1998.

³⁴⁸ Interviews Harding, Scott, 1998.

protagonists came together largely by chance, prior to the election of the Conservatives.³⁴⁹ They claim to have shared a desire to break the stranglehold on professional and tenant power throughout the council by Labour councillors – even though one of the protagonists was a member of the Labour Party. They were already discussing the implications of the 1988 Act in private, informal ways through chance and casual meetings. Encouraged by the Conservative leader of the council (Harding), whom they met on his own, they prepared a business plan and notional valuation covering almost 2,000 houses in rural Stirlingshire.³⁵⁰ Their stated intentions were to provide benefits to tenants in improved services and in creating opportunities for local control. Investment was only relevant to the extent of safeguarding the existing stock. Their proposals indicated a net surplus receipt to the council (Cathedral Housing, 1993). They presented proposals to councillors but within a few months their ideas had been rejected by the politicians.³⁵¹

A third proposal was explored discreetly by senior staff of the council, it was claimed, without the councillors' knowledge.³⁵² This proposal allegedly involved negotiations with an unmistakably private (for profit) landlord - Quality Street - about the future ownership and management of the entire stock of the council – then over 9,000 units.³⁵³ It was not possible to access the protagonists of this proposal nor to gain access to written copies of their proposals although they were circulated widely and among council staff at the time, on a 'samizdat' basis. Thus two of Stirling's attempts were about partial transfer with different purposes from different sources, without Scottish Homes or HAG support. The most potentially radical, affecting the whole stock, was the least traceable.

For councillors the motive was political – to achieve practical as well as ideological manifesto commitments. The leader in particular wished to stand out for innovation and political courage: he boasted in concluding the interview that the Stirling councillors did not talk to their counterparts in other councils as they were 'too radical for the rest of them'. Both councillors conceded that the proposals were in some ways too radical even for their own traditional party colleagues in Stirling council.³⁵⁴

Investment was a secondary driving force for councillors who saw private investment, underpinned by rental increases, as the basis on which to proceed. By contrast they saw the receipt from housing stock transfers as creating the opportunity for investment in non-housing activities – such as a new swimming pool for Stirling. The Cathedral proposal was driven by a desire to improve services for tenants and retaining stock for rent outwith the

³⁴⁹ *Interview McDermott, 1998.*

³⁵⁰ *Interview McDermott, 1998.*

³⁵¹ *Interview McDermott, 1998. Costing of the proposals had been carried out without technical assistance and would have been seriously flawed.*

³⁵² *Interview McDermott, 1998.*

³⁵³ *Interview McDermott, 1998.*

³⁵⁴ *Interviews Harding, Scott, 1998.*

Right to Buy, rather than investment for stock in poor condition.³⁵⁵ There was no evidence of serious or competent financial modelling in any of the Stirling initiatives. There was no mention of the 1988 Act as galvanising Conservative councillors into action. If anything they blocked staff moves catalysed by the mindset changes arising in the aftermath of the Act. Local government reform did not feature in Stirling.

³⁵⁵ *Interviews Harding, Scott, 1998.*

Table 30: Time Line Diagram Showing Key Policy Events In Relation To Local Action In Case Studies

Year	Elections	Legislation and white papers	Organisational & personnel changes	Other transfers; inc. abortive	Resources	Glasgow		Dundee		Motherwell		Berwicks.		Stirling	
						DM	TD	DM	TD	DM	TD	DM	TD	DM	TD
1984			Angram replaces Rifkind												
1985					additional programme										
1986				Windlaw, Castlemilk, Glasgow			*								
1987	General	Housing Scot.consln. White Paper	new Minister: Douglas-Hamilton				*****	*							
1988	Local	Housing Scotland and GB	Scottish Homes est'd - inc stock base	Chilterns & Torbay (England)	new powers and New Life for Urban Scotland			*							
1989				HATs (England)			**								
1990		New Towns and Enterprise			Scottish Homes receipts recycled		*****	*							
1991				ballots intr'd: Scotsh Homes 1st: Waverley			*****	*							
1992	General & Local		Scottish Homes restructured				*****	**							
1993		LGR Bill [Scot] Leasehold Reform etc Local Govt Scotland Act		Minister OK to LAs in NT Wleslo			*****	*		*					X
1994	Local						*****	*		***					X
1995			new Minister: Robertson	New Town ballots Ph1 First ballot rejection	ADP cut		*****	*		*					
1996		[Housing Act (England)]	unitary LAs; Guidance; SH Review;	New Town ballots Ph2	receipts used for debt repayment Scottish		*****	*		*					
1997	General		Scottish Homes restructured				*****	*							
post '97							*****	*							
volume of houses affected							#####	1,082		1,654				2,054	[partial]

DM = decision-making TD = transaction decision, each * represents one transaction and therefore one set of approvals X = no transaction

Spatial, Temporal or Typological Variation?

The origins of transfer thinking were slightly different in each seller's case in terms of when the idea was first put forward, what led to it and who proposed it. Table 30 summarises the key events in the policy environment in relation to decision-making (DM) and transactions (TD) in the five case study areas. It is an indicative rather than exhaustive summary and suggests that the terms of transfer proposals differed, partly due to timing, and partly to political control. Table 30 clearly shows Glasgow emerging as a seller before other councils and preceding the 1988 Act by several years. Chapter Six already demonstrated Glasgow's scale to be vastly different from any other council in Scotland, revealing phases of rule development and policy roll-out. Bargaining between the government, Glasgow District Council and the government's agency (HCiS) finally culminated in extra resources being allocated to the government's agency. Chapter Eight has shown how these resources then became part of the ADP of HCiS (later Scottish Homes) and made available beyond Glasgow on the basis of rules developed in the Glasgow context.³⁵⁶ Glasgow's use of the resources was the most sustained and consistent.

Dundee and Motherwell followed later with sporadic rather than sustained programmes of transfer, though actors in Dundee claimed that their ideas were developed in parallel to Glasgow.³⁵⁷ Interpretation could place Dundee in either the rule development or roll-out phase (Chapter Eight). The rationale in Dundee was poor conditions requiring investment, though the Director's aspiration for greater tenant involvement could have been a factor, not least leading to the programme being referred to as the 'Dundee co-ops' rather than 'Community Ownership' or 'transfer'.³⁵⁸

In Motherwell, the problem to be solved was first signalled as 'difficult-to-let' housing and linked with transfer as a solution following rule development. By 1992, funding for Motherwell came through a stream for urban renewal.³⁵⁹ Thus small-scale completed transfers emerged on the agenda steadily from 1986 increasingly determined within a framework of rules. By 1995/6, transactions were falling away, even in Glasgow.

Imperatives to transfer were generally external to councils, though catalysing different responses. Community Ownership appealed to some because it could harness the enthusiasm and commitment of local people,³⁶⁰ in which case, the quality of the living environment was a lower priority. Since central government controlled overall council

resources, councils were required to consider alternatives: almost all other respondents saw the government squeeze on council resources and the search for alternative investment demand as the overriding imperative. While English authorities were similarly squeezed at the same time, the response from them was different. Transfer into Community Ownership was the only real option for investment in Scotland,³⁶¹ certainly assessed in relation to restricted council spending opportunities. Bottom-up demand for tangible improvements was fuelled by dissatisfaction with under-investment, articulated – often forcefully by affected residents in estate-based groups living in some of the worst conditions in urban Scotland. HAG subsidy provided a facility for responding to this pressure. Dissatisfied residents provided councils with the opportunity of a group with whom to work and develop ideas and organisations for action.³⁶² However crude an incentive, the opportunity for tenants to take control and secure resources worked in response to bottom-up pressure: without prior pressure on council resources, these incentives to transfer would not have been sufficient.

Deliberations about transfer started post-1992 (after the local and central government elections) in the larger scale completed and abortive cases (Berwickshire and Stirling). In Berwickshire the motive was to maintain local control over community assets, with a ballot (October 1994) *before* the unitary council elections and completion of transfer the following August.³⁶³ In Stirling two partial initiatives failed to secure support. The first came from Conservative councillors shortly after their election; the second proposal came from staff six months later, and died, somewhat perversely, due to lack of *political* support.

Conclusions

The case studies reveal a lack of formal policy as documents or deliberative decision-making, contrasting with the importance of action in the form of bargaining by local sellers and buyers. The first episode of partial transfer in Glasgow was characterised by protracted and contested decision-making both at the street level and in the corridors of power. Ideas were developed from the bottom up from 1984, responding to earlier pressure from the centre. Though Labour-controlled Glasgow's innovation of Community Ownership was acknowledged as being in line with Conservative government policy (Clapham *et al*, 1991), it would be more appropriate to portray the situation in 1985 the other way around, with

³⁵⁶ Many projects took over five years to produce results although in some cases tenants and steering groups were promised action within months or a couple of years at most, usually contrasted with the years they were assured they would have to wait before the council might invest. Such delays reflect both the later slowdown in Scottish Homes ADP generally and the time it took to prepare new bodies to be ready for multi-million pound development contracts.

³⁵⁷ Interview Rowbotham, 1998.

³⁵⁸ Dundee actors indeed regarded 'transfer' as what Scottish Homes and the New Towns did with their housing stock, and – by 1998 – what they were contemplating doing in making use of New Housing Partnerships funding.

³⁵⁹ Small Urban Renewal Initiative – a category of funding outwith the four cities used for renewing town centres and peripheral estates. SURIs were unique to and developed by Scottish Homes developed in the aftermath of Scottish Office proposals for urban Scotland.

³⁶⁰ Interviews Ancram, Rowbotham, Luke, 1998.

³⁶¹ Interviews Forbes, Mulholland, McDermott, Muir, Rodgers, McLaughlin, 1998.

³⁶² Interviews Anderson, Dhir, 1998.

³⁶³ Interview Findlay, 1998.

government responding to a window of opportunity. Rather than government initiating or leading policy, 'policy' clarified in 1988 can be seen as a consolidation and extension of emergent practice originating locally amongst political opponents. The Glasgow experience was, arguably, seminal for the rest of Scotland with councils in Dundee and Motherwell (and other areas) following suit at different junctures, to exploit public resources not otherwise available to local authorities.

Similarly the first whole transfer, initiated and completed by a nominally Conservative-held authority, shows a prolonged and fraught transaction process. Berwickshire council encountered obstacles and delays from other councils and from Conservative central government. Completion was achieved in spite of the absence of a published framework. Stirling broached a series of hybrid partial, non-subsidised transfers and achieved none.

While the imperatives were broadly common, the case studies show various catalysts for local authority transfer at different critical junctures. These include legislation, elections and resources. Legislation came in the form of the Housing (Scotland) Act, 1988 and the Local Government (Scotland) Act, 1994; elections to local and central government especially in 1992; extension of urban programme funding for housing through Partnerships, and SURIs. Finally, visual evidence had a catalytic effect particularly on politicians, by allowing them to see how bad certain conditions really were and firing their imaginations about alternative possibilities.

The case studies allow the different imperatives, catalysts and rationales to be revealed among the partial and whole stock transfer sellers and buyers in different areas. This chapter shows Labour-controlled authorities pursuing partial transfers on a small scale from 1986 until 1995 to access public investment. Other councils, not under Labour control, were pursuing other forms of transfer for a variety of reasons, including private investment. The imperatives for transfer were about investment and local control in some form in all five cases. Traditional investment routes through borrowing were increasingly constrained affecting either existing rented housing or the new supply. Opportunities for increasing investment were identified either from public resources, eventually via HCIS/ Scottish Homes, or from private sector borrowing. While public resources were significant, as in the case of Glasgow, Dundee and Motherwell, access to private borrowing featured in the Berwickshire and Stirling cases. Public resources were available on a scale which only permitted partial transfer. Applying those resources to particular areas took place at the behest of the council, responding to tenant demand.

Local control was the other driving force. While tenant empowerment was a government objective from 1987, it was not understood as putting tenants in control of landlord bodies. In any event, moves to increase tenant control in Glasgow and Dundee predated central government policy and chimed with pre-existing tenant participation policy and practice. In Motherwell, the council only promoted tenant control as a means of accessing resources, once these were available and as long as they did not threaten the core of council housing.

Until 1992 at least, local control in Glasgow, Dundee and Motherwell was interpreted at the level of neighbourhood and thus on a very small scale affecting only hundreds of households at a time. The later cases of Berwickshire and Stirling show an increase in scale to the level of districts affecting thousands of households. Later experience of partial transfer in Glasgow and Motherwell also showed an increase in scale and changes in assumptions about the scale of the new landlord body. Local control as an issue was both a threat and an opportunity: the threat came from the prospect of loss of control to larger bodies; the opportunity came from greater delegation of control.

Although resident tenacity was crucial, stock transfer was the product of converging ideas and pressures. Already this tale brings out the importance of the informality of connections between senior officials and politicians in developing ideas at a critical juncture mid-way through the Conservatives' second term. To explore this further we have to examine the roles and action of key actors, opponents and networks in the next chapter.

Chapter Ten

Mutual Adjustment and Accommodating Opposition

Having seen the imperatives and rationales revealed through the case studies, we can now consider the patterns of local action within the framework of rules and resources affecting voluntary transfer in the period between 1985 and 1997. This chapter focuses on the process of making policy - the 'how' rather than the why of policy. Processes can be flimsy but this chapter attempts to ground the more nebulous dimensions of the policy process by focussing on power, influence and capacity for action. It draws extensively on case study interviews leading into a more abstract discussion about the relevance of policy theory concepts at the local scale. These concepts include actions, the capacity of different groups of actors and the basis of their power to effect change. Lastly the chapter examines actors' networks and mechanisms for accommodating alternative views, drawing on concepts of advocacy coalitions and programme structures. This analysis draws on behaviourist approaches, reviewed in Chapter Two, drawing out themes in relation to policy concepts. The schedule of interviewees in Chapter Nine also pertains here.

The chapter distinguishes between process as decisions, as formal approvals and action required as a prerequisite to taking decisions. The interests and actions of council staff are not generally accounted for in the literature other than as agents implementing elected politicians' decisions. This approach allows their behaviour to be brought into the picture. This chapter shows that throughout the period, local officials were responsible for initiating or blocking particular transactions. At the early stages of both small- and large-scale transfers, local actors did not necessarily have the active support of central government. Indeed, the behaviour of central government officials and politicians frequently bordered on obstruction by virtue of delays and lack of response to council proposals.

This chapter argues that local action was not necessarily ideologically driven. Rather, in view of the ideological tensions surrounding transfer as possible privatisation, especially post-1992, proponents worked quietly, emphasising the tangible benefits of transfer. Alliances of professional staff, elected politicians and tenants were instrumental/critical in delivering transfers on a small scale. Staff may not have had *formal* power to achieve change but their power to initiate, influence and implement was highly significant in driving and blocking change to the institution of council housing.

The chapter first reviews the case study material on key actors, opponents and networks for each of the five seller areas in turn, referring to the five areas by their pre-reorganisation names, like Chapter Nine.³⁶⁴ A subsequent section revisits the process of transfer from the specialist literature, drawing together strands from the cases and showing the importance of officials in setting agendas, generating alternatives and delivering outcomes. The final sections examine the power of officials at different stages and the use of networks, drawing

³⁶⁴ Glasgow, Dundee, Motherwell, Berwickshire and Stirling.

on fluid concepts of programme structures in relation to partial transfer before offering conclusions about the pivotal role of officials in brokering adjustment and accommodation.

Key actors

This section refers to those individuals responsible for initiating and bargaining about transfer in local areas. The next section brings forward evidence about those who opposed, blocked or thwarted transfer proposals and the third considers the networks and relationships.

Glasgow

Four actors stand out from the interviews as key to action in Glasgow, especially in the early days.³⁶⁵ What united these individuals was their ability to move freely between different layers of decision-making at the centre and in the locality, in the latter case, neighbourhood level, and between politicians and officials. The first was a second tier official of the council (Theo Crombie), regarded as a highly creative and lateral thinker; and the second was a Development Manager in Scottish Homes (Jim Hastie). They were reported to have complemented each other well in stimulating ideas, developing broad and detailed strategies and in their capacity to deliver action. The third (Ian Dyer) was a legal academic and senior Conservative councillor (former Moderate) who was regarded as pivotal in having access to the Minister, being on the Scottish board of HCiS and in sharing some of the new thinking within the Labour Party. A fourth was a local tenant committee member and activist from Calvay (Frances McCall).

McCall's importance was consistently identified by respondents as promoting tenant control in former council housing.³⁶⁶ The Scottish Office valued her background and role as a tenant. She was also courteous and pleasant to deal with.³⁶⁷ Her reward was an appointment by the Conservatives to the new Scottish Homes Board in 1988 for which she was vilified by her 'constituency', for selling out – incorporation by another name.³⁶⁸ She was well liked because she had tremendous credibility, skills and qualities. She was regarded as dignified and forthright while respectful of Scottish Office sensibilities.³⁶⁹

All voluntary actors responded individually to resource pressures and opportunities and though they were technically free to walk away from the proposals, the incentives for better housing were too great to be readily or easily dismissed. In this respect, committee members told stories which emphasised their own activism – collectively as well as

³⁶⁵ Interviews Bryden, Comley, Rodgers, Breslin, Wiseman, Dyer, Mills, Ancram, Hastie, Miller, Smith, 1998. In Dyer's case, the respondent also referred to the importance of his own role, which most other respondents could not or did not do. This could be interpreted as self-congratulatory but his position and access to insiders was important and others confirmed his significance in securing agreement to certain proposals at a critical early stage before 1988.

³⁶⁶ Interviews Dhir, Hastie, Miller, 1998.

³⁶⁷ Interviews Hastie, Mills, Ancram 1998.

³⁶⁸ Interview Hastie, 1998.

³⁶⁹ Interview Hastie 1998.

individually, revealing the extent to which they 'owned' and even drove developments.³⁷⁰ Yet local activists in Glasgow identified their own staff members as key actors rather than themselves. Staff, along with the technical consultants – often young architectural firms – were seen as instrumental in 'making things happen'. Residents were also able to identify the key personnel in HCiS / SH, as individuals rather than for their position. Although quango staff had been seen as restrictive and controlling at the time, staff in the buyer organisations acknowledged the benefit of central intervention and decisions, though only with hindsight, years later.³⁷¹

Dundee

It was tenant activists and staff who drove and won the case for improvement resources.³⁷² In the initial stage, tenants catalysed contact with the council, since the senior official recommendation to approach tenants was not supported at first by political leaders.³⁷³

Central government actors were not cited as key, though the Minister remembered supporting developments in Dundee.³⁷⁴ Senior politicians and Scottish Homes executives actually overturned regional officials' decisions not to fund the Dundee co-ops. A visit to the areas at the instigation of the council's Director of Housing was instrumental in changing minds. Without central political intervention, resources might not have directed into former council housing in Dundee but no politician claimed in this study to have initiated this injection of funds. Though certain individual councillors thought they were instrumental in changing minds within the Labour group and in driving ideas forward, politicians generally did not feature strongly as key actors. The councillors simply withdrew opposition to the development of co-operatives.³⁷⁵

Motherwell

Key actors identified by Motherwell respondents were individual committee members, with certain individuals providing crucial local leadership. Respondents also emphasised the crucial nature of the dynamics of interaction between those individuals and with other actors. Tenants and the local authority personnel saw the tenants as pushing for change though without any clear endgame. However, council staff brokered the solution to physical degradation. The Director of Housing used the phrase 'convergence emerged'.³⁷⁶

³⁷⁰ Interviews Bryden, McLeish, Mulligan, 1998.

³⁷¹ Interviews Anderson, Dhir, Smith 1998.

³⁷² Interview Forbes, 1998. Tenants' later aspirations to power beyond housing issues could not be satisfied. These included a greater role in the local Partnership organisation and control over community facilities and economic development.

³⁷³ Interview Luke, Rowbotham, 1998.

³⁷⁴ Interview Ancram, 1998

³⁷⁵ Interview Luke, Rowbotham 1998.

³⁷⁶ Interview Whitefield, 1998.

Respondents also identified Scottish Homes local staff as key in 'making things happen', through their contact with individuals and groups and in more formal settings.³⁷⁷ Not least among these factors was their ability to deliver a programme of expenditure. Those named in Scottish Homes ranged from Regional Director to local Development Project Manager, varying according to the respondent's level and the timing of their involvement.

Officials were generally emphasised as more important than elected members, although the councillor saw his own role as instrumental in changing the minds of technical and managerial staff and of tenants in support of regeneration initiatives.³⁷⁸ Key officials were more often part of quango or voluntary bodies and of firms of technical consultants than of the local authority, perhaps reflecting their greater capacity to deliver. The key staff appointment to one of the co-operatives was successful in completing the programme within a reasonable timescale and retaining organisational continuity. Another appointment was allegedly problematic due to managerial incompetence in co-ordinating relationships and programmes.³⁷⁹

Berwickshire

BHAs Chief Executive was pivotal by all accounts, including his own.³⁸⁰ Although he was not known in the local area, he succeeded in winning tenants' confidence. Leadership and tenacity was highlighted by various respondents as important in achieving the transfer, both in terms of getting the matter on council and wider professional agendas and in implementing specific decisions.³⁸¹ However transfer could be a lonely path to tread, breaking new ground without much support and some overt hostility (see Opposition).

The conviction and personal commitment of key actors from Berwickshire about the merits of transfer helped drive things forward. BHA's Chief Executive learned that the behaviour of individuals mattered more than roles, structures or procedures.³⁸² The council Leader was well connected to the higher Conservative Party echelons, although views were mixed about whether his connections produced any tangible benefit. He was not a visible champion, rather he kept a low profile, smoothing and 'softening' with judicious 'quiet words'. He did not force the Conservative 'group' on Berwickshire council to take a formal position on stock transfer.³⁸³ Pragmatism was his trademark, even to the extent of retaining his former Vice-Convenor (and Chair of the Housing Committee) within discussions about transfers even after the latter resigned from the Conservative Party to join the SNP in the spring of 1994.

³⁷⁷ Interview Mulholland, Muir, Whitefield, 1998.

³⁷⁸ Interview McLoughlin, 1998.

³⁷⁹ Interview Mulholland, 1998.

³⁸⁰ Interview Jones, 1998: Jones came to Berwickshire DC in 1993 as Director of Housing and Chief Executive designate of BHA, in the event of transfer.

³⁸¹ Interviews Findlay, Jones 1998. Jones put himself forward within the professional body as Chair of the Scottish Branch of the Chartered Institute of Housing and spoke at many public events promoting transfer.

³⁸² Interview Jones, 1998.

³⁸³ Interview Findlay, 1998

The council Leader's main achievement was to frustrate Berwickshire council's Chief Executive's attempts to stall transfer, by threatening to block the latter's early retirement plans.³⁸⁴

Stirling

Key actors in Stirling include those who tried to make things happen, without necessarily succeeding, though no actors stand out as having capacity to move stock transfer proposals forward. Others who opposed proposals were 'key' in terms of blocking proposals, though not in any concerted way. They are covered under Opposition below.

A few councillors and staff pushed proposals into the public domain without securing wider support. They were not necessarily 'of a mind' with each other and tended to develop proposals in isolation, giving and receiving mixed messages.³⁸⁵ The convenor and leader had not really worked together on the development of the proposal from the earliest days. The Tory party group in Stirling was not renowned for internal unity, with warring factions reported to be divided overtly about policy, reflected in control of council positions, but also about personal style and on grounds of gender.³⁸⁶

The styles of the elected and official proponents obstructed a joint approach. They described each other five years later (1998) in less than complimentary terms, each questioning the others' credibility and revealing the extent of mutual distrust. One of the Cathedral protagonists had previously stood as regional council candidate for the Labour party. This increased the suspicions of certain members of the Conservative group that they were being ambushed.³⁸⁷ If this reflects how they behaved towards one another at the time, it is not surprising that they did not reach agreement.

Stirling Council's Chief Executive was alleged to have made contact with alternative landlords without councillors' agreement and over the heads of housing officials, though such proposals sank without trace. He was also credited with blocking others' proposals and it is to opposition we now turn.

Opposition

Glasgow

Respondents cited few opponents, until probed. Then, opponents were identified as the staff of the housing department both formally as a trade union interest group and informally. While formal bodies publicly defended council housing on ideological grounds, certain individuals spread misinformation locally about Community Ownership proposals, referred to

³⁸⁴ Interviews Findlay, Jones, 1998.

³⁸⁵ Interviews Harding, Scott, McDermott, 1998.

³⁸⁶ Interview McDermott, 1998.

³⁸⁷ Interview Scott, 1998.

as 'scare-mongering'.³⁸⁸ Occasionally, managers were positively obstructive though these were in the minority; most local council managers were actively supportive.³⁸⁹ In some areas, local councillors were initially hostile though having taken time to come round, became firm supporters of their local co-operative or housing association.³⁹⁰

Tenants in some areas resisted transfer or failed to respond to initiatives. They were simply excluded and their areas dropped from the programme.³⁹¹ Only one area (Springburn) was cited as having rejected proposals at an advanced stage of planning, due to a brief campaign by tenants supported by a Communist councillor.³⁹² No ballot was held and in 1991, an internal council report shows no reference to ballots (GDC, 1991), whereas two years later 'action progress' reports referred to tenant majorities being achieved in all ballots (GDC, 1993). If support was not forthcoming, the project was aborted. Although opposition alliances could have been formed, crucially opposition to 'Community Ownership' was rarely organised.

Dundee

Certain councillors were vehemently opposed to the co-ops idea, seeing the proposals as the latest replacement for the RTB. Such opponents included a later Labour Convenor of Housing, during his youthful first term as the elected member for an inner city ward.³⁹³ Opponents also included SNP and Conservative councillors who persistently opposed the councils' co-op proposals even after the Labour Group as a whole was persuaded, following tenant pressure and estate visits.³⁹⁴

The Dundee Federation of Tenants was vocal in publicly opposing the growth of co-ops.³⁹⁵ However, affected tenants were not opposed to transfer to co-ops: especially before 1989 (when most Dundee transfers were conducted), ballots were not held thus providing no mechanism for articulating or recording opposition. Very often too, the housing proposed for transfer was empty, making a nonsense of conducting ballots.³⁹⁶ One transfer was effectively delayed by active and vociferous tenant opposition organised by one forceful individual in Beechwood and elsewhere, by people living in reasonable housing with nothing to gain from investment following transfer and by community development activists.³⁹⁷ As in Glasgow, those areas were simply excluded from subsequent access to investment opportunities. The council also volunteered to give tenants affected by transfer the right to

³⁸⁸ Interview McLeish, Mulligan, 1998.

³⁸⁹ Interview Bryden, 1998.

³⁹⁰ Interviews McLeish, Bryden, 1998.

³⁹¹ Interviews Rodger, Smith, 1998.

³⁹² Interview Smith, 1998.

³⁹³ Interview Luke, 1998.

³⁹⁴ Interview Luke, Rowbotham, 1998.

³⁹⁵ Interview Forbes, Luke, Rowbotham, 1998.

³⁹⁶ Interview Forbes 1998.

³⁹⁷ Interview Forbes, 1998.

return to a council tenancy within a year if they were not satisfied with new arrangements. It is not known to what extent this facility was ever used but its very existence may have served to assuage any tenant anxieties.

Certain senior council staff were increasingly unhappy as more co-operatives were established.³⁹⁸ Even though the scale of developments can be seen now to be fairly insignificant, they believed that their jobs and role were under threat from transfers, exacerbating the impact of the Right to Buy. They could not challenge the policy publicly for two reasons: it was led from the top and any challenge to authority was unacceptable; moreover, it was not politic to challenge policy ambitions for tenant empowerment. However, such staff became responsible for commissioning and engaged inexperienced and hostile in-house consultants which they foisted on tenants' groups. Their actions were either inept or obstructive.³⁹⁹

The 1988 Act may have served as a focus for later opposition to more transfers to co-ops, since the term 'stock transfer' started to come into use with a meaning closer to privatisation than regeneration, with which the Dundee co-ops were associated.⁴⁰⁰ This was partly leakage from England and partly from Scottish Homes' stock transfers. Later, effective resistance to further transfer to co-operatives, if not opposition as such, came from Scottish Homes who became progressively less amenable to registering new small bodies and prompted some to merge, as discussed in Chapter Eight.⁴⁰¹

Motherwell

Although some tenants did not like the transfer/co-operative proposals, there was no evidence of concerted opposition. In any event, Motherwell DC was not prepared to push tenants against their will:⁴⁰² so opponents in Bellshill and in parts of Gowkthrapple were merely left out of subsequent developments. A few tenants (3% in Forgewood) who voted against the proposals used opposition as leverage to get a move (or 'transfer') out of the area altogether.⁴⁰³ The legacy of poor tenant participation practice in Motherwell left a lack of trust between landlord and tenants, yet latent hostility to new ideas from tenants was defused by the prospect of investment.⁴⁰⁴ Without such tangible incentives, distrust would have frustrated a transfer proposal from the council.⁴⁰⁵

While Scottish Homes staff were seen as key proponents who made transfer happen, their zeal risked antagonising tenants and staff. This bordered on generating opposition,

³⁹⁸ Interview Rowbotham, Forbes, 1998.

³⁹⁹ Interview Forbes, 1998.

⁴⁰⁰ Interview Rowbotham, 1998.

⁴⁰¹ Interview Forbes, 1998. This is consistent with a subsequent move in 1996 by one of the largest associations in England to take over a small neighbourhood association in Dundee, to the concern of other agencies in the city.

⁴⁰² Interview Whitefield, McLoughlin, 1998.

⁴⁰³ Interview Mulholland, 1998.

⁴⁰⁴ Interview Whitefield, 1998.

⁴⁰⁵ Interview McLoughlin, 1998.

evidenced by the challenge faced by co-op staff following through on commitments made by Scottish Homes in order to secure support at meetings to unrealistic timescales or standards.⁴⁰⁶

By the mid-1990s, opposition to transfer within the council group was informed and therefore confused by different 'stock transfer' developments in the nearby New Town of East Kilbride.⁴⁰⁷ Some saw stock transfer as a threat and were only reassured by the small scale of proposed operations. Others saw the promotion of a co-op as the council acquiescing in a Tory privatisation exercise.⁴⁰⁸ In the end, the political case was won on pragmatic grounds since there was not enough money for the council to act and transfers took place in wards of some of the most senior committee chairmen and in Forgewood, the ward of a Communist councillor, without his opposition. Such pragmatism was easier to achieve in a larger authority such as Motherwell since small-scale threats could be argued to be less significant relative to the overall remaining stock.⁴⁰⁹ Latent opposition from staff concerned about possible job losses arising from larger-scale transfers was mitigated by relief at losing a management headache.⁴¹⁰ Staff seemed content not to oppose the sale of estates in poor condition, where there was palpable tenant support.

Berwickshire

Within Berwickshire council, councillors who did not actively support the transfer did not oppose it overtly either. Arguably they could not think of good reasons to argue against the transfer.⁴¹¹ By contrast, there was effective obstruction by central government and senior council officials, which made the transaction take longer, as much due to incompetence as conspiracy. However government personnel were not supportive. Even though Scottish Office support was expected, no actual assistance was offered and some obstruction was encountered. Although in the mid-1990s, government ministers exhorted stock transfer in occasional speeches, there was no published policy framework, no procedures, no assistance with funding information or campaigning. Active support was absent: the seller instigated many meetings in an effort to solve some problems and the Minister (Lord James Douglas Hamilton) 'stuck to his script' and did not 'inspire confidence' about his understanding of the issues, while officials sat at meetings without comment, taking notes. Central government machinery ground very slowly, with lengthy investigations of valuation issues, because of concerns allegedly coming from the Treasury.⁴¹²

⁴⁰⁶ Interview Mulholland, 1998.

⁴⁰⁷ Interview McLoughlin, 1998.

⁴⁰⁸ Interview Whitefield, 1998.

⁴⁰⁹ Interview Whitefield, 1998.

⁴¹⁰ Interview Mulholland 1998.

⁴¹¹ Interview Findlay, 1998

⁴¹² Interviews Findlay, Jones 1998. The Minister who approved the disposal was Raymond Robertson who replaced Lord James in July 1995, following a Cabinet reshuffle placing Michael Forsyth in charge of the Scottish Office.

The Berwickshire actors received the distinct impression that the Scottish Office officials did not really want the transfer to happen. The proposals were unique in Scotland and therefore highly visible and correspondingly risky. It is relevant to note here that official investigations into Scottish Homes' transfer to Waverley were under way during 1993/4 (National Audit Office, 1994; Committee of Public Accounts, 1994) and may have generated undue sensitivity in Scotland about transfer generally. There was also some concern that there was public money at stake: the existence of extensive restrictions governing procedures and outcomes by the DoE and later SODD, indicated deep resistance to transfer within the Scottish Office.⁴¹³

Seller staff who obstructed transfer were mainly outside the housing department and senior, from the Chief Executive down. It was perceived that since housing represented the core of the council's business, without housing (construed solely as the landlord role) there would be nothing left of the council.⁴¹⁴ Opposition was arguably as much administrative and territorial as political or ideological. Uniquely, opposition in Berwickshire was also organised but rather belatedly and, ultimately, ineffective. In Berwickshire, the local impetus for transfer had been galvanised by a desire for local control, in the context of disquiet about loss of local identity resulting from reorganisation:⁴¹⁵ initial transfer sceptics were brought into the fold by arguments that transfer would preserve local control. Latent opposition from tenants on issues involving rights, security and rents was defused by virtue of the information given to tenants and the way in which the association sought to show explicitly the position under both regimes. BBC Radio Scotland ran a live discussion programme prior to the ballot (October 1994). While it generated very little interest among tenants, all of whom were invited to the debate, it elicited a wider response beyond the authority.⁴¹⁶ A vocal objector turned out in fact not to be a Berwickshire tenant, but a Labour party activist from East Lothian. Most tenants ignored the meeting and later voted quietly and overwhelmingly in favour of transfer (Tulloch, 1997).

However legal opposition *after* the ballot was conducted - in the glare of publicity - by the assembled politicians of the new unitary Scottish Borders council, administered stealthily by

⁴¹³ Interview Jones, 1998. This issue may relate to English concerns in 1993, discussed in earlier chapters, about increased Housing Benefit commitments to the DSS and thereby the Treasury, because of different arrangements for Housing Benefit subsidy in England. The Minister who took office in 1995 felt that Scottish Office officials had not understood the differences in these arrangements, arguably because social security was a Whitehall function and not under the jurisdiction of the Scottish Office. The lack of communication mechanisms and effective co-ordination before 1994 would have helped such misunderstandings to develop.

⁴¹⁴ Interview Jones, 1998

⁴¹⁵ Berwickshire DC was marked as a candidate for merger with East Lothian DC or with other Borders councils (Scottish Office, 1992). The latter option was eventually proposed in the Local Government etc. (Scotland) Bill, 1993.

⁴¹⁶ The programme was a BBC Radio Scotland Speaking Out debate in Duns (council HQ). The assembled audience in Duns that night was mainly officials and politicians from the local areas and beyond (including the researcher), emphasising its resonance beyond Berwickshire (personal observation).

senior corporate staff.⁴¹⁷ The outgoing Borders Regional Council co-ordinated opposition with the outgoing district councils in the Borders and their mutual successor/shadow council, supported by the local (Liberal Democrat) MP.⁴¹⁸ This included a campaign in national newspapers claiming money-wasting.⁴¹⁹ The shadow council took QC opinion on whether Berwickshire was acting outwith its powers, with the consequence that the seller spent further resources to reassure itself that there was no legal impediment to transfer. Late obstacles were overcome due to the determination of buyer personnel and their legal advisers, though at a high price, affecting final transaction costs and thereby the remaining surplus for investment (Tulloch, 1997).⁴²⁰

Surface relations between officials were perfectly amicable⁴²¹ whereas the councillors who had been elected to the new authority (especially former district councillors) used the Berwickshire transfer as a good issue on which to jockey for political position within the new Scottish Borders Council. Although public opposition had the appearance of a united campaign against the Berwickshire plans, the controversy was a casualty of factional infighting between former district and regional councillors over senior positions in the new council. In the end, district councillors lost out to former regional councillors for most of the key positions. Another explanation for the heightened atmosphere was that the Borders had, somewhat surprisingly, become the focus of tension around government housing policy due to local repercussions of the controversial Waverley transfer from Scottish Homes.⁴²²

Stirling

Those who took blocking action to transfer proposals included 1) local tenants who rejected councillors' transfer overtures 2) the Chief Executive of the council and 3) Conservative politicians. Overt opposition came from tenant activists who were closely identified with the Labour party although there does not appear to have been a concerted campaign. Tenants elsewhere were offered incentives to pursue stock transfer. It does not appear that there was any effort to use such 'carrots' in this case, indeed, councillors claimed in 1998 that

⁴¹⁷ Interview Findlay 1998. A legal challenge was mounted from the spring of 1995 starting before the shadow council elections. The new council sought to use the Local Government Act 1994 to obstruct progress. Further delay might have allowed the new council to take a decision to stop the transaction, although civil service correspondence with other councils at the time showed that decisions about housing stock transfer were specifically excluded from a general requirement to consult the new councils about contractual commitments. It is all the more perverse that the Scottish Borders council went on to be among the first to promote transfer under Labour's New Housing Partnership programme after 1997. (Press coverage Feb – August 1995).

⁴¹⁸ The Borders MP was Archie Kirkwood, Liberal Democrat, while a Liberal Democrat authority (NE Fife) had similarly pursued transfer from 1993, employing consultants, consulting staff and tenants and assisting registration of a new landlord vehicle. The proposal eventually ran into the ground, partly because of the hostile political climate preceding reorganisation (Khan, 1996; correspondence between Scottish Homes, central government, council press releases, committee reports).

⁴¹⁹ Interview Findlay, 1998.

⁴²⁰ Interviews Findlay, Jones, 1998.

⁴²¹ Interview Jones, 1998.

⁴²² Latterly, Waverley encouraged council tenants to transfer the ownership of their homes to Waverley using the individual transfer mechanism of Tenant's Choice. This provoked the new council itself to explore stock transfer post 1997 and it was the first Scottish council to ballot all its tenants about a proposed transfer, though this was mired in controversy and failure to deliver in 2002, over 12 months after the ballot.

incentives were not relevant or required.⁴²³ This reading seems to have been based on contemporary English rather than Scottish experience.

Covert opposition came from senior staff. Although councillors regarded this individual as being with them rather than against them, another respondent alleged that the Chief Executive used position power, expertise and threats to prevent politicians' transfer ideas being developed.⁴²⁴ Opposition also emanated from traditionalists within Conservative ranks, in the form of lukewarm acquiescence in the first partial proposal and later failure to support the Cathedral proposals. The Cathedral protagonists later regarded the bulk of councillors as not having been prepared or 'softened' for transfer ideas and unable to see possible benefits.⁴²⁵ This reveals the crusading council leader's lack of followers. The Conservatives' paper majority over Labour (through the Chair's casting vote) meant that the leader could not deliver without greater support,⁴²⁶ which he conspicuously failed to garner.

Councillors claimed that middle and junior staff were set against transfer;⁴²⁷ by contrast, the Cathedral protagonists claimed that junior staff and unions privately welcomed the proposals,⁴²⁸ whereas managers thwarted further progress.⁴²⁹ Staff views were never tested but these different stories again serve to highlight the gulf and lack of common ground between key protagonists.

Networks and Critical Relationships

Glasgow

Although there were formal producer networks in later years, particularly once the co-ops established their own grouping within the SFHA, there were many informal professionally-based networks in the city, not usually based on the professional body but more in the nature of advocacy coalitions (Sabatier, 1986). Staff moved freely from council employment to the new landlords, between the landlord organisations and from the landlords to Scottish Homes Development Division.⁴³⁰ Sometimes this was promoted or at least facilitated by Scottish Homes, in order to diffuse lessons and experience.⁴³¹ Some of the networking was role-based, but individual commitment counted for a lot. The ethos of the Glasgow association movement was that staff and committee members mixed freely, including informally. It was therefore not unusual for discussions between a landlord body to start or

⁴²³ Interviews Harding, Scott, 1998. Conservative councillors used similar tactics of offering to fund Feasibility Studies as elsewhere. In this case, tenants were not impressed.

⁴²⁴ Interview McDermott, 1998.

⁴²⁵ Interview McDermott, 1998.

⁴²⁶ Interviews Harding, Scott, 1998.

⁴²⁷ Interviews Harding, Scott, 1998.

⁴²⁸ Interview McDermott, 1998.

⁴²⁹ In the case of the second proposal (from junior staff) a report from the evaluation panel (comprising senior staff) showed that insufficient work had been done and more policy development was required.

⁴³⁰ Interview Dhir, Smith, 1998.

⁴³¹ Interview Hastie, 1998.

finish in the pub, to thrash out awkward problems.⁴³² Some committees tackling problems of deprivation ran a gauntlet of abuse after meetings from drug dealers and local criminals/vandals.⁴³³ Such difficulties faced by staff and committee creating new bodies meant that bonds were formed in adversity.⁴³⁴

Staff in housing associations occupied pivotal positions and roles. They had to liaise with senior managers in the council, with committees and tenants, with consultants and builders, with Scottish Homes and with lenders. Occasionally, acting in a representative capacity, they 'took on' central government, notably in the early problem-solving days. Their effectiveness depended in large measure on their competence in networking and so depended on their personal attributes as well as their role.

Dundee

The Director of Housing was the primary contact with a variety of political and official actors in central government up to and including the Minister, particularly in the developmental phase when there was a need to secure new, external resources. Later, lower-ranking officials were deployed to run with systems and approaches developed by the Director's coterie. The commitment of such lower ranking officials could not be guaranteed.⁴³⁵ The teamwork relationship or 'spark' between certain officials was highlighted as a crucial component in 'making things happen'.⁴³⁶ There was a commitment to solving problems in a pragmatic way and a success in finding the 'line of least resistance'. The Director's acolytes were known locally as the Marx brothers:⁴³⁷ they were union activists and all were strong-minded individuals who subsequently left the council for managerial posts in the voluntary sector. They enjoyed seniority and the effective power to 'deliver' as well as having ease of communication through frequent contact, reinforced by informal networks.⁴³⁸ Co-ordinator posts in the new co-ops were advertised internally within the council and one key actor was effectively headhunted, disregarding the formalities of council recruitment policy.⁴³⁹ He later succeeded in building effective working relationships between the council, consultants and tenants. Informal networks seemed important both for key actors working in the voluntary sector and in the council. Some close friendships preceded the formal relationships, some grew out of working relationships surviving subsequent job moves.

⁴³² Interview Anderson, Rodgers, Smith, 1998.

⁴³³ Interview Bryden, 1998.

⁴³⁴ Interview Crookston, McLeish, Mulligan, 1998.

⁴³⁵ Interview Rowbotham, 1998.

⁴³⁶ Interview Rowbotham, Forbes, 1998

⁴³⁷ This epithet refers to the position in the trade union NALGO at the time as well as personal charisma and a strong sense of humour.

⁴³⁸ Interview Rowbotham, 1998.

⁴³⁹ Interview Forbes, 1998.

A less successful appointment underlined the importance of the attitude, outlook and personal commitment of individuals in pivotal posts to achieve success.⁴⁴⁰

Motherwell

Though there were connections at the political level, the main relationships were between the staff of the council and of the new body, particularly around sorting out valuation/price problems. Contact was at a high level in the early development phase in Motherwell, even though this occurred some time after Glasgow and Dundee had become established and arguably policy had been rolled out. The main initial lines of communication were between the council's Housing Director and Scottish Homes Regional Manager and between the Assistant Director of Housing and Principal Officers in the Scottish Office (Development Division). Once a pattern or procedure was established, senior staff drew back other than for troubleshooting purposes.⁴⁴¹ Once projects were underway, relatively junior Scottish Homes officials had contact with senior managers and elected members of the authority and with the staff and committee of the new body. New committee members liaised to a limited extent with their counterparts elsewhere via SFHA.⁴⁴²

Berwickshire

Since Berwickshire was one of the few remaining Conservative councils in 1992, there could have been opportunities for strong connections with central government but it is not evident that these were useful, or used. This is all the more surprising given ministerial exhortation to councils to divest themselves of their landlord role at reorganisation. Instead, Berwickshire actors created networks with actors in England to assist their own progress since there were few others in Scotland examining these proposals.⁴⁴³ This particular transfer shows many linkages with developments in England in terms of policy learning by Berwickshire people, by virtue of the appointment of an Independent Adviser/Tenants' Friend and the appointment of legal and policy consultants already active in England.⁴⁴⁴ The 'downside' of the legal expertise was the tendency to presume that what happened in England would also apply in Scotland. This proved not to be the case, not least in terms of conveyancing. The new association 'felt dependent on the consultants and on English experience'.⁴⁴⁵ This too had a real cost: the London-based lawyers' lack of expertise in Scottish conveyancing, contributed to delays and increased transaction costs (Tulloch, 1997).

Evidence of linkage with England also comes from the misunderstanding amongst Scottish Office officials about the different local government subsidy and social security financial

⁴⁴⁰ *Interview Forbes, 1998.*

⁴⁴¹ *Interview Whitefield, 1998.*

⁴⁴² *Interview Mulholland 1998.*

⁴⁴³ *Interviews Findlay, Jones, 1998.*

⁴⁴⁴ *Interview Smith, 1998.*

⁴⁴⁵ *Interview Jones, 1998*

arrangements north and south of the border. The former Minister claimed that transfer had not been pursued more vigorously in 1995 for fear of stumbling into pitfalls already identified in England, implying 'read -across'.⁴⁴⁶ By contrast, his senior civil servant argued that in the case of stock transfer there was not generally a 'read-across' from English experience.⁴⁴⁷

Wigtown was the only other Scottish council mentioned in the interviews, having sought to learn from Berwickshire to promote its own version of whole transfer.⁴⁴⁸ No 'meeting of minds' between Berwickshire and Wigtown was evident from respondents in this study, nor does there appear to have been any contact with other Scottish local authorities known to have been considering whole stock transfer prior to reorganisation at the time (Khan, 1996).

Councillors sought to use existing local Scottish networks, beyond housing transfer to help establish the association by promoting its interests in the lending and political worlds. They brought in as Chair of BHA's steering group someone who could 'soften up' possible contacts via a prestigious Edinburgh golf club. This venture was reported to be more successful financially than politically.⁴⁴⁹

Stirling

What stands out in the Stirling case is the weak and poor dynamics between the various actors. There was little trust or respect between the players and it was commonplace that the prevailing culture permitted senior staff desks to be raided for sensitive papers which were then copied and replaced as though nothing had happened.⁴⁵⁰ This reveals a culture of covert communication, profound and pervasive distrust.

Another feature is that the crusaders polarised opinion, failing to anticipate the extent of opposition to their ideas. Being convinced themselves of the merits of their proposals, they were unable to see how they might be viewed and made no attempt to bring potential opponents 'on board'. Councillors who might have had privileged access to Scottish Office Ministers and could have been critical in forging a policy framework, were unable to establish and pursue clear goals. Their attempts to get a transfer going lacked focus.

While the same role elements were present as in other case studies, no single incumbent provided a lynchpin. Many competing vested interests were present and different channels of communication were open simultaneously: these contributed to the problem of mixed messages. The Stirling case reveals that transfer was in the minds of many protagonists but

⁴⁴⁶ Interview Robertson, 1998. *Read-across* refers to the application of policy ideas from one jurisdiction in another and requires a high degree of understanding of the legal and political context for policy operation. Such understanding may or may not be present (Dolowitz, 2000). It is not quite the same as 'concurrent policy' (Midwinter et al, 1991).

⁴⁴⁷ Civil service understanding of the problem did not shine through: see Chapter Eight regarding the 1996 guidance and debt issues.

⁴⁴⁸ Interview Smith, 1998. Unlike Berwickshire, the Wigtown proposals seemed to be based on raising rents as high as possible to secure the maximum possible receipt and therefore surplus while at the same time promising lots of new houses. The ballot revealed 75% opposition among tenants.

⁴⁴⁹ Interview Findlay, 1998.

⁴⁵⁰ Interview McDermott, 1998.

the various attempts at transfer were fundamentally inept and there was no compelling case to overcome latent conflict and negative power. There were tensions within the ruling group, overt hostility between ideological opponents including Labour councillors, tenants and staff with no evident willingness to accommodate each other for some greater good. There were no incentives and the window of opportunity was restricted. Councillors sought success through radical ideas but were not prepared to risk promoting an idea which might fail.

Process, Stances, Action: A Spectrum of Support and Opposition

Having established various actors' behaviour from the case studies, we can now examine actors' roles more abstractly in relation to a notional process. According to the specialist literature, the process preceding a disposal decision contained five different levels of formal decision-taking/approval. These lay with: the regulator, the council (seller), tenants, central government and the lender (Chapter 4, Table 2). Even that simplified process was rather technical in detail and can be abstracted into a number of activities prior to decision-taking, following a logical sequence as shown in Table 31.

Table 31: Revised process – stages

Stage	Activity
Initiation	Original proposal about particular proposals for body of stock. Agenda setting. Requires confidence and leadership. Action focus
Response	Stance-based reaction without much deliberation. Resistance can completely block further progress at this stage. Action if not decision as such
Persuasion	Where response at least neutral, development of details about the case and focus on aspirations to be met. Largely informal and action-based
Bargaining	Negotiation around terms and conditions affecting proposed transaction: feasibility, cost benefit analysis, valuation, business planning, funding. Early episodes show bargaining to develop rules. Later episodes show bargaining within rules
Approval	The most formal type of decision-making : regulator, seller, tenants, central government, funder(s)
Transaction	Administration of the legal and financial terms of the sale
Implementation	Co-ordination of resources in new organisations

Source: Audit Commission 1993; adapted arising from analysis of qualitative interviews, 1998

This process assumes support at the various stages or at least that opponents can be 'brought round'. It presupposes that the process is linear to a degree, though also iterative since some stages overlap slightly and boundaries can be blurred. This may help to explain not only how items reach the local agenda, with policy-makers having to anticipate the wishes of those formally responsible for approval at later stages, it may also explain why some proposals fail and how non-decision-making and inaction work.

The specialist literature showed various stakeholders adopting different stances about transfer and so we move on to examine degrees of support for transfer, placing different role groups on a spectrum. The above sequence is later revisited to explore the mechanisms for accommodating incompatible stances, regardless of outcome. All the stakeholders (tenants, staff, councillors) were directly affected by transfer proposals in some way, with

housing representing a form of shelter, employment or (resource) power. The evidence here suggests that, to a greater or lesser degree, every individual in each transaction had power to shape proposals. The contribution made by each incumbent varied, although undoubtedly the most consistently pivotal role was that of the co-ordinating official acting for the buyer, who served as a critical valve. Power to achieve change partly followed the capacity defined by the role, also partly relying on the preferences, behaviour and relationships of the individual incumbent. The rest of this section groups different stakeholder types under three headings: proponents, lukewarm support and opposition.

Proponents and Supporters

Most respondents cited others as being key to the process. Modesty may have prevented respondents from seeing their own role as key.⁴⁵¹ Identifying key actors clearly depended on the respondent's contacts and networks, but most emphasised the importance of officials (invisible entrepreneurs) more than elected members (visible champions) (Kingdon, 1995). Nevertheless, stances reported after the event are open to charges of (undiagnosed) revisionism.⁴⁵² Since the initiators of proposals were predominantly staff, the next subsection therefore examines their views, as well as those of representatives, paid and unpaid, who were instrumental in getting transfer on to local agendas.

Local Government Staff – Agenda-Setting Sellers?

Judging by completed transfers, senior housing officials were key to getting transfer on the agenda, regardless of the scale of transaction. They were vital in nurturing projects by securing resources and support, path-clearing inside organisations and in making sure transactions ran smoothly (Bowen, 1982).⁴⁵³ It could be argued that their interest derived from their need to solve local problems resulting from under-investment, regardless of policy labels. As Chapter Nine showed, they believed that transfer was worth support because it brought additional investment⁴⁵⁴ though tenant involvement/empowerment and local control were the imperatives for some.⁴⁵⁵ Crucially, in order for them to convince their elected members of the merits of the case, they had to be convinced themselves.

Typically it was senior council staff who brokered local solutions in general terms in conjunction with Scottish Homes' managers, later delegating implementation or roll-out to middle and junior staff. Contrary to expectations it was sometimes union activists who were active as individuals in persuading, bargaining and implementing new forms of collective ownership (see also Opposition below).⁴⁵⁶ Promotion of initiatives by senior officials

⁴⁵¹ Interview Whitefield 1998.

⁴⁵² Chapter Three discussed this issue in some detail.

⁴⁵³ Interviews Comley, Rodgers, Dyer, 1998.

⁴⁵⁴ Interviews Comley, Rodgers, Wiseman, 1998.

⁴⁵⁵ Interviews Jones, Rowbotham 1998.

⁴⁵⁶ Interview Crookston, Forbes, 1998.

enhanced the credibility and status of proposals with tenants and junior staff.⁴⁵⁷ Later roll-out phases involving less senior staff had lower chances of success.⁴⁵⁸ More importantly, absence of senior support was fatal to a proposal, as evidenced by the second attempt in Stirling. If senior officials needed the confidence of knowing that they could deliver the policy, it could be argued that in Stirling officials lacked confidence in new politicians (whose influence was precarious and might be short-lived). Ultimately, as in Glasgow,⁴⁵⁹ managers had to know that they could bring politicians round.

In Berwickshire, the key actor was the senior staff member both as a role and as an individual incumbent.⁴⁶⁰ Success, even for the replacement Director, a newcomer to the area, lay in his ability to bring and keep people 'on board' and to protect valued assets under local control. He squared interests within the council (persuasion, bargaining, transaction) while employed by the council,⁴⁶¹ and later, as Chief Executive designate of the new housing association, he had a powerful vested interest in making the new enterprise work (transaction and implementation).⁴⁶²

Buyer and Government Agency Staff – Compliant Implementing Officials?

Officials employed by the government agency, voluntary bodies⁴⁶³ and firms of technical consultants, were regarded as key actors more often than their local authority counterparts. It could be argued that this merely reflects the greater capacity of their organisations to deliver the new resources as part of the solution, but this would be to underplay the importance of individual incumbents' behaviour and aptitude. Staff, technical consultants and government agency personnel were seen as the key actors,⁴⁶⁴ instrumental in 'making things happen'.⁴⁶⁵ Even agency staff were cited as individual incumbents, not just for their role.

In small-scale Scottish transfers, the organisations were mainly new, with new staff, not merely the old council with a different name. In whole transfer, even new organisations with the same staff were more likely to be seen as the 'new council'.⁴⁶⁶ In a new buyer organisation's life, people who prepared and trained committee members were important in persuading and bargaining about transfer.⁴⁶⁷ In Community Ownership many such staff were

⁴⁵⁷ Interviews McLeish, Mulligan, Muir, 1998.

⁴⁵⁸ Interview Wiseman, 1998.

⁴⁵⁹ Interviews Comley, Rodgers, Breslin, 1998.

⁴⁶⁰ Interview Findlay, 1998.

⁴⁶¹ The roles were separated after the ballot when other council officials became more significant – see Opposition below.

⁴⁶² Interview Jones, 1998.

⁴⁶³ Many of the staff in housing associations had previously worked in local government.

⁴⁶⁴ These were reported often to be young staff in new architectural practices making a name for themselves though some respondents argued that they captured the process for their own ends and attached more importance to buildings than to people and communities.

⁴⁶⁵ Interview Findlay, 1998.

⁴⁶⁶ Interview Jones, 1998: tenants reported after transfer that the new council was better than the old council.

⁴⁶⁷ Interviews Hastie, Smith, 1998.

women, younger, educated and with relevant experience in development and working with resident volunteers, also often women. The informal and professional support networks of associations (co-ordinated under the auspices of SFHA) were harnessed to steer tenant steering groups in the 'right' direction. Some needed a lot of support from professional staff to satisfy the funding and regulatory agency of the future sustainability of the new landlord bodies.

Jobs in buyer organisations often attracted council staff looking for promotion, with more responsibility and variety than housing work in local government usually offered.⁴⁶⁸ Buyer staff commonly argued (from previous personal experience inside various councils) that as junior staff they had been powerless to address councils' failure to manage decline or regeneration, partly due to weak *political* leadership and partly because councils had been 'under-resourced managerially'.⁴⁶⁹ Some co-ordinators were head-hunted internally, contravening procedural constraints. Managers evidently understood the salience of personal attributes and qualities in these key appointments.⁴⁷⁰ Postholders had to learn quickly, communicate freely, persuade and bargain effectively. They had to operate on behalf of the new committees, to whom they were accountable, holding the ring between competing priorities articulated by people in local and central government, Scottish Homes, lending institutions, technical consultants and local residents.⁴⁷¹ The posts unleashed management potential in most individuals⁴⁷² though some did not rise to the challenge.⁴⁷³ Less successful appointments to such posts merely underline the dependence of project success, even the overall programme, on an appropriate attitude, outlook and personal commitment of individuals in posts pivotal to implementation or 'programme' structures (Hjern and Porter, 1981). In all completed transfers, the presence of and actions of such officials in buyer organisations were critical at every policy stage apart from initiation.

Also vital to programme structures were local Development staff in Scottish Homes, identified by most respondents as key in making Community Ownership happen, through their contact with individuals and groups and in more formal settings.⁴⁷⁴ Those named in Scottish Homes varied according to the level of contact with the respondent but ranged down to project manager level, where decisions were made about whether to provide subsidy, how much and on what terms. Their capacity for action depended critically on their ability to deliver a programme of expenditure, diminished in later years as resources were

⁴⁶⁸ Interviews Dhir, Forbes, Mulholland, Crookston, 1998.

⁴⁶⁹ Interviews, Dhir, Mulholland, 1998.

⁴⁷⁰ Interviews Rodgers, Whitefield, Hastie, 1998.

⁴⁷¹ Interviews Dhir, Smith, 1998.

⁴⁷² Interview Hastie, 1998.

⁴⁷³ Interviews Forbes, Mulholland 1998. The researcher assessed this in terms of their ability to stay in the job, work with committee members, secure resources for the organisation and achieve regeneration to some extent. This was revealed as much by its absence, in some buyers in Motherwell and Dundee, which illustrates the difficulties arising from a breakdown or absence of trust and goodwill, mentioned by a number of respondents. That scheme has suffered staff turnover and a disrupted and delayed programme.

⁴⁷⁴ Interviews Bryden, Muir, McLeish, Mulligan, 1998.

withdrawn and in relation to whole transfers. Relatively junior agency officials bargained with senior council managers and members, with buyer staff and committees though they could be too pushy, engendering later resistance.⁴⁷⁵ This serves as a reminder that there was a fine line to tread in persuading potential opponents.

Elected and Community Representatives

Few elected representatives led change from the front. They engaged with the process to the extent of suspending opposition and by permitting staff to talk to relevant stakeholders (tenants). While Kingdon (1995) suggests visibility is the natural terrain of the elected politician, elected politicians were hardly visible champions on stock transfer issues. In Glasgow's pioneering phase, of the four key actors, the only visible champion (Kingdon, 1995) was an unelected community activist. The others worked quietly, out of the limelight: clearing paths and blockages, constructing incentives and securing political and thus resource support – all critical to minimising implementation failure (Bowen, 1982).

One of the key actors in Glasgow operated at both levels and, though an elected politician, was more comfortable with the invisible role.⁴⁷⁶ He was instrumental in developing proposals and ideas, softening others for stock transfer to tenant co-operatives.⁴⁷⁷ His professional and academic background in law may have equipped him for seemingly contradictory behaviour. In public, as a Conservative, he *opposed* proposals which he had privately helped to develop,⁴⁷⁸ in order to convince Labour opponents to support them.⁴⁷⁹ Similarly, he persuaded Tory Ministers not to congratulate Labour politicians on their actions and thereby avoided puncturing delicate policy initiatives. His behaviour was more in keeping with the profile of an official than of a politician and thus was rather a wily, invisible policy entrepreneur (Kingdon, 1995).

Local tenant committee members and activists (not councillors) were often identified as key actors by others, not themselves. One or two individuals were named in each particular place as being crucial in providing local leadership for change. Many were mature women

⁴⁷⁵ Interviews Dhir, Forbes, Crookston, 1998.

⁴⁷⁶ Ian Dyer was a former Conservative councillor and housing sub-committee chair (pre-1984) and on the Scottish board of HCiS until 1989. He moved freely between different levels and interests: he relished his influence with Conservative politicians in central government although he did not think that Ministers, and still less civil servants, always welcomed his views. Ministers who listened included Rifkind and Ancram though he was convinced that he later became unpopular with civil servants and politicians (Lord James Douglas-Hamilton) for stating unwelcome opinions about the limits and dire consequences of the Right to Buy. Dyer was invited to participate in housing working groups on particular issues when Labour took control of the council. He co-operated with local Labour politicians and was regarded by others as pivotal in discreetly contributing to new thinking about transfers within the Glasgow Labour Party in 1985. Interviews Rodgers, Wiseman, 1998.

⁴⁷⁷ He related that as sub committee chair he used the opportunity to promote tenant participation in run-down estates. He also proposed that committees go out to visit estates and talk to tenants – unheard of at the time. Moreover in 1985, due to a clash of dates with a Labour group meeting, he ended up accompanying a dispensable Labour councillor on a tour showing Rifkind (then Minister) Glasgow's peripheral estates. The Minister was impressed with the council's 'fly' response to a government loophole. Dyer claims he succeeded in quietly impressing on Rifkind the need to avoid congratulating the council unless he wanted the initiative to stop. He also protected Scottish initiatives when they came through the HC Board in London as registration matters.

⁴⁷⁸ Interviews Mills, Miller, 1998.

⁴⁷⁹ Interview Dyer, 1998.

with grown-up families, often not involved in party politics.⁴⁸⁰ One activist was credited with galvanising local tenants into action across Scotland.⁴⁸¹ Epithets of 'charismatic leader', 'spearhead' were evidence of qualities likely to be prized among visible participants.⁴⁸²

While earlier chapters showed tenants assumed to oppose transfer on ideological grounds, for tenant committee members in this study, transfer was a means to achieving better living conditions and therefore to be supported. Committee activists in small-scale transfers were sanguine that Community Ownership as such was not their idea to start off with.⁴⁸³ Their pressure had been directed at achieving physical improvements: Community Ownership and the resulting co-operative had become 'theirs' during bargaining. Tenants would 'go along with anything' which produced money for investment in their housing, wherever it came from.⁴⁸⁴ Such imperatives were not immediately evident to tenants in Stirling, who decided to oppose transfer without reaching the bargaining stage.

Lukewarm support

Central Government: Politicians and Officials

While central government might have been expected to support transfer, its representatives' behaviour was not supportive. Government actors did not shine through as trailblazing either type of transfer at the local scale, though they were not opposed as such. This study did not find evidence that central government actors (political or official) planned or anticipated the local consequences of their actions. Indeed, former Minister Michael Ancram recalled first hearing about transfer from Glasgow tenants. Having become convinced of the value of the proposals, he then promoted transfer quietly inside central government,⁴⁸⁵ diverting resources to HCiS/ Scottish Homes which his successor protected thereafter (Chapter Eight). Ministers showed personal interest in and support for early developments and although the Glasgow proposals might have died without central resources, support only followed *after* the Minister was personally lobbied by tenants (Clapham *et al*, 1991).⁴⁸⁶ However, government officials seemed to be instrumental in clearing paths behind the scenes,⁴⁸⁷ with stock transfer among the unintended consequences of other policies. 'Support' at the highest level was scant and reactive, without knowledge of the consequences of decisions, even though Ministers had to approve disposals (SDD, 1988).

Central government officials were not particularly helpful in supporting or approving cases such as Berwickshire, allowing one respondent to comment that clarifying the framework of

⁴⁸⁰ Interviews Bryden, Muir, McLeish, Mulligan, 1998.

⁴⁸¹ Interviews Breslin, Miller, 1998.

⁴⁸² Interviews Dhir, Crookston, Breslin, Dyer, Mills, Ancram, 1998.

⁴⁸³ Interviews Bryden, Muir, McLeish, Mulligan, 1998.

⁴⁸⁴ Interviews Forbes, Mulholland, Crookston, Comley, 1998.

⁴⁸⁵ Interview Ancram, 1998.

⁴⁸⁶ Interview Ancram, 1998.

⁴⁸⁷ See Chapter Seven: Mills argued in 1998 that accounting for housing association expenditure as private rather than public became key to creating the opportunity for private investment by associations acquiring council-built stock.

rules for transfer was like mountain-climbing in fog, without a map or compass. Prompt processing was required in the run-up to reorganisation but responses to requests for clarification of policy were delayed or absent. Deliberate attempts to soften political contacts in central government clearly had not borne fruit.⁴⁸⁸ After a ballot in October 1994, Berwickshire council applied for ministerial consent in March 1995, and received it on 30 August 1995, just weeks after a Cabinet reshuffle placed Forsyth in charge of the Scottish Office and 24 hours before the new council had legal rights to stop the transaction (see below). Civil service allegations of councils avoiding decision-making about transfer attempted to mask a policy void at the centre. While the policy of transfer was being 'managed into a mature programme' in England, concurrent policy in Scotland meant disposing of Scottish Homes stock, though the receipts and debt consequences of this came to haunt central government (as shown in Chapter Eight).

Until Raymond Robertson became Minister in 1995, central government did not promote transfer heavily in Scotland. Arguably, local actors were more likely to pursue transfer the less the government promoted it.⁴⁸⁹ Indeed, there was a continuing political reluctance to take credit for transfer, in spite of the fact that the outcomes were mainly regarded as successful on political, financial, social and physical grounds. Government officials were consistently anxious to avoid any impression of undue influence especially over Ministers.⁴⁹⁰ While politicians seemed sanguine about their relative lack of power and the limitations of Whitehall model of government (Campbell and Wilson, 1995),⁴⁹¹ civil servants would cling to ministerial decision-taking, while managing with subtle sophistry to achieve distance from any decisions deemed 'brave'.⁴⁹²

Opposition: Non-Opposition, and Suppression of Latent Conflict

Having seen who promoted and endorsed transfer, we can now examine sources of opposition and opponents' actions. Organisations representing the interests of tenants, councils and staff voiced strong ideological opinions about transfers as privatisation, incompatible with the government's position. Civil servants saw lack of transfer as ideological resistance, but opponents were initially difficult to identify in the case studies, though unsolicited evidence of opposition cropped up in relation to failed or aborted transfer

⁴⁸⁸ Interview Jones, Findlay, 1998. Protracted correspondence with other councils during 1994 and 1995 shows the emerging rules, including the shift to tenanted market valuation and a requirement for competition, never pursued. It should be remembered that the Scottish Office and Scottish Homes had recently been investigated over the handling of the Waverley transfer including very sensitive valuation issues. It was 1996 before draft procedures were published.

⁴⁸⁹ Interviews Mills, Ewing, 1998.

⁴⁹⁰ Interview Mills, Ewing, 1998.

⁴⁹¹ Interviews Ancram, Robertson, Lee, 1998.

⁴⁹² Interview Ewing, 1998: an example of a brave decision was the requirement on councils to use 25% of falling receipts for debt redemption. A further example was the decision to earmark the source of receipts.

attempts elsewhere.⁴⁹³ However with probing, some opponents were mentioned in the context of Stirling (aborted) and to a limited extent in other case studies (completed). They included tenants, junior and middle-ranking staff, and councillors – all of whom had different types of vested interests in the institution of council housing (security of shelter, jobs and votes respectively).

Councillors Stand Aside

The specialist literature suggests that organised opposition was critical (Kemp, 1990; Furner; 1999; Horsman; 2000). Although alliances could have been formed in these cases, none were – even in Stirling. The only instance of concerted opposition to transfer was the attempt to stop the Berwickshire transfer, which was almost stymied by other local government politicians and central government delays.

Although it was mainly Labour-controlled councils which promoted partial stock transfer, vehement internal opposition came from some SNP and Conservative councillors and avowedly idealistic Labour councillors.⁴⁹⁴ Calling transfer Community Ownership or ‘co-ops’ however was a deliberate way of making the unthinkable less unpalatable. Some (Labour) councillors were only reassured by the small scale of partial operations, relative to the overall remaining stock. It was easier to achieve pragmatic decision-making about partial transfer in a large authority where small-scale threats dented rather than punctured council housing though only while it was the sole alternative.⁴⁹⁵ However, for some, promoting co-operatives was a ‘threat to council housing itself’, it was ‘acquiescing in Tory privatisation’, the ‘latest extension of privatisation’.⁴⁹⁶ Instinctive opposition also stemmed from other streams of ‘stock transfer’ without people understanding the different meanings.⁴⁹⁷ As the scale increased, as in Glasgow in 1996, there were attempts to block further transfers, perhaps anticipating a change of policy after the election.⁴⁹⁸

Electoral anxiety may also help to explain why opposition to (partial) transfer was resisted, even by Conservatives. Conservatives inside Stirling (and Berwickshire) did not all welcome

⁴⁹³ By 1994, some six councils (out of 56) were informally ‘known’ to be considering similar proposals of which only one - Wigtown - eventually went to ballot and lost in the summer of 1995. The only Labour member in Wigtown DC represented the area which contained the most substantial concentration of council housing. Quite apart from the unrealistic expectations of staff and the technical (financial) shortcomings of the Wigtown proposals (highlighted by the independent adviser Smith), the solitary Labour councillor and local supporters ran an effective campaign against the transfer within the final few days leading up to the ballot. The ballot failed spectacularly with 75% opposition on a 75% turnout. The stimulus for consideration of transfer in these cases was partly associated with local government reform producing locally unwelcome amalgamations of small district councils. They were partly financially driven by efforts either to build more new housing (as in NE Fife and Stewartry, Kahn, 1996) or ‘magically release equity’ (Wilcox, 1994) from the sale of council housing so as to fund other council projects (e.g. Stirling, Wigtown, Nithsdale) though the essential calculations underpinning these proposals were often flawed and ill-understood (Khan, 1996).

⁴⁹⁴ Interview Rowbotham, Luke, 1998.

⁴⁹⁵ Interview Comley, Whitefield, 1998.

⁴⁹⁶ Interviews Luke, Wiseman, Findlay, 1998. The Right to Buy was seen by many respondents to have been a forerunner of sorts. The difference was about whether they liked what they saw.

⁴⁹⁷ In the Motherwell Labour group, wind-up transfers in the nearby New Town of East Kilbride leaked into discussions about small-scale transfers by the council exploiting Scottish Homes’ investment resources.

⁴⁹⁸ Personal communication with council staff during data reconciliation in 1997.

stock transfer, as they thought it was the council's job to provide welfare housing for people in need.⁴⁹⁹ Even a *partial* transfer proposal could have been especially challenging to reluctant collectivists among Conservative politicians, since the area proposed by staff (western rural Stirlingshire) regularly returned Conservative councillors.⁵⁰⁰ Staff proponents – mistakenly - assumed that this would have greater appeal: it might have been perceived as counter-productive if councillors were exposed and votes correspondingly prejudiced. Satisfying tenants in a ballot became increasingly challenging in an increasingly tense political climate preceding local and national elections.⁵⁰¹ Thus, opposition was not just from socialists but from paternalistic Tories (Thatcher, 1993). Such opposition meant that transfer ideas never reached ballot in Stirling and possibly in other (Conservative) authorities where the issue of stock transfer was never even raised.⁵⁰²

Tenant Ambivalence

Formal tenant opposition to *council* transfer came mainly from organised groups, vocally opposed to any erosion of public housing.⁵⁰³ Tenants' groups in some areas were stacked with 'old Labour' activists, mainly men, who used mischievous scare tactics against transfer (Khan, 1996). Sellers were not prepared to push reluctant tenants. Affected tenants in small-scale transfers did not usually resist though forceful individuals could delay transfer by active and vociferous opposition. Before 1991, the absence of ballots meant there was no mechanism for articulating or recording opposition,⁵⁰⁴ though councils used a variety of consultation mechanisms (Nicholson, 1990). Later, informal consultation preceded ballot to ensure a positive formal result.⁵⁰⁵ Local opponents were simply excluded from subsequent developments or proposals dropped by the seller.⁵⁰⁶ The handful of tenants who voted against proposals were viewed as using their opposition as leverage for a better house.⁵⁰⁷

Stirling tenants issued a press release objecting to transfer in principle after rejecting Conservative councillors' first proposals for partial transfer of a peripheral town estate. Later proponents then fought shy of tenant consultation though - with hindsight - staff thought such consultation in another area would have produced a positive result.⁵⁰⁸

⁴⁹⁹ Interview Harding Scott, Findlay, 1998.

⁵⁰⁰ Interview McDermott, 1998.

⁵⁰¹ Interview Jones, McLaughlin, Smith, 1998.

⁵⁰² Personal communication 1996: the former Leader of Eastwood council knew informally that transfer proposals would be unwelcome, as his members adhered to a one-nation Tory view of council housing. Thus, he argued, it was never put on the agenda. It may be relevant that Eastwood faced being the basis of a new smaller council rather than a larger one. See also Chapter Seven about Ministers' views of local Conservative members' conservative views on housing.

⁵⁰³ The STO response to the Conservative Tenants Charter in 1991 was to issue an alternative tenants' charter campaigning for the right to a council house.

⁵⁰⁴ Interviews Hastie, Smith, 1998. It is worth noting that government records of transfer in Scotland did not include any reference to ballot outcomes.

⁵⁰⁵ Interview Smith, 1998, though this clearly did not happen in Wigtown DC.

⁵⁰⁶ Interviews Mulholland, Whitefield, McLaughlin, Smith 1998.

⁵⁰⁷ For example 3% of tenants in Forgewood voted against.

⁵⁰⁸ Interview McDermott, 1998.

Latent opposition from tenants was suppressed by the incentive of improved housing conditions using Community Ownership funding.⁵⁰⁹ Many noted a historical lack of trust between tenants and landlords due to a legacy of poor treatment.⁵¹⁰ Some interviewees speculated that prior distrust between landlords and tenants would have adversely affected a transfer proposals, and could only be addressed by tangible (resource) incentives.⁵¹¹ Fear of a challenge to credibility – even perceived job risks - might have dissuaded council officials from bringing up proposals for whole stock / large scale transfers as funding started to diminish.

Staff: Management and Street Level Bureaucrats

The third group of potential opponents was staff. Trade unionists defended council housing publicly on ideological grounds, but Nalگو/Unison had no *formal* policy of opposition to transfer.⁵¹² This left individual staff and union members free to oppose disposals in practice, promote them if their organisation so wished, or take jobs in the new organisations. Earlier sections have argued that it was in the power of senior staff to make (or break) proposals: less senior (housing) staff and senior corporate managers certainly had, and used, negative power covertly to obstruct and thwart transfer.

Some middle managers in housing were increasingly unhappy as their employer's small-scale proposals gathered momentum and the climate shifted towards satisfying consumer rather than producer interests.⁵¹³ Even though the scale of developments was fairly insignificant, they believed that their jobs and role were under threat from transfers. However they could not openly challenge policy led from above. Besides, it was suicidal to challenge policy/ practice designed to empower tenants and lever in new resources.⁵¹⁴ However, junior staff individually 'scare-mongered' against local proposals,⁵¹⁵ and middle managers converted ideological opposition into obstructive action.⁵¹⁶ Senior corporate managers and officials *outside* housing departments were reported to stretch out interdepartmental deliberations and quibble over tiny details.⁵¹⁷ If it was not their intention to obstruct or delay progress, that was certainly the effect.

⁵⁰⁹ Interviews Bryden, Muir, 1998.

⁵¹⁰ Interview McLaughlin, 1998.

⁵¹¹ Jones commented that consultants 'knew' whether a proposal would win from the tone of relations picked up on the doorsteps, when surveying tenant opinion. If the tenants did not trust their present landlord, they would not trust the same people in a different organisation.

⁵¹² Formal Unison opposition (Scotland only) was noted in 2000 by the Scottish Parliament after a policy position was adopted in 1999. Khan (1996) notes that Unison could not formally oppose government policy until policy proposals had been made public, which was not the case at the time. A lengthy process of deliberation would be required in order to arrive at a position.

⁵¹³ Interview Forbes, Crookston, 1998.

⁵¹⁴ Interview Dhir, 1998.

⁵¹⁵ Interview McLeish, Mulligan, 1998.

⁵¹⁶ Interview Forbes, 1998.

⁵¹⁷ Interviews Forbes, Jones, 1998.

Later resistance to Community Ownership came from central personnel in Scottish Homes involved in regulation, as shown in Chapter Eight.⁵¹⁸ By the mid-1990s, Scottish Homes needed larger landlord vehicles with their own reserves to support development,⁵¹⁹ and small organisations were increasingly seen as unsustainable (Scottish Homes, 1994; SODD, 1996c). Thus while development staff promoted Community Ownership, Registration staff undermined the establishment of new organisations.

Opposition was thus mostly suppressed, especially through resource incentives for tenants, provided by the centre. Local politicians often suppressed their own objections by deferring to tenants. Just as staff were key in initiating transfer in some areas, they were critical in blocking transfer in others, lending weight to the argument for street level bureaucracy (Hudson, 1997). Foot-dragging behaviour by staff was more effective in changing policy direction and speed, providing evidence of action to achieve non-decision-making (Bachrach and Baratz, 1963).

Officials: Holding the Key to Power?

By examining different stances and actions within each layer of decision-making, we can see staff power in practice. Neither elected nor representative, but paid, staff had no formal role in decisions but undertook most of the groundwork for elected representatives (some paid) and volunteers who were ultimately responsible for taking decisions. The housing literature underplays the significance of staff behaviour, action and power in preparing formal decisions for others to take. Based on the evidence here from Scottish transfers, staff had and exercised effective informal and hitherto unaccounted power in both stimulating and blocking transfer.

The range of organisations and protagonists within those organisations were the same in each case but their relationship varied from case to case and from time to time, depending on the interpersonal relations and dynamics of the individuals and circumstances. This study reveals that the initiative for stock transfer could come from a number of sources but chances of completion (and ultimately success) were enhanced, when they came from very senior staff of the selling organisations. Figure 45 seeks to depict the original source of initiative, who was enthusiastic or was persuaded, who was involved in bargaining, preceding transactions and implementation and who opposed. In some respects, this oversimplifies the array of interests, in others, it helps to clarify power in the process.

⁵¹⁸ Interviews Hastie, Miller, 1998.

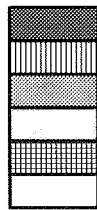
⁵¹⁹ Interviews Anderson, Breslin, Rendle, Miller, 1998.

Figure 45: Scottish transfer Case Studies – Protagonists' Roles

Organis-ation	Role	G	D	M	B	S 1	S 2
Central government	political / elected	■			■		
	civil service	■			■		
Government agency	board / appointed	■	▨				
	Development (paid)	▨		■		■	
	R&S (paid)		■		■		
Seller	political / elected	■	■	■	■	■	■
	official paid	■	■	■	■	■	■
Buyer	tenant/ vol. members	▨	▨	▨	▨	▨	
	paid staff	▨		▨			
Lender	paid staff				■		
Consultant	paid staff	▨					
		▨					

Key

- took initiative
- enthusiastic supporter
- persuaded to support
- neutral
- opposed/ resistant
- unknown



Source: analysis of qualitative interviews, 1998

Initiative

Contrary to the common argument in the literature, responsibility for getting a matter such as transfer on a council agenda lay more commonly with officials than politicians. In small-scale completed transfers, tenants of stock in poor condition⁵²⁰ had often been pressing for improvements which the council could not fund due to capital borrowing constraints. Having come up with transfer as a possible solution, the trick was getting councillors to agree to staff talking to tenants in the first place.⁵²¹ Typically, senior staff had to 'soften up' elected members though in some cases, the fact of tenant support (or at least lack of resistance) allowed elected members to agree to proposals against their better judgement.⁵²²

A Shelter survey of authorities' responses to voluntary transfer (Nicholson, 1990) showed that only two councils had a written policy and there was a general reluctance to *initiate* action:

... the majority of authorities adopt a reactive stance, responding to tenant-led initiatives, to locally based associations.

Nicholson, 1990: 6

⁵²⁰ The stock concerned was not necessarily the oldest stock of the council. In a number of cases it had been built within the previous 20 – 30 years to very poor standards and was in low demand, often displaying problems of difficult to let estates.

⁵²¹ Interviews Whitefield, Rowbotham, Comley, 1998.

⁵²² Interview Luke, 1998.

In 1990, Berwickshire was among those which would 'not be considering transfer'. Although in Berwickshire politicians drove the process (from 1992), their actions were triggered by the Director of Housing before the 1992 election prior to his retirement. New staff responded enthusiastically to their agenda.⁵²³ Stirling was in the category of authorities which 'would be considering transfer' (Nicholson, 1990), yet at that time it was under Labour control and interviews in this study revealed no evidence of transfer intentions before the Conservatives took control in 1992. While politicians and junior staff came up with separate proposals within months of each other, neither got off the ground.⁵²⁴

The initiative in Motherwell was equally shared between Scottish Homes' Development staff and senior council staff, though it could equally be argued that the latter responded to a funding opportunity, to deal with prior letting problems affecting housing.⁵²⁵ Enthusiastic support of Scottish Homes development staff (instrumental in most small-scale cases) was lacking in Dundee. The decision to support registration and the development of co-operatives was eventually taken by the Board overturning staff recommendations, following a judiciously timed visit instigated by council officials.⁵²⁶

Response

Lack of opposition, or neutrality at least, was a pre-requisite for staff to be able to move proposals on to the next stage of the process (e.g. from initiation to persuasion). Both neutrality and lack of opposition were missing in Stirling. Tenants rejected Conservative politicians' proposals for a partial disposal without finding out about possible incentives or alternatives. When middle-ranking staff attempted to develop a proposal for a partial, privately funded transfer, they had not cleared lines of authority with senior managers:⁵²⁷ Significantly, they were unable to convince senior staff or the ruling Conservative group to support their plans, even though Stirling DC (1992- 95) was regarded as among the most ideologically driven council in Scotland. This confirms that a positive top-down and bottom-up reception from tenants, politicians and staff, were vital prerequisites to advancing detailed proposals to persuasion and bargaining stages.

Persuasion and Bargaining

Gathering additional support required staff to turn lack of opposition into support and if possible enthusiasm, most often evident from Scottish Homes' staff, based on their resource

⁵²³ Interview Jones, Findlay, 1998. It was only after 1992 that politicians decided to act on the information. Berwickshire was nominally Conservative though most respondents played down the ideological dimension of political control as there was no group activity as such. The Housing Convenor (key figure in the transfer) even switched his allegiance to the SNP in 1993, thereby removing the Conservatives' control of the council. Yet he retained his status as a senior councillor as if nothing had happened. He presumed that the Leader of the council would have had some quiet influence with the politicians in central government (not least through golfing networks) though this never materialised.

⁵²⁴ Interviews Harding, Scott, McDermott, 1998.

⁵²⁵ Interview Whitefield, 1998. Tenants in two areas responded positively while others were approached about possible transfer (Community Ownership) and rejected the proposals (personal observation).

⁵²⁶ Interview Rowbotham, 1998.

⁵²⁷ Interview McDermott, Harding, Scott, 1998.

power. It is suggested that persuasion based on deeper values became more critical as the scale of the enterprise increased and (with later proposals) as resource incentives lessened, where ballots acquired more significance. It was not just a question of not facing opposition: where active support was lacking, proposals could be diverted,⁵²⁸ stumble or run out of time (Pressman and Wildavsky, 1984).

Transaction and Implementation

Even after a ballot, mere neutrality could stymie proposals, as was narrowly avoided in Berwickshire.⁵²⁹ Where preparation was properly conducted, ballots were won and transactions could be completed. Failure at this stage was costly, reflecting lack of perfect conditions for implementation (Sabatier, 1986).⁵³⁰

Main Relationships

In completed transfers, the Director of Housing was usually the primary contact with politicians and officials in central government, up to and including the Minister, at least while rules were being developed and while transfer was becoming established locally. Once rules were clear, the main line of communication ran between the council's Assistant Director of Housing and Principal Officers in the Scottish Office Development Division. Once a pattern or procedure was established within the council, senior staff were only involved in troubleshooting. Locally, the council and the new body liaised mainly via staff, drawing in politicians at the early stage or where political weight was required to help resolve sensitive policy or resource problems. Councillors and senior housing staff liaised with their counterparts in other councils via the intergovernmental network (CoSLA) but its role in stock transfer was limited to in-principle objections to government objectives in 1987 and a Code of Conduct governing transfer in 1995 (CoSLA, 1989).

Committee members and staff of the new bodies liaised to a limited extent with their counterparts in other parts of the country through a producer network (SFHA).⁵³¹ The structure of the SFHA changed between 1988 and 1997 to accommodate different new constituencies of interest: rural, co-operative and transfer⁵³² to allow people engaged in similar activities to exchange ideas and channel lobbying activity. Staff – often from a council background – remained involved with professional networks. While a number of loose networks were present, they were in the background, leaving action to individuals in particular organisations.

⁵²⁸ *Some of the early tenants groups in Glasgow did not respond enthusiastically and were bypassed in favour of others (Clapham et al 1991).*

⁵²⁹ *Lack of positive support and clear rules from politicians and civil servants contributed to delays in other councils, perversely at a time when the government might have been expected to support such large scale disposals.*

⁵³⁰ *In Wigtown in 1995, staff ran out of time and so did not listen to tenants, did not prepare the technical basis of the proposals and did not secure key actors' support.*

⁵³¹ *SFHA is a separate Scottish autonomous producer network: its counterpart in England is the National Housing Federation.*

⁵³² *The 'transfer' category was usually joined by bodies formed or expanded to acquire stock from Scottish Homes and New Towns.*

Accommodation and Mutual Adjustment:

Networks, Relationships and Dynamics of Interaction

While bodies representing institutional interests were inimical to transfer, they did not circumscribe members' behaviour. Those who could have defended such interests locally, acted to accommodate competing views on transfer, without advertising a change of stance or decision as such. Individual incumbents were in effect unable to shun the chance of resources and seller personnel deferred to tenant power, especially once ballots were in place.⁵³³

Having seen council housing thus amenable to local negotiation, we can question the depth of perceived attachment to council housing (Sabatier 1986). Committee activists appreciated that there needed to be a change in the way things were done.⁵³⁴ Perhaps tenants were more attached to physical comfort than tenure by being prepared to alter identity if necessary. Such an important institutional change in such a hostile climate required quiet action, which indicates that actors, notably tenants and staff, were prepared to take action based on adjusted identities, creating the possibility of change (March and Olsen, 1996).

An appetite for change in various camps was recognisable after the event, if not articulated at the time.⁵³⁵ Arguably retrospectively councils could never have achieved regeneration on this scale, while managing investment and empowering tenants.⁵³⁶ Tenant volunteers accepting small-scale transfer responded to the pressures of under-investment and to the opportunities for alternative investment via Community Ownership funding. Although technically free to walk away from proposals, tenants could not resist exchanging tenure ideology for comfort. This can be interpreted either as exchange (Hjern and Porter, 1981) or power dependency (Rhodes, 1997), where one party (central government) has more power to achieve change, through resources. The incentives for better housing through the new bodies were usually too great to be dismissed, even though Chapters Seven and Eight provide little evidence of central government deliberately constructing incentives in this way. Placing tenants in charge of the new landlord bodies allowed latent conflict to be suppressed.

⁵³³ See earlier chapters about compulsory transfers, House of Lords' amendments requiring tenant ballots and late amendments to the 1988 Act regarding balloting tenants.

⁵³⁴ Interview Muir, 1998.

⁵³⁵ Interviews Jones, Mulholland, Muir, Breslin, Luke, 1998.

⁵³⁶ Interview McLaughlin 1998.

Initially hostile elected members 'came round' to become Labour's reluctant privatisers, and firm supporters of their local co-operative/housing association, provided tenants were in favour.⁵³⁷ Many came to be persuaded to change their stance as visual evidence reinforced desperation at the limited possibilities arising from constrained council resources and prompted admiration of 'demonstration' projects.⁵³⁸ Moreover one or two dynamic councillors were instrumental in changing minds within local (Labour) party groups and in driving forward officials' ideas. Locally elected respondents generally thought they had been instrumental in changing staff and tenants' minds in support of regeneration initiatives,⁵³⁹ though such leadership was only rarely identified by other respondents. By comparison, staff were usually pivotal: councillors merely got out of the way.⁵⁴⁰

While 'demonstration projects' helped to clinch the decision for some (not Stirling), personal connections helped others and dynamics between the various individuals were crucial in any given project, for good or ill. At one level, this reflects respondents' reluctance, or inability, to distinguish formal *position* power from the *exercise* of power by individual incumbents. Incumbents' failure to acknowledge their own power could be modesty or reluctance to accept responsibility for their own actions, which would undermine the paradigm of political responsibility. In doing so, they underplay the significance of interpersonal dynamics.

The coincidence of formal and informal networks was vital in consolidating working relationships between staff. Some had previously worked together and dispersed into employment in the voluntary sector, in councils, in Scottish Homes' Development funding or Regulation teams. Interconnections between central and local government were more rare, but there were linkages between individuals: some respondents referred to others as 'my old friend'.⁵⁴¹ Officials thus enjoyed position and personal power to 'deliver', a degree of mutual professional understanding and frequent communication.

In a similar way, committee members in the buyer organisations bonded together, growing through adversity. Although there may have been no history of such relationships in a local area, these were clearly valued and there was much mutual respect and admiration, without

⁵³⁷ Interview McLaughlin 1998. Transfers took place in wards of some of the most senior committee chairmen and in one case in Motherwell, the ward of a Communist councillor, with his positive support.

⁵³⁸ Councillors (and tenants) were persuaded by visits to similar projects elsewhere. Visitors from Glasgow and Dundee mentioned examples of relevant projects in Sweden, London or Liverpool pre 1985: later other visitors came to Glasgow from other parts of Scotland, before taking up transfer. Councillors and others from Berwickshire and Stirling went to different parts of England, and Grampian and Berwickshire was in turn visited by NE Fife DC and Wigtown. These had significance in convincing local actors that ideas could work. Evidence of associations' track records through tenement rehabilitation work particularly helped to persuade councillors with experience on local committees in Glasgow and Dundee to see their potential in other peripheral estates. Councillor visits to see the conditions in which their own tenants were living in peripheral estates was also compelling in changing the minds of some elected members previously opposed to transfer to favour any form of investment including co-operatives if necessary.

⁵³⁹ See also Cllr Lee's comments in previous chapters that councils had come up with the idea of transfer and got one over on the government.

⁵⁴⁰ Interviews Comley, Rowbotham, Whitefield, 1998.

⁵⁴¹ Interviews Dyer, Mills, 1998.

undue complacency. There was less crossover and communication between volunteers/activists and elected members, other than in whole stock transfer.⁵⁴²

Given the complexity of the process, progress by solitary action was impossible. Thus alliances and coalitions were essential to deliver action. This confirms that progress and completion depended critically on vertical interdependence between central government, its agency, councils and buyers, in both directions (Rhodes, 1997). Not only were various parties required to give formal approval, but active participation and ownership of developments was a prerequisite and, in this respect, the presence of trust between participants was vital. The teamwork relationship or 'spark' between certain officials was critical in making things happen.⁵⁴³ Trust and understanding were vital not just between officials but also with tenants and elected members in local government. Many of the sparks to problem-solving and new thinking occurred outwith formal settings, emphasising the almost accidental nature of the policy process (Kingdon, 1995). Moreover reports of unexpected and casual encounters reveal the porousness of the policy community.⁵⁴⁴ The evidence here reveals a pragmatic commitment to solving problems.

Lack of trust or alliances between senior staff and councillors fatally undermined aborted LSVT proposals elsewhere (Khan, 1996).⁵⁴⁵ The relevance of personal credibility to policy success was understood by some at the time. Certain elected representatives were chosen to articulate the council's policy as some incumbents in formal positions were known to be severely lacking in credibility.⁵⁴⁶ But the trust and credibility that characterised the completed transfers in this study were missing in Stirling. While some objectives appear similar on paper, the characters were strong and without positive interpersonal dynamics or mutual respect. Some of the proponents were political opponents and were seen as aggressive, unpopular, even untrustworthy. Mutual credibility of and respect for individuals promoting new policies were lacking and rumours of internal strife within the ruling group meant that an idea from one source would not be supported. Whether interpersonal trust could have overcome ideological hostility in such a contested locality is mere conjecture.

Trust between actors was essential: even though they might not share a political outlook, they needed to share common objectives, whether accessing much needed investment and/or creating opportunities for local control. The fact that personnel turnover changed the dynamics of relationships between roles emphasises the dependence of progress on interpersonal dynamics and trust.⁵⁴⁷ Not only did this affect processes but also outcomes.⁵⁴⁸

⁵⁴² Interview Findlay, 1998.

⁵⁴³ Interviews Anderson, Jones, McDermott, Crookston, Mills, Miller, Smith, 1998.

⁵⁴⁴ Interviews Bryden, Rodgers, Findlay, Mills, Ancram, 1998.

⁵⁴⁵ Khan examined Wigtown, NE Fife and Stewartry in some detail in 1995/6 for an unpublished MSc dissertation on councils' attempts at whole stock transfer.

⁵⁴⁶ Interviews Wiseman, Breslin, Dyer, 1998.

⁵⁴⁷ Interviews Forbes, Mulholland, Crookston, Rowbotham, 1998.

⁵⁴⁸ As a result, some groups formed in the early 1990s were born of conflict between interests and ultimately failed to thrive.

While the policy studies literature discusses the nature of pressure groups, the stability and interdependence of networks, whether group members are insider or outsiders to the policy process, very little is said about trust (or the lack of it) and interpersonal dynamics in the conduct of policy. If anything, it is implicit in the context of programme structures, to which we now turn.

Programme structures

If the 1987 government objectives are taken at face value, the government did not consciously or deliberately provide agency or clear objectives as to what should, or would, come out of the pressures. There was arguably no programme of action other than the Right to Buy and even that relied on tenants using the provisions. If anything, small scale transfer is bottom-up policy.

Chapter Two showed Hjern and Porter's ideas about bottom-up implementation structures, containing seven broadly theoretical statements about administration, now annotated with the small-scale council transfer programme in mind, as follows:

Participants have a variety of goals and motives: motives were labelled differently but agreement on these was not required as long as each was satisfied. Co-ops delivered empowerment to suit some, while delivering resources to suit others;

Programme rationales determine how resources are applied: Community Ownership funding criteria allowed Scottish Homes Development staff and council officials to package projects to receive resources;

Authority relationships are replaced by 'co-ordinative competence': quality of buyer staff appointments was salient, as were communication and trust between protagonists at different levels;

In the face of local discretion, control strategies are of limited value: Chapter Eight showed the weakness of control at the top/centre over local or priority resource distribution. Programme managers in Scottish Homes could not control the supply of transferred stock;

There is no single structure of implementation but a variety: different scales of organisation and programme emerged to accommodate local bargaining though the programme became more uniform through regulatory intervention;

Each structure contains specialised roles which vary from programme to programme: the process required many different contributions depending on constant communication and bargaining;

Structures differ in cohesiveness and shift continually: practice changed over time and not all transfers to new bodies proved sustainable.

These annotations are based primarily on interpretations of actors' behaviour. These statements are the nearest that policy theory comes to explaining partial subsidised transfers in Scotland. It would be interesting to test the generalisability of these statements by examining English (partial) subsidised transfers using this framework.⁵⁴⁹ However it is doubtful if it would apply to whole stock transfer in Scotland, based on the cases examined here.

Conclusions

All completed transactions were preceded by complex interactions and a range of different actors working in concert, persuading, bargaining and securing approval ready for implementation. In these interactions, officials were consistently more important than elected members, as they could either stimulate or resist change. Although elite actors were not willing to claim responsibility for decisions or innovation at the time, interviews revealed them to be more sanguine a decade later about conceding the manner of their involvement and their thinking. This is a consequence of conducting interviews 'after the event': these accounts were not readily available at the time. They also saw the 'policy' as success and sought at least to share the credit. This success could not have been guaranteed in earlier years, nor might they have wished to be seen to have had such influence on policy development, while the policy was 'live'.

In small-scale transfers at least, councillors were also less powerful than tenants, which itself represented a seismic shift in power relations in council housing. Others, including staff, suppressed opposition if tenants were in favour. Latent tenant opposition was defused by means of resource incentives in small-scale transfers and by bringing tenants into control of the new landlords. Early transfers cleared blockages and provided compelling demonstration projects, which allowed resistant elected members to see how control might usefully remain in a collective/local and voluntary domain (rather than become private or bigger). This adjustment of identity and values allowed incremental institutional change to take place.

Invisible entrepreneurs, mostly officials, formed alliances based on mutual trust, proposing transfer as a solution to various problems (demand, conditions, investment and regeneration, tenant participation).⁵⁵⁰ Politicians both in local councils (mainly Labour) and central government (Conservative) responded to transfer as a 'solution' generated by such entrepreneurs. Solutions addressed the problems and preferences of paid officials, responding to deeper problems of resource allocation beyond their control. Once politicians could see these proposals as providing a solution to their problems, they adopted them as their own. Where in early cases, pressure for some solution came from tenants, later (at roll-

⁵⁴⁹ *ERCF programme appeared more top-down by virtue of competitive bidding, terms and parameters set in advance, administration by a government department rather than an agency, up-front funding and clear annual spend.*

⁵⁵⁰ *This was not a core objective in the early English transfers nor was it an outcome but in Scotland most of the buyers in stock transfer were small tenant-controlled bodies, though this changed over time.*

out) it was more often local managers who identified problems and persuaded tenants to support solutions.

Potential tenant opposition to changing property rights was suppressed by incorporation and incentives. Potential resistance thus yielded to pragmatic accommodation. The concept of programme structures provides the most plausible explanation for what happened in small-scale transfer with stealthy accommodation of interests at the local scale, by latent opponents. The later withdrawal of resources was partly responsible for changing bargaining terms about transfer. Where new tenant-controlled bodies were promoted in rule development and roll out phases, new problems and a changing environment caused support for such bodies to diminish. Later, resistance to old policy became manifest in practice within Scottish Homes, before the new policy was adopted.

Larger-scale transfers were explored with some stealth after the re-election of the Conservatives in 1992. While local government reorganisation drove some to consider stock transfer, it also constrained the window of opportunity: although in the end the outgoing councils had three years to achieve change, this could not be anticipated and rules about transfer were insufficiently clear to allow effective use of the time available. Moreover, for councillors facing election in 1995 and 1997, concern mounted about the adverse electoral consequences of implementing Tory-inspired policy, however strong the financial imperatives.

Visible champions were most evident among community activists, but rare overall. Less visible champions in neighbourhoods initiated and progressed small scale transfers – council, agency and buyer officials – did so in response to resource problems, created by central government without stock transfer as an intended outcome. Officials had no *formal* power but in the absence of initial opposition, they exercised influence to persuade and bargain with amenable tenants about proposals, eventually winning support via ballots. Their capacity was based on power to influence agendas, to regulate new bodies, secure and manage resources, and promote ballots underpinning formal decision-making. Visible champions were not so essential when incentives were available to persuade actors to change their stance, but transfer without resource incentives could not be progressed without credible visible champions.

Power in the policy process affecting small-scale transfers was more evident as pragmatic action than as decision-making based on stances. The pattern of consensus, accommodation and adjustment in the case of completed transfers was missing in the aborted transfer. Even avowedly radical local Conservative politicians avoided courting controversy by pursuing transfer. Stirling should be seen as non-decision-making, rather than opposition, abortion rather than failure.

Non-decision-making and inaction about transfer are thus evident. Absence of transfer could be read as weak or strong conviction in councils facing external pressure for change.

No visible champions were forthcoming among the politicians. In councils (not under Labour control) who considered larger transfers later, the rules were neither clarified in time nor eventually so appealing to tenants, whose vital support was too difficult to deliver in a hostile political climate. Absence of larger transfer could be interpreted as staff aversion to risk, more inaction than non-decision-making, and not necessarily based on ideological resistance. A critical opportunity for investment drove invisible entrepreneurs in Labour-held, urban councils to form improbable coalitions for partial transfer. A plausible explanation for absence of voluntary transfer elsewhere is senior officials' reluctance to broach transfer as politicians approached elections.

Chapter Eleven

Voluntary Stock Transfer - A Case of Policy Emergence?

The introduction to this thesis revealed the seeming paradox of Labour councils voluntarily acting to dispose of rented housing while formally opposed to government policy to that effect. It also showed the paradox of government cutting spending, not least on housing, while making available additional resources to support investment in former council housing, before it changed its own rules about the financing of transfer. Using an original definition of 'transfer', the thesis set out to challenge the assumption in the secondary housing literature that there was no transfer in Scotland, and to reveal who had conducted transfers, why and by what means. It thus sought to explain both this paradox and the absence of transfer after formal policy adoption. Given the contested meanings of 'policy', the study sought to use competing theories about policy making to answer these questions. In particular two contrasting ideal types were identified to understand more about policy-making.

This chapter therefore brings together key themes from the specialist literature, linking with methodological and theoretical concepts from the literature on policy studies. It deliberates on the nature of policy-making based on this case and its implications for the period after 1997. It starts by summarising the argument around who transferred what, why and how. It considers the relative contributions of the various methodological and theoretical approaches, before claiming contributions to knowledge about policy-making and housing, finally arriving at conclusions about the emergence of policy about transfer in Scotland.

Transfer in Scotland: Who, Why, How

Who? Mostly Labour-Controlled Councils

A large number of transactions were conducted, mainly in urban central Scotland. Most were partial, one was whole. Transactions started in 1986 and most were completed by 1995/6, when activity all but stopped. Most of the 17 sellers were Labour-controlled though two Conservative-controlled councils conducted transfers: one very early in the period, via a series of partial transactions in an out-of-town estate, with subsidy. The other was only nominally Conservative, and sold its mainly rural housing stock prior to reorganisation of local councils into one much larger body. Most partial disposals were to small, new, tenant-controlled organisations, with newly recruited staff though by the mid-1990s, more existing associations with reserves were involved in acquisition. In the latter (nominally Conservative) case, the control of the buyer organisation was vested in wider local interests, including a few tenants and it was managed by former council housing staff. All transfer landlords were state-regulated, making them eligible for government subsidy which most received, notably for partial transfer until 1996.

Inside selling and buying organisations, action depended on individuals. Although the bodies representing the views of councils, political organisations (other than Conservatives), staff and tenants were vehemently opposed to transfer, individuals took local action on a

small scale towards transfer. Elected members played a limited role, rarely championing proposals and operating chiefly in the background, more often than not suspending doubt. Arguably local tenants enjoyed greater power than offered under the previous council housing paradigm, whether by participating in ballots or controlling the boards of the new landlords. The main actors inside the selling and buying organisations were officials, supported or channelled by their counterparts in the government's housing agency, responsible for funding and regulation respectively. Government agency officials were critically well placed to secure and distribute resources to former council housing: the agency's use of resources was not generally documented in such a way as to allow government or others to monitor spending relative to objectives.

Why? Twin Rationales of Investment and Local Control

In spite of stakeholder attachment to council housing and vocal opposition to transfer, local interactions allowed two sets of imperatives driving transfer to be accommodated. At the headline level, these two imperatives were investment and local control. It could be argued that investment and local control resonate with contemporary central government objectives about investment and empowerment, at least at the level of rhetoric. Both were essentially about the increased role and power of private - including voluntary, rather than public - interests. However there was no evidence in this study that actors outside central government in Scotland agreed with central government objectives, consciously responded to them, or - still less - implemented them.

What respondents understood by 'investment' and 'local control' varied according to local circumstances. Local control does not feature particularly strongly as a rationale for transfer in the literature and may be of greater relevance in Scotland than in England, interpreted both at the neighbourhood scale and at the district scale arising from reorganisation. In subsidised partial transfers, 'local control' effectively meant the new landlords being neighbourhood, tenant-based organisations as against centralised or professionally-dominated municipal bodies. In larger-scale transfers, it meant reducing the threat of losing out to a new political body at reorganisation (larger or regional), without necessarily placing tenants in control of the new bodies. Investment was more commonly interpreted as subsidy than borrowing. In relation to small-scale transfer, investment primarily constituted subsidy to improve conditions. In larger, whole-stock transfer, where current conditions were not dire, investment was seen as private re-financing to support future development.

The dataset revealed steady growth in transactions, stock and public resources until 1995/6; thereafter there was a sharp fall in numbers of both transactions and resources. While it is relatively easy to explain the basis of resource cuts with reference to the wider financial environment, interest in transfer among sellers may have fallen off first. Records of resource cuts merely coincide with the fall in transactions and it has not been possible to establish from analysis of quantitative data whether falling local demand for transfer led to resource cuts or *vice versa*. Later Scottish Homes' records of spending allocations suggested more

resources going into former council housing than the researcher had been able to associate with particular transactions for the database, though the decline from 1995/6 is similarly marked. The gap between the database and the agency's records points to the extent of managerial discretion in decision-making about where to allocate and how to record resources, though it might reveal methodological shortcomings about the definition of transfer and the use of secondary data based on official records. Regardless of which explanation applies, the inadequacy of records, definitions and data, internal or published, meant that government actors barely knew at the time or since how much money was spent in this area, nor to what effect.

How? Constraints and Incentives, Bargaining and Accommodation

The completed transfers existed mostly in the absence of a formal framework of legislation, apart from the important but belated requirement for tenant consent. In this respect council disposals were strictly voluntary. Rules and levers under central ministerial and administrative control served more effectively to constrain than to direct action. In the case of partial transfers, resources were secured from government funds. Government initially responded to ground-level pressure from tenants in dire conditions who had powerful, selfish reasons to secure resources. Later rule changes emphasising private funding (eclipsing subsidy) emerged prior to formal adoption in guidance in 1996, as an extension of prior action by government agency actors in wider arenas (Scottish Homes, Scottish New Towns and English LSVT).

Resources were made available by agency officials securing ministerial support for public investment for council housing, with little evidence of rational policy-making. Senior staff were critical at many stages in setting agendas and in brokering and nourishing relationships, horizontally and vertically, as they moved freely between politicians, professionals and community activists. Later, larger transfers also depended on officials; this time in alliance with elected members and the wider community identifying transfer as a solution to problems of future investment, not unlike their English counterparts.

Tenants were given incentives and opportunities to control the new bodies in partial transfer. In the end tenants responded to such incentives, attenuating any ideological attachment to tenure. These instruments could be construed as deliberate incorporation. At the local scale, institutional stakeholders whose national representative bodies articulated opposition to transfer engaged with others to solve problems presented by lack of investment through existing, established routes. They did so quietly, without a fanfare of publicity, by forming new alliances and by adjusting identities, roles and relationships. Bargaining between governmental and voluntary actors in local processes was thus of critical importance.

A key factor in the absence of whole transfer and the decline of disposal transactions on any scale, was the wider restructuring of councils generally. If senior staff were critical in placing transfer on the agenda, it was especially they who were challenged by the very short timescale for completing preparations for the new councils, with councillors already facing

major disruption to constituencies and power relations. In that turbulent climate, anything with the potential to rock the political boat went overboard, including - arguably especially - council housing transfer, given ideological leakage from other forms of transfer. The window of opportunity remaining after reorganisation, was too small for change, with an imminent general election expected to produce a Labour government and the possibility of 'salvation' through policy change.

Though the formal decisions and documents indicate that legislative change in local government structures and resource pressures developed in parallel, this study showed local government reform preceding critical pressure on resource incentives. The researcher concluded, however tentatively, that policy-makers did not anticipate the consequences of reorganisation for transfer and that timing of cuts was coincidental.

Methodological Issues

The main approaches used in this study fell into one of three schools of theory: behaviourism, institutionalism and new institutionalism, incorporating rational choice. A combination of methods was used, including quantitative analysis of secondary data, qualitative analysis of secondary literature, primary documents and key actor interviews. Interviews explored concepts from policy theory including the interests, preferences and power of actors; the relative importance of formal decision-making and action at different scales and in different periods; the nature of the processes at work; the existence of networks and relationships between (groups of) actors; relative power and control from the top / centre. These methods were designed to reveal different, potentially complementary, aspects of policy-making about transfer. The focus of this section is on the contribution made by the various methods while referring to relevant policy literature.

Behaviourist Focus On Outcomes

In this study, a quantitative approach using analysis of secondary data revealed, for the first time, the uneven spatial and temporal distribution and incidence of transfer in England and Scotland. Whereas analysis of qualitative data focussed on completed and failed (or aborted) transfers only in Scotland, quantitative analysis focussed on completed transfers in England and Scotland, permitting and limiting the comparability of English and Scottish transfer.

Weakness and sensitivity in the policy process itself contributed to such data not being available sooner about Scotland or England. In the end, the availability of quantitative data at a later stage provided the opportunity to bring out the similarities and differences between English and Scottish approaches to transfer, at different junctures. Data showed the longer-term pattern of transfer in Scotland and the abrupt decline in transactions from 1995/6.⁵⁵¹ Data collection after the event also permitted an original definition of the phenomenon derived from use in the field, based on analysis of qualitative interviews.

Reliance on official access to sensitive secondary data constrained the design of the research and limited the potential to follow through on questions arising from the quantitative analysis. Because the qualitative fieldwork was already completed when this was verified, it was only possible to interrogate evidence already collected from interviewees and documents. Had the interviews succeeded quantitative analysis, key actors might have been asked to offer explanations, for example of the dramatic decline in funding in 1995/6. More robust conclusions might then have been possible about factors causing decline in partial transfers.

Research can usefully draw attention to and interpret the significance of existence of data and access. This applies where official data might reasonably be expected to exist, be available and be analysed automatically or in particular ways. Such a focus can bring to light issues about policy-makers' concerns, which the researcher did not set out to find, though this requires detachment which can be hard for a researcher to achieve when operating as a semi-insider.

Qualitative Approaches: Institutional Focus On Formal Rules

Qualitative methods were invaluable for understanding mechanics of policy-making. Institutionalism provided a spotlight on rules in changing actors' strategies though examination of this policy sphere showed the weakness of highly formal rules including legislation, other than to constrain behaviour. Formal decision-taking (to support or oppose transfer) was generally less important than action and inaction (Bachrach and Baratz, 1963), revealed here through other methods. The discretion of bureaucrats, outwith direct government control, operating within rules determined and applied by government agencies, carried much more significance in determining the incidence and shape of small-scale transfers. This focus on process, which was present and indeed important in all cases studied here. The institutionalist focus on stages in a process assisted crucially in defining and analysing roles and power relations at various junctures.

Analysis of documents and interviews found little intention or deliberation to effect council transfer in the government's Scottish legislative proposals in the late 1980s. The duty to consult tenants was essentially an afterthought, due to a late intervention by the House of Lords, responding to overt conflict about premature consultation experience in England, originally derived from proposed compulsory transfer arrangements. Some of the most important changes to power relations in the process of transfer throughout Britain, were thus triggered by footnotes to essentially English legislation. The focus on legislation confirmed that the requirement on sellers (in Scotland and England) to demonstrate to Ministers that tenants were not opposed to transfer, accidentally gave potential opponents power in the process of transfer. This presented opportunities for latent rather than overt conflict (Ham and Hill, 1993) to defuse tenant opposition, in the form of incorporation rather than coercion (Hill, 1997a). Other legislation in Scotland (notably local government reorganisation and

⁵⁵¹ *Transfer transactions in Scotland had not risen to their previous level by January 2003.*

mandatory disposal via New Town wind-up) affected councils' boundaries, structures and functions more broadly.

A focus on action on the ground was recommended in situations when there appeared to be no originating programme or output evidence (Hill, 1997b). However there is a danger in assuming that examining documents is not useful because there is no programme: adopting Hill's approach in this case might have led to the neglect of key sources. By contrast, the researcher revisited legislation and accessed to material not otherwise available, based on persistence and trust arising from former professional relationships and networks. Researchers must persist in looking for such materials, if necessary using insider access, though this can compromise detachment. A traditional, institutionalist examination of legislative rules (Rhodes, 1997; Hogwood and Gunn, 1984) contributed to the explanation of transfer through the *post hoc* requirement to demonstrate consent. Using documentary analysis based on policy programmes, as is common in housing studies, thus remains valuable up to a point.

New Institutionalism: The Role of Incentives and Interests

Examination of less formal rule changes and especially of incentives shone light on government control of agents and resource distribution (Lane and Ersson, 2000). Interviews and document analysis revealed the weakness of ministerial control over governmental officials. Civil servants initiated the restructuring of rules underpinning the treatment of borrowing by housing associations, though as Campbell and Wilson, (1998) argue, without fully understanding or anticipating the consequences. Ministers agreed additional grant allocations to a government agency at a critical juncture, while exercising weak control over the agency's use of subsidy (Scottish Office, 1996c), and squeezing municipal resources. Analysis of interviews and documents pointed to an invisible entrepreneur (Kingdon, 1995) responsible for implementation, exploiting ministerial acquiescence in access to and use of resources.

The use of these resources to distribute development grant to housing associations into urban areas to support refurbishment of transferred council estates, was neither trumpeted nor controversial. However, analysis of expenditure outcomes and primary documents reveals that their availability depended in part on more controversial disposal transactions conducted by the agency itself, and also known as transfers (though on different terms). Ministers permitted the resulting receipts to be recycled for investment rather than to redeem debt. The government agency's impending insolvency – for the third time in ten years – compounded Scottish Office budget problems created by the Industry Department.⁵⁵² Such problems provided the imperative for remedial action by cutting resources, though the decision to cut was only taken following ministerial personnel changes, with ministers personally blamed for the cuts.

⁵⁵² *New Town stock transfer to local authorities without producing a net receipt in PSBR terms.*

Policy as Process - Bargaining: Using Case Studies and Elite Interviews

Behaviour at the local scale to complete transfer was revealed mainly by examining power relations (Dahl, 1957; Ham and Hill, 1993) and through examination of policy as process, (Gardiner *et al*, 1991; Audit Commission, 1993). This approach relied on case study evidence - from Glasgow, Dundee and Motherwell. The process was adapted to expose roles and layers of action and decision-making (Hjern and Porter, 1981; Hill, 1997a).

Analysis of interviews in the case studies showed how informal support had to be garnered in order to secure later formal approvals: senior staff in selling organisations had a vital role in initiating, persuading and bargaining with others to achieve change (March and Olsen, 1996). A series of local advocacy coalitions (Sabatier, 1986) were built upon pre-existing coalitions, due to the prior development of housing associations, with cumulative learning and change at the policy core (Hall, 1993), before transfer came on to the agenda as such. Such learning included the revised treatment of housing association borrowing (as private), control of housing organisations by tenants and local residents rather than elected politicians. Local coalitions producing improbable alliances of tenants, councillors, and housing managers. While document analysis showed representatives of such interests vociferously opposed any dismantling of council housing, interviews revealed individuals at the local scale accommodating each other in such coalitions.

Case study material was interpreted in relation to new institutionalist theory about the role of incentives (Lane and Ersson, 2000). Tenants were – in the main - incentivised by resource distribution via the government's agency. They were thereby convinced to support change to improve immediate living environments. Arguably security and physical comfort were the 'deep core' values at play (Sabatier, 1986) rather than ideological attachment to tenure. Other stakeholders (councillors and trade unionists) who might have been expected to be formally opposed to transfer, suppressed effective opposition as long as local tenants supported proposals for change (March and Olsen, 1996). Interviews brought out the ways in which senior council officials (reluctantly) linked the solution of transfer of ownership to associations to problems of investment and local control. Senior staff could thus be seen as vital invisible entrepreneurs (Kingdon, 1995) both in partial transfer (Glasgow, Dundee and Motherwell) and in whole stock transfer (Berwickshire). It could be argued from this premise, that senior staff were also critical to inaction, though further research would be required on abortive transfers and non-transferring councils to verify such a hypothesis.

Rational Choice: Interplay of Constraints and Incentives

A rational choice perspective provided compelling evidence of the interplay of incentives and constraints. The literature suggests that at the deepest level, policy based on rational choice theory may have underpinned central government decision-making about the structure of incentives and constraints (Campbell and Wilson, 1998). This study showed that while the process, rules and constraints were the same across Scotland, not all actors responded equally to them, as seen in the uneven distribution of transactions. But the effect

of incentives and constraints was revealed in particular cases examined: for example, Glasgow's officials pursued creative routes to public funds and Berwickshire councillors sought to protect local control of local assets via housing stock transfer. Qualitative semi-structured interviews exploring interactions at the local scale facilitated examination of action taken by individuals inside organisations. This consistently emphasised the importance of senior staff relationships, issues not generally recognised to be important in the traditional institutional approach.

A rational choice perspective also allowed us to see how officials exploit systems of political authority in ways we tend not to acknowledge in Britain, arguably *especially* in Scotland, in spite of ministerial dependence on civil servants (Midwinter *et al*, 1991). Qualitative evidence here revealed that officials had and used power and influence, though such respondents were not always happy to acknowledge their own role and power. Invisible entrepreneurs were very powerful and largely unchecked. The evidence showed too how visible champions were more strongly present and effective at the local neighbourhood scale, in the community, than among elected representatives. Perhaps certain individuals in Berwickshire prove the exception rather than the rule.

Senior officials quietly promoted solutions, which accommodated government goals for increasing the role of the private (i.e. not public) sector, but on terms conflicting with other government priorities. Scottish transfers thus used generous subsidy without significantly increasing private investment, not at all what the government had professed as its objectives. Actors' interests clashed on grand ideological questions, but they accommodated others' competing values/ stances, redefining their core values in the process.

Analysing elite interviews, the researcher concluded that successful, stealthy operations depended critically on trust and the quality of interpersonal relationships between individuals in pivotal roles. This dimension of policy success was largely absent in the theory reviewed for this study. The most relevant literature focuses on more formal aspects of networks and policy communities in public sector organisations (Richardson and Jordan, 1987; Grant, 1995; Baggot, 1995; Rhodes, 1997).

Balancing Alternative Methods: Issues for Future Methodology

None of the theory reviewed for this study brought out the significance of trust in interpersonal relations during paradigm shifts. Arguably, the more pronounced the dissonance between stance and action (Brunsson, 1989), the more useful it is for research to focus on the behaviour of individuals at the local scale, as achieved here through the case studies. Such research not only requires reflexivity on the part of the researcher (Alvesson and Skjoldberg, 2000), but also greater reflection on the part of the research subjects. The abiding problem is that individual actors are not generally aware of the meaning of their actions day to day (March and Olsen, 1996). Methodological challenges thus remain in realising such an approach: these might be resolved by examining the

actions of individuals in certain types of roles, recognising their organisational settings, but without assuming that the organisation's stated policy or stance represents the whole picture. This should impel policy researchers especially in Britain, to look at, but also beyond, documents and rules structuring the behaviour of individuals. Methods to bring forward evidence would need to instantiate particular episodes of exchange or transaction (Hastings, 1996), from a range of perspectives. Research could establish the range of each actor's contacts and networks in relation to particular episodes. However the normal constraints on research resources would undoubtedly limit the number of episodes which could be examined in this way and selection would need to be careful and considered. This reinforces the argument for a case study approach to allow theory to be built up through a series of heuristic case studies (Eckstein, 2000). Such an approach does not obviate the researcher's responsibility for interpreting the meaning of actors' behaviour.

As discussed in Chapter Two, Hill (1997b) and Sabatier (1986) argued that appropriate methods were required to suit different policy situations. Such choice presumes sufficient prior knowledge of the phenomenon to judge the relevance or utility of different theoretical or methodological assumptions. This increases the prospect of research finding the answers it set out for, maximising consistency while minimising the opportunity for new or unexpected perspectives. In practice, research methods are also chosen to suit available resources, which limits the scope for deploying a range of approaches to the same phenomenon. Moreover there may be imperatives against unorthodox perspectives, which present particular challenges to research on politically sensitive arenas such as ownership and control of public assets or services. Methodological choices necessitated by such constraints may bring conceptual coherence, but at the expense of diversity.

Following Hill's advice in this case would have overlooked valuable evidence: ignoring documents and legislation in the case of the partial transfers on the assumption that they were 'programme-free', would have omitted relevant material producing significant conclusions. Neglecting local interaction around completion and failure in larger scale transfer would have been similarly mistaken. Even though certain methods seemed not to 'fit' certain situations, the range of methods applied was valuable throughout the period, regardless of the type of policy situation. Preliminary assessment of a policy situation cannot entirely determine what is relevant: that is the purpose of investigation. In adopting an open, multi-theoretical approach, this study of housing transfer in Scotland found that different methods can be combined meaningfully, shedding new light on different aspects of complex social phenomena. Behavioural, quantitative approaches point to evidence of actions and decisions, though, as identified by Marsh and Stoker (1995), with a tendency to describe rather than explain. Qualitative, institutional approaches provide much useful explanatory material. Different approaches enrich understanding and are not merely beneficial but vital. While it may be unconventional to combine different, ostensibly incompatible approaches, this thesis shows the benefits of approaching social phenomena using complementary methods associated with different theoretical assumptions.

Theoretical Contribution: Ideal Types and Phases of Policy-Making

Chapter Two summarised assumptions about two ideal models of policy-making, denoted as 'rational' and 'opportunistic'. It also hypothesised two phases of policy-making in Scottish transfers without assuming that these necessarily corresponded to the theoretical models. The models are now reviewed, bringing together empirical evidence collated so far about partial and whole transfers in Scotland. The contribution of the study to the literature about policy-making and housing is addressed in the next section.

Rational model

This model contained a series of assumptions ranging across state control of resources and opponents, explicit policy objectives, primacy of political actors and good understanding of cause and effect. The model firstly assumed greater state power, by virtue of control of rules and resources. Four sets of controls and rules provide evidence of the greater power of the state, interpreted here as including governmental agencies, (without assuming that employees of the state necessarily act purely on its behalf). The four comprise successive constraints on council housing finances, the restructuring of PSBR rules benefiting housing association borrowing and the allocation of public funds subsidising former council housing. These three provided a framework of constraints and incentives informing transfer decision-making and action along with a fourth, (belated) legislation which required, in effect, tenant consent to disposal. Otherwise, key mechanisms of central government control using legislation were of more relevance in explaining the absence of transfer than its existence.

Secondly, the model claimed effective (state) control of local actors' behaviour using incentives and constraints. The application of resource incentives facilitated local action but without constituting effective control. Though it has been argued earlier that government was more effective in constraining council (seller) action than in directing voluntary (buyer) action, it is not clear that squeezing resources in the early 1980s was designed to produce stock transfer as such. Moreover, these constraints also triggered other perverse responses (including increasing flows of revenue funding into capital investment works, ultimately funded by state assistance via Housing Benefit). Incentives and constraints offer no guarantee of utilisation or desired consequences.

Thirdly the model suggests 'conscious use of incorporation to subvert opposition'. There is limited evidence in this study to support the argument that the central state consciously incorporated opponents. Tenant opposition in some instances was in effect defused by creating co-operatives and it could be argued that officials in the local state in Glasgow offered tenants opportunities to take control of the new bodies for this very purpose. However these new bodies were designed as temporary custodians of redevelopment until the state agency of the Housing Corporation reinterpreted the proposals on a more permanent basis, building in pre-existing models of ownership and governance thus creating new demands for services. It is thus not clear that incorporation was a deliberate tactic in

partial transfer. The lack of consultation with insider pressure groups preceding the issue of guidance in 1996 suggests that incorporation was not employed later either.

Fourthly, according to the rational model, pre-defined outcomes could be assessed against clear public statements of policy (intentions). Until the government sought to direct transfer activity using draft guidance in 1996, there were no clear statements of policy or programmes indicating a government seeking extensive whole stock transfer. To the extent that the guidance was a clear statement, it produced no effect. Moreover outcomes could barely be defined after the event, still less in advance. It is not clear how the rational model explains the existence of multiple partial transactions in the absence of programme objectives.

The model suggested fifthly that policies were the product of political work by elected members, in a linear and logical process. To the extent that elected members were involved in policy-making about stock transfer, evidence here suggests that most were reacting to agendas initiated elsewhere, amongst officials, leaked from similar bodies and responding to resource incentives from the centre. Whether in central or local government, politicians were rarely at the forefront of transfer developments, more often than not suspending opposition, acquiescing in or legitimising others' proposals. On a related note, the sixth feature of the model is the idea that elected members are supported by officials paid to implement policy in an assumed hierarchical chain of command and co-ordination. As suggested above, evidence of a hierarchical chain of command has been scant in this study. Moreover, when politicians assumed control, the proposals generally failed.

Finally the model assumed that government would have adequate understanding of problems and solutions as well as a valid theory of cause and effect. Evidence here suggests that in partial transfer government did not grasp the extent of problems in council housing, the costs of addressing those problems, the output for resources invested or the significance of subsidy in facilitating transfer. Key actors in the government agency understood these issues but they did not operate according to some hierarchy of command: they were clearly not under control (Scottish Office, 1996c). In whole transfers, government did not understand the limitations of read-across from transfer practice in England, in terms of motives, valuation, politics or processes. Nor did central government comprehend the negative spillover effects from New Town wind-up and local government reform on their housing policy aims.

This study of a long critical episode of policy-making on British housing policy shows the limited utility of the rational model. It appears ineffective in explaining actions or outcomes beyond the existence of underpinning rules and resources. These are the manifestations of the superior power of state, structuring others' actions, though without knowing or anticipating their consequences. Crucially, explaining the involvement of local staff and tenants is not assisted by this model.

Opportunistic model

This model contained different assumptions about policy-making, emphasising action inside and outside the state, accommodation of conflict between actors about certain kinds of issues, the importance of timing and critical junctures producing emergence rather than formal adoption of policy. Firstly the model claimed that what mattered was action on the ground not stated policy intentions. Though stated policy on partial transfer was absent, action could be measured by numbers of transactions or episodes of decision-making. Similarly if action was what mattered, whole transfer produced no outcomes after it had been adopted as policy by central government. Thus, in highlighting the gap between policy as action and stated intentions, the opportunistic model in this study validates the focus on action and outcome which is so pertinent in Scottish partial transfer, though neglected in accounts of UK housing policy.

Secondly, the model presumes that actors outside the state are no less powerful than state actors including elected members. As indicated above in relation to the rational model, that elected members did not have more power to make things happen, though they retain considerable negative power in suspending approval. Evidence here showed the way in which power relations were changed by the requirement for effective tenant consent, though on balance power relations were unexpectedly reconfigured and more by accident than design. Also, allocation of generous resources to a quasi-autonomous government agency placed considerable power in the hands of its employees while limiting control by ministers and local government capacity. The incentive effect of disposing such resources to locally based organisations represented significant changes in power relations increasing the power of local, voluntary actors and organisations.

Thirdly the model argued that local actors' behaviour would be based on conflicting values and stances, in this case about council tenure. Evidence here confirmed that while indeed stances of bodies representing stakeholder interests stood for council housing and in opposition to transfer, in practice local stakeholders accommodated each other to develop better housing conditions through alternatives to council housing. This further emphasises the gap between stances and action, further undermining reliance on policy statements as primary evidence of policy. On a related matter, the model suggested fourthly that actors might adjust to and accommodate each other, realigning into coalitions to achieve practical goals. From the completed transfers, whole and partial, this model has much value in explaining adjustment between opponents. Indeed, the failed transfer also partly confirms this perspective, as the goals of the various actors could not be aligned.

This discussion leads into the next two aspects of the model: one is the focus of disagreement excluding core, non-negotiable positions; the other is about actors using bargaining, adapting their identities and relationships. While tenure attachment to council housing is often taken for granted, many local actors were able to relinquish their attachment to serve different, more tangible practical goals.

Successful, stealthy operations towards transfer depended critically on trust and the quality of interpersonal relationships during bargaining between individuals in pivotal roles. This dimension of policy success is largely absent in the theory reviewed for this study. With few Scottish councils adopting transfer as policy before 1997, councils, tenants' organisations and trade unions either publicly opposed transfer or avoided taking a formal stance about transfer, even while some of their own personnel (paid and voluntary) actively undertook disposals. For transfer to be achieved, local tenants needed to support, even lead projects, at the very least not oppose them. Staff, both at senior and middle management levels, needed to feel safe and comfortable about raising the possibility of transfer with tenants and therefore needed elected members to suspend any opposition and suspicion. This required a considerable degree of trust, particularly in the early days of projects in each council, as rules and practice were emerging. In the absence of political leadership, tenants fronting transfer projects needed to have confidence and trust in the staff with whom they worked to develop proposals. Arguably, in the failed transfer, core positions could not be accommodated due to overt political differences and personal relations undermining trust and thereby success.

Finally the model indicated visible champions and invisible entrepreneurs pursuing policy goals, interests and preferences, by exploiting windows of opportunity - critical junctures - to clear blockages. Visible championship or policy leadership has not been in evidence in this study, as discussed under elected members above. The only visible champions were some local residents with something to gain from transfer. The most publicly vocal councillor was a Conservative deserter in Berwickshire. If transfer had been government policy, support might have been assumed to come from central government: yet the lukewarm response from officials and ministers to local transfer proposals bordered on neglect and obstruction, even – almost especially - at critical junctures. The literature has not previously explained adequately how transfer of council housing in Scotland came into being, as partial, small scale and subsidised. Evidence in this study prompts the argument that a few key officials and one elected member operated as invisible entrepreneurs, prioritising their own goals in developing community-based organisations in partial transfer while improving housing conditions. The concept of invisible entrepreneurship is both heretical and beneficial in explaining this development.

This model offers greater explanatory potential than the rational model, in accounting for policy as action in terms of the volume of outcomes in spite of stances which would suggest inaction and opposition. It shows the practical power of individual incumbents not just in state organisations. What the model fails to do is to take account of the importance of trust in building alliances. This is an area in which the opportunistic model pays insufficient attention to the chemistry of relationships beyond interpersonal networks and formal relationships. This study shows - across partial and whole transfer, early and late transactions, competed and failed proposals - the importance of trust between actors at critical times of change. Without trust between individuals in key roles, adjustment and

accommodation could not take place. Overall the model contributes to the argument about emergence of policy, derived from *post hoc* interpretation of action than of policy statements.

Phases of Scottish Stock Transfer Policy

The two phases of transfer policy can be explained quite differently in terms of policy theory. The first phase could be measured by the number of completed transactions, running to over 130, mainly partial. The outcome of phase 2 could similarly be measured, though in practice by negligible outcomes whether in terms of transactions (partial) or stock.

Though no prior assumption was made about the fit between the phases and the ideal types, the early phase corresponds reasonably closely to the opportunistic model though latent conflict with institutional stakeholders could be interpreted as defused by stealthy incorporation both organisationally and through resource incentives, more associated with the rational model. The first phase of policy (mainly partial) was characterised by local, bottom-up action, pre-empting formal policy-making at the centre. Moreover the various ideological opponents quietly accommodated each other to achieve investment (improving housing conditions) and local control (creating community-based organisations). This thesis documents the extent of opportunistic policy-making, producing many partial transactions in the absence of a published programme, though, the housing policy literature does not on the whole acknowledge the existence of such transactions as transfer.

The second phase (whole stock transfer) corresponds more closely to the rational model, in attempting – unsuccessfully - to apply the model without understanding the strength of the alternative. The cultural legacy of the opportunistic model was very powerful and points to lessons for future policy-making. It manifested itself in the formal publication of a policy document issued by the centre: it may have been preceded by deliberation inside central government but there was no evidence of consultation with formal policy networks and pressure groups. Government policy overtly challenged the deeply held values of institutional stakeholders in the form of workers (providers) and tenants (users), whose co-operation was essential to the process and to local action. Partly because of turmoil created by local government reform, it was difficult to establish trust. Because the policy was 'voluntary' rather than coercive, these actors had power to resist the policy of the centre, as witnessed by absence of outcomes.

Contribution to specialist literature

This thesis makes contributions to knowledge in two main fields – policy making, particular in Scotland and housing in the UK. These both have implications for policy-makers and policy researchers after 1997 and beyond.

Public Policy Making

Chapter Two offered a working definition of 'policy' as 'actions or decisions taken by individuals or groups based on their stance on a particular issue within a process of which the protagonist(s) may not be aware. It need not be labelled or overtly recognised as policy.' This study concludes that policy cannot be much more tightly defined and still capture the essence of policy making. This study shows the value of connecting empirical and theoretical perspectives. An earlier section on methodology concluded that prior knowledge of a policy situation was not necessarily a useful indicator as to suitable methods. This provides ongoing methodological and theoretical challenges to policy researchers. For example this study points to the importance of trust in facilitating policy actors to adjust their identity during paradigm shift (Hall 1993). In future, methods to examine second or third order change in reconfiguring council housing might – as already identified - usefully address how actors change their identities at times of critical change.

Other observers have laid a verdict of implementation deficit on the Thatcher government: though it was perceived to be powerful, determined and directive, it also lacked success because it was entrenched. Poor outcome measures and unintended economic and employment policy consequences were self-inflicted, by virtue of the government's inability to consult or listen (Marsh and Rhodes, 1992). Drawing on 'perfect conditions' for implementing clear policy programmes (Sabatier, 1986), Marsh and Rhodes concluded that though there was a lot of legislation, outcomes revealed much less real change, with housing policy cited as one among many examples of unsuccessful attempts to bring about change (in spite of the right to buy). Change was more attributable to factors other than government policy or any overarching government ideology: under Thatcher, the drive for strong government meant less consultation, more confrontation and therefore – surely unintentionally - less success (Marsh and Rhodes, 1992). The charge of (attempts at) strong government might apply to the second phase of transfer policy (after 1995 and thus post-Thatcher), where there was a policy. This study shows that Marsh and Rhodes' argument does not otherwise hold in Scotland in the period 1986 – 1997, most of which displayed the absence of a clear programme.

In completed transactions, this study showed evidence of strong informal relationships between professionals and with communities, largely bypassing elected members in changing public service provision. By contrast, proposals which failed to come to fruition were characterised by a lack of senior staff initiative and support, poor understanding of technical issues, vocal opposition, and lack of trust set against very small windows of opportunity between elections. These confirm some problems of implementation to be found in the literature (Hogwood and Gunn, 1984; Sabatier, 1986) but reveal more about unexpected obstacles and opportunities in policy-making. This study confirms Hill's claim (1997a) that ostensible loyalists avoid controversy and use resources quietly, in support of preferred projects.

The most compelling contribution to the literature is the critical importance of senior staff whether in making change happen, in preventing it appearing on the agenda or being taken forward. This is remarkable because local government officials (in Scotland) are (ideally) represented as councillors' obedient servants. As suggested in relation to central government (Campbell and Wilson, 1998; Midwinter *et al*, 1991), the paradigm of the elected politician at the centre of policy-making may have diminishing validity in local government, unless the case of transfer is unusual.

This thesis challenges the established wisdom about the primacy of council tenure in Scotland. Along with many other sources about the impact of the right to buy, and current official statistics, this study confirms council housing as minority tenure and one on which stakeholders are prepared to transfer loyalties and release previous attachments, given the 'right' combination of constraints and incentives.

While central politicians diverted resources to the government's agency in the early period, they did not trumpet transfer as policy. There could be many explanations for their relative silence: publicising disposal by Labour councils might have been thought counter-productive. In addition, small-scale transfer may not have been considered a success - it might have been seen as too costly or too limited to be really successful. Alternatively, the term 'transfer' may have come to be unofficially dominated by the English understanding of the term and perhaps it would have been unhelpful to Conservative politicians to highlight the differences and the use of resources.

Housing Policy

The thesis provides a more robust definition of transfer drawing on original data collection and analysis, allowing comparison between outcomes in the two jurisdictions. This compensates for the previous disinterest and resistance in central government to defining, analysing and reporting transfers. It allows the researcher to reinforce exhortations not to rely on official data at face value (Kemeny, 1992).

Though the literature has portrayed transfer as an English phenomenon involving the disposal of whole housing stocks by mainly southern, rural councils under Conservative control (Perry, 2002; Malpass, 2002), data here reveal a more differentiated picture. Whole and partial transactions existed in England and Scotland, and partial transfer was mostly supported by subsidy in both jurisdictions. Sellers were politically varied before 1997, even in England alone. Apart from one whole stock transfer, Scottish sellers were predominantly Labour councils conducting partial transfers with subsidy, displaying some similarity with English partial transfers. Although the volume of stock transferred in England was greater, the volume of transactions (reflecting episodes of decision-taking) was greater in Scotland before 1997. However, transactions in Scotland declined dramatically in 1995/6 while they were still rising in England. Data showed most Scottish transfer transactions to have been completed during ten years of activity starting before 1988, finishing in 1996.

The decline of transfer in Scotland coincided with the first publication of government guidance on transfer, in the same year that government in England announced competition for subsidy for partial transfer by urban authorities. At this very point subsidy for partial transfer in Scotland fell. Comparison of partial transfers in Scotland and England show differences of timing, value of subsidy per unit and relationship to private investment (Nevin, 1997). In England, subsidy was overtly competitive and directed by central government rather than at arm's length. Funds were time-limited (three years from 1997): while actual expenditure occurred under Labour, resource decisions were taken by a Conservative government preceded by collaborative policy deliberation. Scotland featured more generous subsidy decision-making and spending starting 10 years earlier, under the Conservatives, with less evidence of wider council participation in securing central resources. Funding in Scotland lasted longer though with limited government direction of the use of resources as its agencies controlled its distribution. Moreover, the process of resource decision-making was less transparent in Scotland and the timing suggests contrary decisions in the two jurisdictions. Transfer existed concurrently in Scotland and England, but on rather different terms and with different timing.

Referring to England, commentators observed that

'rather than dissatisfied tenants driving transfer process, it was disabled landlords who sought to resolve their dilemmas through transfer'

Cowan and Marsh, 2001: 31.

This implies bureaucrats' protection and pursuit of selfish interests. In the small-scale cases studied here, it was officials particularly in resource-strapped, Labour councils in urban Scotland who sought to resolve dilemmas of under-investment, not by reconfiguring themselves in another sector as in England but by placing dissatisfied tenants at the heart of the process and in charge of new landlord organisations. Evidence in this study thus indicated officials in similarly disabled Scottish landlord organisations taking action so that others could solve problems for them, outwith the public sector. This practice emerged in Scotland even before the precipitate actions of local transfer enthusiasts in England prompted the House of Lords to create the safeguard of majority tenant consent. Evidence in this study showed this simple safeguard affecting the future of council housing inadvertently turning traditional power relations upside down. The requirement for majority consent was neither intended nor welcomed by politicians and, though it was a late addition to the rules affecting behaviour in Scotland, it consolidated the effect of those incentives already secured by ostensible loyalists in the government's agency. These changes left central politicians in Scotland having to maintain incentives to satisfy tenants in order to achieve their objectives. Meanwhile, tenants were able to accommodate change by taking action based on reconstructed identities on behalf of landlord organisations.

This study agrees with Kemeny (1992) that focussing on process, relationships, roles and power relations at various junctures challenges methodological, traditions about rational

policy-making, commonly adopted in housing studies. Such a focus can reveal officials' stealth and the pattern of incentives and constraints. In this case, these encouraged institutional opponents to suppress resistance, without individuals or their representative bodies having to take uncomfortable, in-principle policy decisions to endorse transfer in a hostile political climate. This is not exactly coerced exchange (Kemp, 1990): rather it constitutes partisan mutual adjustment, even though it has been argued that such adjustment does not apply to grand questions of property ownership (Lindblom, 1965). Further, this study suggests that tenants' attachment to council tenure may not be as strong as was previously thought. Stakeholders' identity change was effectively enabled by balancing constraints and incentives including greater local control, without transfer as the necessarily intended outcome. The importance of tenants is known on ground especially in Scotland where the history and experience of community based organisations has been unique, but perhaps less well-researched, though there is potential for further work theorising tenants' role in the process and organisational outcomes of change.

Lessons Post 1997 ?

This study potentially sets the scene for future comparative research examining transfer post 1997. Perhaps in time, transfer discussions in the 1990s will be seen to have helped to prepare central and local government to understand the task ahead when Labour was elected in 1997. The possibility of policy learning by Labour would be a suitable hypothesis for further research on the period after 1997 but that was beyond the remit of this thesis. Nevertheless, there may be some validity in reflecting on the applicability of lessons from one period and policy domain to another. The main lessons to be learned are about limitations on the power of the centre and state actors in relation to people acting locally in a voluntary capacity.

It was clear from this study that it was not in interest of centre to keep records / monitor anything which showed policy intentions as failing in any way. Arguably it was better not to have information available at all. The same might apply when operating by stealth and desirable not to draw attention to outcomes which may be unpopular / contested for any reason. The absence of information does not mean policy has no outcome or that action is not policy. However politicians, especially in the new Scottish Parliament might home in on law making, and professionals might act similarly seeking to influence and lobby politicians. However, policy-makers in New Labour and in the Scottish Executive might usefully recognise the weakness of such an approach. Though policy-makers might focus on legislation, this study showed the greater potential of incentives over more formal rules. An effective culture of resource manipulation and lack of transparency might prove difficult to challenge, even with legislation.

Perhaps government actors should acknowledge the power of officials in central and local government (in and beyond housing), whether in promoting or thwarting elected members' policy intentions. In practice officials initiate and drive proposals, and support them to

greater or lesser degrees. Where politicians might expect officials to grasp and implement their ideas, there may need to be greater recognition of the *de facto* role of elected member in legitimising or tempering the ideas and actions of officials.

The lack of transfer on a larger scale shows the abiding power of local government – notably councillors, to resist change. While there are clear opportunities at the centre to move major pieces on chessboard, thereby achieving significant change, the danger is that such moves cannot anticipate future effects. Central actors can only set stage: the centre does not control the end game, because of power given to and/ or used by local institutional stakeholders. Local actors have to be the ones to pick up ideas.

Arguably, quiet influence achieves more than visible championship of formal public policy programmes and according to this case central actors prefer to remain low-key, invisible: this indeed is what makes Scottish ministers' proactive involvement in transfer remarkable after 1997. Where central government actors become involved in particular cases, they risk being perceived as interfering, they become open to allegations of discrimination, favouritism, preferential treatment. Consequently there is a danger of being found responsible for getting it wrong. Politicians use documents promoting policy for rhetorical purposes. For researchers, such documents don't mean much in terms of policy substance, although critical discourse analysis can help to unpack them.

In housing specifically, there is a continuing need for public resources to help tackle poor conditions: this has been borne out by subsequent disposition of additional Treasury resources outwith the Scottish Consolidated Fund. The move to finance housing solely through private borrowing is thus not tenable. The need for Treasury support shows the significance of resources not necessarily under the control of the devolved administration, limiting effective devolution of housing policy.

Ballots place huge power in hands of tenants at single, critical juncture, with the capacity to overturn long-established power relations between consumers, politicians and officials. This power shift may only be a temporary phenomenon unless consumers reposition themselves in place of politicians, in control of professionals in new governance arrangements. This requires change of perspective on the part of local institutional stakeholders, on which stock transfer depends. Consumers and providers can reconstruct identity individually and collectively but have to be willing to abandon the old paradigm in order to make any transition. Where there is opposition, this requires considerable courage, political will and capacity to learn and depends critically on trust between protagonists for new paradigms and learning to take place.

Lastly, Scottish housing policy can be 'hijacked', distorted or driven off course by policy elsewhere. Though officially separate, English housing policy can leak into Scotland through professional and party policy discourses, whoever much it appears to be devolved. Inevitably too, policy in other spheres within Scotland inadvertently leak reciprocally.

Did Policy Emerge?

The early phase of transfer policy (until 1995/6) was characterised by the emergence and development of rules (Hill, 1997b; Sabatier, 1986). This study has not found evidence of a 'dominant programme' even by the early 1990s when transactions were at their peak. While strong government produced constraints to squeeze councils, there was no obvious end game in the minds of key actors in central government in Scotland in the third term (1987 – 1992). So far from consultation and confrontation, small-scale transfers emerged as a creative response from fertile minds in local government, more as invisible problem-solving behind the scenes than through visible leadership of top-down policy from the centre. This supports the first part of the hypothesis about stealthy mutual accommodation of opponents, not only in Glasgow, but also to later roll-out sales by councils elsewhere. Even after more councils came on board to promote transfers, there was only a loose framework of rules. Much discretion was left with street level bureaucrats in the form of officials of the agency (Scottish Homes), councils (Motherwell, Dundee, Glasgow, Berwickshire) and new, prospective buyers (housing associations).

Government objectives and legal mechanisms did not envisage sellers initiating sales but – in Scotland certainly - individuals shifting ownership of their home to others. Scottish policy ran concurrently with England and produced ostensibly similar outcomes in the form of disposal to alternative landlords, but with different characteristics, (not just scale) and with a different balance of instruments and interactions.

Later larger scale transfer discussion inside local authorities prompted councils to raise transfer with central government, not vice versa. The impetus for whole stock transfer was stimulated in part by discourse in the professional press about LSVT in England after the 1992 elections, and partly by local government reorganisation. Councils (unsuccessfully) sought clarification from the Scottish Office about acceptable terms of transfer rather than responding to central government guidance or policy directives. Completion occurred when local alliances were formed based on trust, determination and shared goals (including local control), rather than ideology. Delayed responses and blank stares from the Scottish Office do not provide compelling evidence of a government making policy.

This study found that action to produce transfer emerged more opportunistically than rationally. Central pressure produced general cutbacks and restructured rules about housing association borrowing without particular outcomes intended. Specific pressure leading to transfer came from the bottom up, perversely accessing additional government resources during a period of public cutbacks. Such action was neither flagged as policy nor claimed as success at the time. Ministers acquiesced in supporting stealthy progress with small-scale transfer by councils and by its own agency, until wider organisational and resource problems started to emerge. It is not evident that government managers or politicians knew how much money was being spent or to what effect. Moreover they did not draw attention to the extent of their support. Slightly later, the same government could not make a top-down

policy of whole transfer work in Scotland, in the face of competing policy priorities. It is doubtful whether decisions taken to prioritise local government reorganisation and New Town wind-up explicitly recognised the implications for transfer by councils. It is possible that demand to transfer housing stopped due to wider reorganisation, before government withdrew specific resource support for partial transfers. In conclusion, it appears that more transfers occurred while government knew little about the programme, whereas the more government sought to direct and control the programme, the less it achieved.

Transfer ran concurrently in Scotland and in England, producing the same abstract outcome, changing the ownership of public rented housing. However, policy mechanisms diverged critically, creating different patterns of constraints and incentives and with contradictory outcomes. It is not clear that personnel at the centre understood or managed the inherent tensions between central government's various ambitions for housing and local government. They did not know what constituted stock transfer; they did not pay attention to how transfer worked in Scotland or in England, still less understand the differences; they did not identify obstacles or clear paths to facilitate policy. They did not appreciate the implications of transfer by the New Towns and avoided referring to those disposals eight years later, though the consequences were considerable, politically and financially. Indeed, the more that Conservative politicians in 1995 sought overtly to direct and shape transfer policy from the top (perhaps based on reports of English experience), the less success they achieved in change on the ground. The reasons for failure were lack of clear objectives, lack of skilful implementing officials, lack of support from interest groups. Finally, the government's own wider changes unwittingly and fatally undermined its eventual rational attempts to introduce a policy of whole stock transfer.

Perversely, increases in Conservative government subsidy allowed mostly Labour councils to conduct transfer, in spite of explicit and deliberate government steps to reduce public spending. Access to alternative resources was critical in facilitating a change of stance among those assumed most likely to oppose transfer – councillors, tenants and staff. Incentives rather than legislation assisted the adjustment of identity and to a degree, the changes allowed actors to invest personally in new arrangements. Ultimately these changes may prove instrumental as demonstration projects, as implied in recent government promotional literature, allowing others to be inspired and encouraged by alternatives to council housing.

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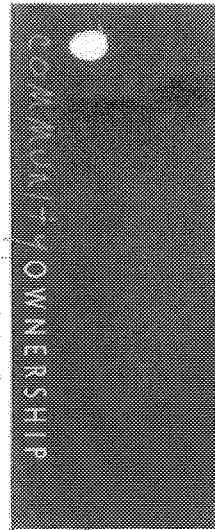
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Voluntary Housing Transfer in Scotland

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Appendix One Community Ownership Leaflet



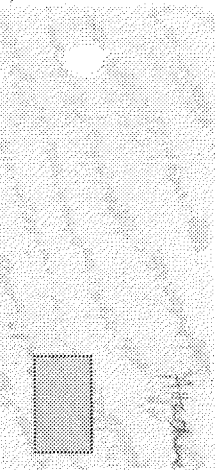
COMMUNITY OWNERSHIP

Tenant satisfaction

- 42% of former council tenants and 41% of former Scottish Homes tenants were more or much more satisfied with the service they received. 5% and 9% respectively were less or much less satisfied.
 - 47% of former council tenants and 34% of former Scottish Homes tenants felt their new landlord provided a speedier service. 10% and 13% respectively felt the service was slower.
 - 39% of former council tenants, and 27% of former Scottish Homes tenants, felt that tenant involvement had improved. 6% and 9% respectively felt it had got worse.
- Tenant participation**
- 4% of former council tenants were members of the management committee of their housing association or co-operative.
 - 3% of former Scottish Homes tenants were management committee members.

Impact on staff

- 65% of staff affected by transfer thought their present job was better.
- The majority of employees felt there had been no change to their terms and conditions or they had improved.
- Scottish Homes staff transferred found the overall effect was an enhancement to terms and conditions.
- A study of transferred Scottish Homes staff found:
 - transfer had been successful in providing new opportunities, greater variety and responsibility as well as improved terms and conditions of employment.
 - the actual process of transfer can be stressful.
 - staff retention is generally high.
 - the policy of transfer has not led to large-scale job losses and has generally provided staff with enhanced career opportunities and job satisfaction.



COMMUNITY OWNERSHIP IN SCOTLAND



Scottish Housing Council
Helping it work for you

COMMUNITY OWNERSHIP

transfers so far

- 578,000 public sector dwellings in England and Scotland subject to Large-Scale Voluntary Transfer (LSVT).
- 65,000 homes transferred in Scotland from public sector to Registered Social Landlords (RSLs)
- 772 transfers: average 239 homes per transfer.
- 90 LSVTs of Scottish Homes stock - 43,189 homes.
- 182 LSVTs of local authority stock - 21,537 homes.
- Largest LSVT: Scottish Homes stock in Fife to Fife Special HA - 2,786 homes
- One transfer of the whole stock of a single council: Berwickshire DC → Berwickshire HA - 2,104 homes.
- 50% of local authority transfers have been in Glasgow.

ballots

- 150 ballots in Scotland since 1991
- 92% of all ballots have voted for transfer
- Average turnout 75% - Range 61% - 100%
- Average vote in favour 78%

rents

- Most rent guarantees are RPI + 1% maximum rise per annum.
 - Term of guarantee 3-30 years.
 - Average Scottish Homes increase 1989/90-2000/01 - RPI + 3%.
 - Stock transfer guarantees have all been met. One RSL raised rents by more than the guarantee to provide security measures approved by tenants.
 - Some RSLs have increased rent by less than guarantee.
 - 38% of former council tenants believe they get better value for money. 7% felt the value for money was poorer.
- ### New investment
- Business plan projections on new investment are usually delivered.
 - Of 26 new landlords surveyed:
 - 16 were investing according to the Business Plan projections.
 - 6 were doing more.
 - 4 were achieving less.

The information in this leaflet is based on a research project carried out by DTZ Fiedt for the Scottish Executive. The answers to the questions are based on research evidence and information provided in a survey of housing associations who have had housing stock transferred to them.

The full report is available on the Scottish Executive website.

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W W W S C O T L A N D G O V

Source: Scottish Executive, 2001

Appendix Two Definition of Stock Transfer by Type of Respondent

ROLE		Only for rent ?	Must be tenanted ?	Excl. sales to private developers	Tenant control of new LL	Better management	Investment for better conditions	Including demolition/ land	Part of regeneration & diversification	Can include stock built pre 1919
TENANT										
T1										
T2										
T3(a+b)										
BUYER STAFF										
BS1										
BS2										
BS3										
BS4										
BS5										
BS6										
BS7										
SELLER STAFF										
SS1										
SS2										
SS3										
SS4										
SS5										
SELLER CLLR										
SC1										
SC2										
SC3										
SC4(a+b)										
SC5										
SC6										
CENTRAL										
CS1										
CS2										
M1										
M2										
A1										
A2										
A3										
LGREP1										
ADVISER										
applies										
can apply										
not commented										

Appendix Three

Chronology of Key Events Affecting Scottish Local Authority Stock Transfer

The account is derived from interviews and analysis of documents

1980

Following the election of the Conservatives, the Tenant's Rights etc. (Scotland) Act 1980 is passed giving public sector tenants the right to buy their house at prices based on open market valuations, discounted for their length of tenancy

Secretary of State for Scotland – George Younger, with Rifkind and Housing Minister

Cuts to borrowing consent and rental subsidy commence

1981

Requirement on Scottish local authorities to spend 100% of receipts within that year whereas in England relaxed to 40% and then completely proscribed later. Masked extent of cuts to new borrowing by councils in Scotland

Developers take on transfers of empty property for refurbishment and sale – various locations

Management co-operatives established and encouraged in Glasgow especially based on Summerston model

1983

Election year: cash limits on public spending to private sector put "off ration" by Chancellor before the election – affected non HRA and led to private grants 'bonanza' notably in Glasgow (and Dundee)

Glasgow (under Labour) appoints new Director Mugnaioni – shakes up housing dept and introduces radical new ideas

Local groups e.g. in Glasgow and Dundee established at local initiative chiefly involving women, to press for improvements in living conditions, starting with e.g. play facilities

Cross party working group established in Glasgow to find ways of increasing co-operative control over housing with private funding in Glasgow. Cllr Dyer (Conservative and Board member of HCiS) invited to take part.

GDC housing staff group dedicated to investigate possibility of using private sector money to invest in council housing.

Moratorium on HA funding via HCiS prompts successful lobbying for continued support

1984

Labour group in Glasgow agrees to consult tenants groups affected by delays in council house modernisation programme

Mills appointed to post of Under Secretary at SDD (replacing Ian Penman) – visits Glasgow HAs with HCiS staff (notably Raymond Young) as part of a fact-finding visit on return to Scotland

Younger moves to Defence in Cabinet reshuffle and Ancram appointed as Housing Minister under SoS Malcolm Rifkind

10,000th house celebration / exhibition Miles Better Miles To Go by Glasgow Forum of HAs

Sir Robert Grieve appointed to lead an independent inquiry into Glasgow's housing: (reported 1986)

GDC staff encouraged to identify suitable tenants groups to take up new investment ideas

HCiS start discussions with tenants groups in preparation for registration

Significant cuts in permitted RFC and HSG contributions to LA Housing Revenue budgets.

Glasgow Univ. researchers and GDC staff visit Swedish housing co-ops looking for new ideas

Local government elections – Labour returned in Glasgow Dundee and many other urban councils.

Conservatives lose seats overall and left controlling fewer councils

1985

RTB cost floor rules changed to restrict discount only on properties built more than 5 years previously; discount scheme made more generous

Scottish and Welsh Offices co-ordinate successfully with DoE to win case to have HA expenditure treated as private not public, in line with other EU states

Glasgow publishes Community Ownership proposals and Mills (Under-Secretary SDD) speaks warmly of Glasgow's proposals at conference of Institute of Housing.

Miles Better exhibition by Glasgow and West of Scotland HAs to celebrate 10 000th house completion: opened and attended by dignitaries

Scottish Office rejects proposals: Glasgow tenants visit Minister in Edinburgh
Summer: GDC officials negotiate with SO civil servants about terms of Glasgow proposals
HCiS register two co-ops (Calvay and Castlemilk East) - July
September: Under Secretary SDD advises meeting in Glasgow City Chambers of Scottish Office's intention to fund 3 new co-ops, via HAG administered by HciS
Scottish Office review mounting debts of SSHA resulting from voluntary and RTB sales, impending insolvency portends wind-up

1986

HciS register third of Ph1 bodies – Broomhouse - May: Ph 1 appoint own staff and achieve site starts.
Grieve report published recommending to City of Glasgow District Council that they diversify the city's tenure by divesting the council of one quarter of its housing to others
HA recipients of Traditional Programme funding become twitchy at potential loss of status and favour in light of Community Ownership initiative and new funding.
Negotiations continue between remaining co-ops (Ph 2) and Scottish Office re future funding. Ph2 allowed to proceed to billing (ie specifying contracts for) improvement schemes and later to fund per original proposals, subject to evaluation
Co-ops establish own confederation of co-operatives outwith auspices of SFHA
GDC borrow £65m from Bank of Japan for special scheme of modernisation of council housing
SSHA moves area renewal teams from GEAR and Maryhill into Windlaw, Castlemilk to assist GDC with modernisation of 1000 houses

1987

Feb Scottish Office issue Press Release with Minister (Ancram) arguing for break-up of council housing monopolies and diversification of tenure. Heated response to challenges from Shelter and CoSLA
Feb Ph2 co-ops registered by HciS – only three new bodies that year
March - White Paper published (2 months before election) proposing new body of Scottish Homes to replace the HciS and SSHA indicating SSHA landlord role to disappear statutorily – ie compulsory disposal
Ph 2 co-ops secure staff via secondments from GDC
May – Conservatives win 3rd term in General Election: Rifkind remains as Secretary of State but Ancram loses seat – replaced as Housing Minister by Lord James Douglas Hamilton
June: Ormiston Peoples Action Group in Dundee approach council for housing funding
Sep – Dundee council appoints architects to work with tenants group on mixed funding proposals for Dundee
Dundee City Council sell empty stock to Gowrie HA for tenure diversification in peripheral estate
Ph2 finally given permission to proceed with GDC original proposal of non-HRA grants, MIRAS on private collective borrowing and temporary staff secondments, first batch of Possil stock transferred
After general election, Scottish Office publishes New Life for Urban Scotland, proposing 4 Urban Partnerships in peripheral estates promoting holistic regeneration and social/ economic diversity
Official change of treatment of HAs in terms of PSBR pre election: moves towards accounting as private
GDC start to approach other local groups in Glasgow about possibility of development as co-operatives and prepare schedules of properties for disposal via Area Renewal, demolition, tenure diversification and Improvement for Sale
Muganioni leaves Glasgow – replaced by his depute Comley
November Scottish Office Development Department publish White paper proposing Scottish Homes, Tenant's Choice and assured tenancies

1988

Feb Rosehill and Southdeen (Ph2) transferred
Torbay (Dorset hold controversial ballot of tenants and assume that no vote means support). Rules about clarified in Lords initially in respect of HATs
District council elections: Labour win more seats and control of more councils at Conservative expense
Sep: Housing Under-Secretary promoted to Scottish Office - Principal Finance Officer and speaks at consultants private finance conference promoting assured tenancies and urging councils to consider transfer
Sep: procedures on 'voluntary transfer' published by SDD as 'Information Paper' with a covering letter
HciS promote co-operatives and community ownership in various local authorities throughout Scotland including Lanarkshire, Ayrshire, and Clydebank
SoS appoints Scottish Homes board to include (former Minister) Ancram, and McCall (tenant and founder member of Calvay Co-operative)
SFHA and CoSLA adopt Code of Practice and agree principles of conduct to ensure that associations do not embark on predatory stock transfer campaigns on council tenants/ stock

HCiS register 8 new landlords in two batches for transfer by Argyll, Edinburgh, Perth, Dundee, Kilmarnock and Renfrew plus more in Glasgow. Only other registrations are rural – in Highlands and Islands
Chiltern and Sevenoaks councils ballot tenants successfully: DoE issue guidance.
Housing Acts for Eng/ UK and Scotland receive consent: various Tenant's Choice provisions made. Scottish Homes established separating HCiS from HC in London and amalgamating with SSHA. Early senior appointments based on regional structure with 2 of four directorships going to each of predecessors.

1989

Jan – implementation of assured tenancies introduced
April - Scottish Homes comes into operation with regional structure. Glasgow under control of former Director of HCiS Glasgow
Waverley Trust set up behind the scenes in order to manage Scottish Homes' stock in Borders area (previously managed by Roxburgh DC). Waverley set up by group including former officials of RDC and involving Ancram – former local MP - on the board with tenant majority. Management company providing services, controlled by staff
4 new HAs / coops registered – mainly arising from LA partial stock transfers (3 in Glasgow and one in Clydebank)
IDS publish White paper about winding up New Town Development Corporations

1990

Controversy erupts over Waverley's management and ownership proposals in Borders and national media amidst allegations of insider dealing by staff and by former Minister
November - Ancram selected as candidate for Devizes and moves south leaving Scottish Homes and Waverley Boards
Scottish Homes' ADP restructured to incorporate and consolidate new headings of Community Ownership and Partnerships along with Traditional Programme
8 more new HAs / coops registered arising from LA partial stock transfers: Glasgow, Motherwell, and Dundee
8 ballot failures in English transfers vs. 11 majorities in favour
November Major replaces Thatcher as PM: Lang replaces Rifkind: Lord James remains

1991

Lengthy negotiations about value of stock in Waverley and how it would be valued – traditional or Discounted Cash Flow.
Principle of unitary authorities becomes part of local government reorganisation proposals
Scottish Office publish final research report on Community Ownership pilot (Clapham *et al* 1991) and on stock transfer activity more widely (Duncan, 1991)
Grampian co-operatives established by Scottish Homes tenants in Aberdeen and surroundings. Co-ops acquire stock under Tenant's Choice in face of lukewarm support from Scottish Homes, partly delayed while valuation methodology sorted out
RTB receipts start to dwindle and receipts from transfer and vacant sales start to impact on development programme
Peak of 11 new HAs / coops registered arising from LA partial stock transfers as Shelter confirm that only 2 Scottish councils have 'policy' of transfer
Start of decline in capital receipts by councils from RTB sales
Waverley transfer goes through following ballot of tenants

1992

GDC starts to approach existing HAs (e.g. R&CHA) about small local transfers as Scottish Homes becoming resistant to registration
April: Conservative election victory and (unexpected) with reduced MPs in Scotland. Lord James maintains Edinburgh (Costorphine) seat and ministerial position in Housing under SoS Ian Lang
Mills returns to SO Environment Dept (SDD renamed) as 'Head of Dept'
Consultation about LG reorganisation boundaries proposed for unitary authorities: emphasis on strategic role of LAs, interpreted as stock transfer
Local Government etc Scotland Bill and boundary proposals
Compulsory Competitive Tendering proposed for introduction to housing management in Scottish councils with effect from 1994 (later postponed until two years after reorganisation)
Scottish Homes restructuring into functional divisions following new appointment of civil servant Peter McKinlay and early departure of original Chief Executive George Irvine, widely seen as ineffective

Oct - Scottish Homes clarifies role of new Initiatives Unit and procedures for own stock transfers with targets and phased implementation programme
Confirmation by Scottish Homes that HAG will not be available to Scottish Homes' own stock transfers on whatever scale
Local council elections: Conservatives surge of support – left in control of 6 councils including Stirling on 'cut of cards' (10:10). Councillors immediately move towards stock transfer discussion with tenants
Scottish Homes stock revaluation by National Audit Office and annual accounts show premature debt repayment on old SSHA stock. Receipts recycled through development programme
Strategy published for disposal of Scottish Homes own stock and advice given to IDS about winding up New Towns
During negotiations, UK confirms opposition to European monetary union and adherence to definition of public borrowing. Becomes clear to professional lobbyists that definitions differ, prompting investigation of alternatives

1993

DoE publish interim research by Birmingham University on first 16 transferring councils in England, showing tenant satisfaction but increased rents for new tenants and possibility of bias in campaigns by local authorities
DoE revise 1988 guidance on stock transfer in England confirming DCF as basis of valuation. Introduce levy on stock transfer receipts - to recoup increased HB costs to Treasury
March – Stirling Conservative group reject staff proposal for stock transfer
Jul: BDC agree to sound out tenants on stock transfer after favourable consideration of consultants' report on value
NE Fife council appoint same consultants as BDC
Jul - Ewing appointed Asst Sec Div 1, replacing Eileen Mackay
Large scale transfers of Scottish Homes' own stock expand amidst some controversy about 'level playing fields' – ie whether existing staff have preferential access to tenants and information about stock condition
JRF publish academic / policy investigation of Local Housing Companies as alternative to LSVT, emphasising need for redefinition of public borrowing
Sept - Scottish Housing Minister urges councils at consultants private finance conference to use reorganisation as opportunity to consider to future landlord role
Autumn – Berwickshire DC visit Shropshire LSVT and ask for advice from Scottish Homes on stock transfer process and registration
Implementation of CCT proposals deferred in Scotland until 1998, purposely after reorganisation
Parliamentary committee (CPA) and government auditors (NAO) start enquiries into Waverley transfer
Scottish Homes sells 2415 in 1993/4 houses bringing extra £20m to development
GDC start pushing for 100% nominations on HA lettings in peripheral estates
IDS publish financial arrangements for New Town wind-up

1994

Allan Stewart (Industry Minister) permits LAs to bid for New Town stock transfers in shortened wind-up timetable, anticipating reorganisation with effect from April 1996
April - new Director of Housing appointed by Berwickshire DC – BHA CE designate
April – Scottish Homes increased interest in HA management and consults about issues of registration, scale and standards of HAs - no more small bodies to be registered
Representatives of BDC seek clarification of Scottish Office rules affecting transfer
October - Local Govt Scotland Act passed with 32 authorities, many combinations of District Councils with much larger housing stock holdings
November - Berwickshire ballot result shows ¾ of tenants in support
Dec – Scottish Homes indicates no more small new associations to be registered
NAO and CPA enquiries into Waverley conclude favourably but enquiries stimulate procedural review of transfer throughout Scottish housing
SO joint focus with DoE on new investment for housing
SO embark on Next Steps quinquennial review of Scottish Homes

1995

Feb - Scottish Grand Committee debate on Scottish Homes transfers heightens controversy
Council candidates in Borders initiate campaign in papers against transfer
March – BDC applies to Scottish Office for consent to transfer subject to financial confirmation
NE Fife council (LD controlled) abandon transfer as valuation appears insufficient even with higher rents (later turns out to have been miscalculated)
April – BHA registered by Scottish Homes

Spring / summer: Phase One New Town ballots produce overwhelming support for councils in Fife and East Kilbride⁵⁵³

April – elections for (29) shadow unitary councils: none under Conservative control and majority controlled by Labour or by independent groupings. Borders – coalition. Twelve months of intense preparation for reorganisation starts

April – price agreed for BDC housing stock

July – reshuffle: Lord James Douglas Hamilton replaced as Housing Minister by Raymond Robertson under new Secretary of State Michael Forsyth; stock transfers pushed very strongly at every opportunity

July - Wigtownshire ballot fails with 77% turnout and 75% of tenants against

Aug - Robertson gives consent to Berwickshire transfer on the final day before the shadow authorities take over. Transaction complete by end of month in spite of attempts by other Borders councils to frustrate with legal challenges and after LD MPs publicly call on Forsyth to reject application for consent

Oct Minister addresses professional body and claims total of 15,000 transfers to date and proclaims Berwickshire transfer 'a significant milestone'

Nov - Secretary of State invites views about whether councils should bid for Scottish Homes stock

Dec - Central Govt issues targets for transfer receipts in 1996/7 at £17m, (est'd at 1% of stock)

SO Environment renamed Development

CG announces budget cuts of £100m to Scottish Homes investment, while permitting Scottish Homes own stock sales receipts to be recycled into investment programme ADP, thus increasing the pressure for own stock transfer by Scottish Homes.

1996

April – 29 new unitary authorities take over amid staff shortages disputes and financial difficulties

May - Draft guidance produced by Scottish Office on stock transfer, showing for the first time the new method of calculating valuations based on discounted cash flow and offering free access to the methodology as used in England. No estimates available of possible receipts to local authorities

Scottish Office publishes prior options review of Scottish Homes, showing impending insolvency -again

May - Secretary of State concludes consultation about future of Scottish Homes stock and changes council rules on debt redemption requiring 25% of receipts to be used for redemption

June – Blair elected as Leader of the Labour Party and new Labour looks like winning the 1997 general election

July – Malcolm Chisholm replaces shadow housing spokesman John McAllion following resignation dispute with new Party leadership over Scottish parliament referendum commitments

July/ August: New Town ballots take place in Livingston, Cumbernauld and Irvine producing substantial majorities overall in favour of local authorities: some small gains by housing associations involving former New Town DC staff

Sep - Govt commissions research from HACAS via CIHS into case studies of stock transfer valuation in three authorities

Dec – CIHS conference on Private Finance in Housing addressed by Head of SO Environment Dept: historic debt emphasised as a problem for first time

Winter – new co-op slum landlords hit by severe frost damage to unoccupied stock

1997

Scottish Office publish research on tenant satisfaction in stock transfer (by local authorities and Scottish Homes)

March - calculations of gap between valuation & debt revealed at CIHS conference⁵⁵⁴ in absence of official estimates. Only five out of 32 authorities reported able to cover their outstanding debt and thus no significant receipt

⁵⁵³ Livingston – July 1996: 7 out of 10 ballot areas went to council. Irvine July 1996: council won 4 out of 5 ballots
Cumbernauld August 1996: all ballots won by council. East Kilbride June 1995: all 10 ballot areas won by council on 99% vote – 21 people voted for alternative landlords. Glenrothes March 1995: 10 areas won by council 80% support on 85% turnout.

⁵⁵⁴ the researcher had carried this out privately – see Chapter Three. Some councils requested details of their own case following conference

April – valuation figures available to Scottish Office from consultants confirming independent estimates of only 5 councils able to generate receipts to cover outstanding debts. Paper (not published) shows extent of negative valuations and need for subsidy to support transfers.

Appendix Four Interviews and Interviewees

Who Or What Made Voluntary Transfer In Scottish Local Authorities Happen?

NB sent to interviewees in advance with covering letter (below)

How would you define a stock transfer?

In what capacity were you involved in transfers? When and for how long?

What was your role in relation to local authority stock transfer (as it became known)?

Who were your main contacts at that time?

When did you first hear about transfers and how/ from what source?

What were transfers designed to achieve?

Was your organisation active in promoting transfer or was it drawn in to this activity by others?

At the time did you regard stock transfer as a positive development? why / why not?

Who supported stock transfer? In what way

Who opposed stock transfer? In what way

Do you see stock transfer as something which grew out of other trends and policies or as a completely new idea when it was first mooted?

At what point did transfer become more about whole stock transfer on a large scale and less about partial transfers using community ownership HAG?

Do you see transfers as arising from the 1988 Act any more than any other policy change or action in the last ten years?

What do you regard as the key factors *driving* transfers?

What do you regard as the key factors *preventing* transfers?

Were any particular *policies* or mechanisms critical to stock transfer progress?

Were any particular *individuals* or agencies instrumental in making transfers possible?

To what extent do you think stock transfer has been a good policy? Was this as intended? From whose point of view are there benefits?

To what extent do you think stock transfer has created new problems – what? Could these have been foreseen – were they ?

Sample letter to respondents

[Home address Stirling]

Various dates May – December 1998

Dear

Independent research into Scottish stock transfers

I am carrying out research into the policy process surrounding transfer of stock by local authorities in Scotland. The main output from the research will be a higher degree dissertation and therefore will not necessarily be subject to publication. This project has not been funded or commissioned by an outside body and can thus be regarded as independent.

The purpose of the research is to examine how the policy of stock transfer emerged and developed, to identify the key players and to obtain their perspectives on the policy process and on the outcome of policy. I am contacting a number of people in local and central government, in the voluntary sector and others who assisted the process of transfer, on the basis that they have been involved in small or large scale voluntary stock transfer. I would appreciate an opportunity to interview you as one of these people. I may also be in touch with others in your organisation.

If you are amenable to being interviewed, I would not expect to take up more than an hour of your time, some time between (inc) , to suit our respective arrangements. It may take the form of a visit to your organisation or possibly a telephone interview. If you agree to take part, you will receive in advance a copy of the questions I hope to put to you. This would give you an opportunity to collect your thoughts on the relevant issues over the last ten years in advance of the interview.

I very much hope that you will agree to take part. If you have any queries about the purpose or content of the work, please let me know. I can be contacted at the above address (tel no 01786 473768) or at work in the Housing Policy and Practice Unit, University of Stirling (tel 01786 467719; email mary.taylor@stir.ac.uk). I look forward to hearing from you regarding your willingness to be involved and with some possible dates for an interview.

Yours sincerely

Mary Taylor

Question	Type of question and comments	Reveals ...	Relevant concepts
How would you define a stock transfer?	Open	Stance	Clarity of phenomenon
In what capacity were you involved in transfers? When and for how long?	Closed	Role (buyer, seller, state, other) Capacity for action	Power
What was your role in relation to local authority stock transfer (as it became known)?	Closed	Contribution (advice funding, approval, responsibility, promotion, persuasion, action, rule changes, implementation)	Process Action Compliance
Who were your main contacts at that time?	Closed	Key relationships (central, local, political professional, supporters opponents)	Process Power Networks
When did you first hear about transfers and how/ from what source?	Open	Proximity to source of ideas medium of communication, leakage from other streams	Process Networks Timing Interests
What were transfers designed to achieve?	Open	Relevance of community control, investment	Stance Ideology Purpose of policy: clarity of phenomenon
Was your organisation active in promoting transfer or was it drawn in to this activity by others?	Open	Relationships	Motivations Choices Networks Persuasion/ promotion Incentives
At the time did you regard stock transfer as a positive development? Why / why not?	Closed	Stance / values on stock transfer (according to role – tenant, elected rep, staff)	Adaptation of core values Identity Interests
Who supported stock transfer? In what way	Closed	Ideology (others) Alliances and relationships	Networks Conflict Power
Who opposed stock transfer? In what way	Closed	Ideology (others)	Networks Conflict Power
Do you see stock transfer as something, which grew out of other trends and policies or as a completely new idea when it was first mooted?	Closed	Possible links with tenant participation, regeneration, investment, privatisation, other	Critical juncture Origins and continuity Linear development
At what point did transfer become more about whole stock transfer on a large-scale and less about partial	Closed	Awareness of change – who, when, why (Assumes that statement correct and that	Critical juncture Policy content

transfers using community ownership HAG?			they knew about both phases – not always valid)	
Do you see transfers as arising from the 1988 Act any more than any other policy change or action in the last ten years?	Closed		Who (dis)agreed and why (Presumes their understanding of causal theory)	Institutionalist theory Perfect conditions for implementation
What do you regard as the key factors <i>driving</i> transfers?	Open: presumes transfer		pressure to reduce public resources; pressure from tenants, ideology, resource incentives (HAG)	How policy 'worked'
What do you regard as the key factors <i>preventing</i> transfers?	Open		No more / not enough resources (HAG)	
Were any particular <i>policies</i> or mechanisms critical to stock transfer progress?	Open		HAG Information paper HRA capital constraints	Institutionalist theory Critical junctures and veto points Power Decision-making Types of incentives
Were any particular <i>individuals</i> or agencies instrumental in making transfers possible?	Open		Politicians Vs officials Vs community	Evidence of action Behavioural theory Rational choice theory Power
To what extent do you think stock transfer has been a good policy? Was this as intended? From whose point of view are there benefits?	Open: before and after comparison		Types of perspective on policy content	Outcomes – evaluative
To what extent do you think stock transfer has created new problems – what? Could these have been foreseen – were they ?	Open		Types of perspective on effectiveness of policy	

Names and Profiles of Interviewees

Name	Inter-view date	Position at time of interview	Dates involved	Organisation & position at time of transfer(s)	Main role	Scale of transfer	Leakage from other streams	First heard of transfer	Initial view
Harold Mills	10/98	Retired (March 98)	1985 – 98	Scottish Office: Under Secretary in Development Department; Principal Finance Officer; Head of Development Division, pre – retirement	Ministerial advice; negotiation with Whitehall, quangos and local authorities; management of policy development; liaison with Eng and Welsh colleagues as appropriate	Partial and later whole	SH; NT	From GDC 1983/4	Suspicious of LAs and GAs in particular. Later advocated and promoted
Raymond Robertson	9/98	Chair of Scottish Conservative and Unionist Party	1995 -7	Scottish Office: Minister of Housing, Education, Fisheries and Sport under Secretary of State, Michael Forsyth	Policy decisions; promoting policy; co-ordinating with Eng counterpart. Seeking to persuade LAs to transfer	Whole	SH; Eng	On being elected in 1992, from Minister in HoC	Enthusiastic
John Ewing	10/97	Scottish Office: Head of Policy Group (Asst Sec) - Constitution Unit	1992 – 7	Scottish Office: Asst Sec Housing (1) in Development Division	Ministerial advice; policy development; detailed discussion with LAs	Partial inherited, some whole stock promoted during period of office	SH; NT	Early 80s in context of regeneration through private developers	No comment
John Breslin	8/98	Scottish Homes: Director of Policy and Performance Scottish Office: Development Division Asst Secretary designate	1985/6 - 98	Scottish Homes: Finance Director; Glasgow DC Principal Finance Officer for Housing dept and previously for Direct Works	Scrutiny of proposals; information support to tenants and councillors; supervision of non-LA transfers; policy advice to central government; option development	Partial, until after joined SH, still limited knowledge of whole stock deals	SH	1985; liaison with GDC colleagues responsible for policy development	Positive – welcomed variety and strengthened role for consumers

Names and Profiles of Interviewees (2)

Jim Hastie	8/98	Scottish Homes: Regional Manager, Edinburgh and Lothians	1984 – 98	Scottish Homes: Director of Development; previously of Glasgow Regional Office; HCiS - previously Glasgow programme Director	Project-level funding decisions; programme management; negotiations with LAs in areas of jurisdiction; NB Glasgow. Management team of SH; promote and develop new bodies	Partial	SH	1985; liaison with GDC officials	Positive -- brought investment to fragile communities
Martyn Rendle	9/98	Scottish Homes Internal Consultancy Manager	1989 – 1994	Scottish Homes: Registration Manager	Co-ordination of R&S staff; recommend registration decisions to Board; monitor performance of new bodies	Partial: after procedures established	SH	1989; part of new job remit	Not known
Bob Miller	6/98	Director, Miller Homes	1984 – 1996	HCiS - Registration Manager; Scottish Homes - Regional Manager, later R&S Manager	Co-ordination of R&S staff; recommend registration decisions to Board of HCiS and later to SH	Partial	SH	1985; via HCiS Mgt team -- promoting all sorts of new bodies	Positive -- opportunity for investment and community regeneration
David Comley	6/98	Glasgow City Council; Director of Housing	1985 - 98	See current – since November 1985; previously Dep. Dir. Under Paul Mugnaioni	Work through proposals with senior colleagues and with councillors – technical, administrative detail and political argument	Partial		1984; internal exploration of new investment opportunities: own org. idea	Positive - investment
Dennis Rodgers	6/98	Glasgow City Council; Ass't Chief Housing Officer (private sector)	1980 - date	Head of private sector projects	Working up extension of tenement renewal to peripheral estates i.e. Ph 2 community ownership	Partial	Transfers to SH and SSHA through GEAR	Routine internal	Yes though sceptical of strength of local motivation
David Wiseman	8/98	South Lanarkshire council: Head of Strategic Services - Social Work	1982 – 1992	Glasgow District Council: Labour Councillor – vice convener of housing '82-4, deputy leader '84 – 8, Convener of Housing 88/9	Work through ideas with officials; persuade colleagues in party of value of ideas; liaison with keen constituents and with community work clients (professional capacity)	Partial and transfers to SH / SSHA	NT SH (Waverley)	Internal c1984	In favour of community control but concerned about risks of exclusion and about inefficiency of small orgs

Names and Profiles of Interviewees (3)

Gavin Whitefield	8/98	North Lanarkshire Council, Director of Housing	1989 - date	Motherwell DC: Asst. Director of Housing	Harness available funding to target on areas in need. Liaison with local groups. Advise committee	Partial	..	Via profession and from HC/S around 1987; later SO circulars	More investment good but some doubts about consequences
Gerry McLaughlin	8/98	North Lanarkshire Council: Labour Convenor of Housing	1992 - 1998	Motherwell DC: Labour Councillor from 1986; c'tee member of local renewal HA; Convenor of Housing MDC 1992 – 1996, NLC 1996 - date	Persuade colleagues and tenants of benefits	Partial	NT	Via MDC in 1989	Supportive – improves quality of environment. No option really
Russell Rowbotham	6/98	Dundee City Council: Director of Housing (retiring)	1983 - date	See current; previously dep Dir 1974 – 83. DoH from 1986	Seek solution to funding crisis for council owned stock; mentor for more junior policy innovators; make argument to elected members; make case to tenants; clear blockages	Partial	SH	Own idea to develop co-ops in response to resource constraints	Positive because of investment
Ian Luke	6/98	Dundee City Council: Labour Councillor and Convenor of Housing	1986 - 1998	Dundee DC: Labour Cllr and Convenor of Economic Development from 1997	Argue case within Labour group; examine Housing committee decisions; later promote proposals to tenants	Partial	Transfer of pre 1919 tenements to HAs	Via Labour Group 1986	Opposed on ideological grounds
Gerry McDermott	9/98	Master Factor, Cowane's Trust, Stirling	1989 - date	Stirling DC: staff member (legal dept) and proponent of stock transfer in private partnership	Develop proposal for staff led transfer encouraged by politicians	Partial		Tea break chat - post 1988	
Helen Scott * joint with Harding	8/98	Stirling Council: Conservative councillor	1992 – 1996	Stirling DC: Conservative Cllr and Housing Convenor; Opposition spokesman on housing pre '92	While in office, encourage tenants to consider transfers	Partial		1991 at CIH conference	In favour – investment and diversity
Keith Harding * joint with Scott	8/98	Stirling Council: Conservative Opposition leader; housing policy adviser to Rifkind; aspiring MSP	1992 - 1996	Stirling DC: Conservative Cllr and Leader	Encourage councillors, staff and tenants to consider transfers	Partial	English LSVT	1987 party manifesto	In favour – investment and diversity

Names and Profiles of Interviewees (4)

Robert Lee	6/98	West Lothian Council: Labour Councillor; Chair of West Lothian Housing Company (ex SH transfer)	Early 1980s - date	West Lothian DC: Chair of Housing Committee; Convenor of Housing in CoSLA late 1980s / early 90s;	Vociferous public critic of CG policy on behalf of LAs; latterly demonstrate benefits of alternative social landlords	Partial: main concern about possibility of whole scale	SH and NT	Via CoSLA grapevine – focus on developers for partial renewal transfers	Opposed but never a real threat
Rani Dhir	8/98	Southdeen Housing Co-op: Director; Board member of Scottish Homes (recent app'tmt)	1986 – 98	See current: employed by GDC Housing Dept pre 1987 and initially seconded to co-op	Encourage individual tenants to support proposal and develop practical solutions in conjunction with counterparts, committee members, consultants and quango officials; represent new type of body	Partial	SH	1986 through internal-only job advertisement appointed	Enthusiastic – scope to do something holistic. Varied job challenge
Ruby Bryden	8/98	Southdeen Housing Co-op: tenant and founding committee member	1983 – 98	See current	Community activist: represent tenants to govt and LA; negotiate on behalf of HA; drive developments forward	Partial	..	1984/5 negotiations about modernisation and repairs	In favour - investment no matter where it came from or how
John Mulholland	8/98	Forgewood Housing Co-op: Director (also of Garrion co-op)	1991 – 98	See current: previously employed by a HA and Glasgow DC	First employee of local co-op committee; implement renewal programme; advise other tenants considering transfer; seconded from Garrion to sort out Forgewood. Discussing merger	Partial	SH	1986 internal GDC discussions re TMCs	In favour – services needed improving and staff were powerless
Billy Muir	8/98	Forgewood Housing Co-op: Committee chair	1992 - 98	See current; chair since early 1998	Initially part of local group commenting on arch's proposals for area. Later chair of committee	Partial – not know as Community Ownership	..	1992 – chance contact with neighbours on c'tee	Positive – investment though not problem free
Bruce Forbes	9/98	Angus HA: Director	1984	Ormiston People's Housing Co-op Co-ordinator and first appointment; previously employed in housing management by DDC	providing organisational development and feasibility assessment services to three other co-ops in Dundee	Partial	..	Internal informal reaction to 1987 White Paper then job adv.	In favour because of diversity

Names and Profiles of Interviewees (5)

Dave Anderson	9/98	Rutherglen and Cambuslang HA, Director	1991 - date	See current	Information and advice to council tenants; later promote own org as transfer vehicle; lead development of renewal programme; negotiate with LA and SH	Partial	SH	mid 80s via SFHA	Welcomed
Susan Crookston	10/98	Blairtummock HA Director	1992 - date	See current; previously with various HAs / co-ops involved in stock transfer in Edinburgh	Implement committee decisions and facilitate committee	Partial	..	1988 in Edinburgh - new DC stock taken over by Edinvar HA to avoid RTB	Favour because gives power to local people
Cathy Mulligan	10/98	Chair of Blairtummock HA	1991 - date	Tenant and Committee member	Represent the community and communicate with / persuade neighbours	Partial	..	Local HA early 1990s	Favoured - chance of a better house
May McLeish	10/98	Committee member (co-opted)	1991 - date	Chair of steering group and Blairtummock HA; former tenant now moved away	Represent the community and communicate with / persuade neighbours	Partial	..	Via GDC officials at meeting with tenant reps in 1987 - City Chambers	Positive - opportunity of investment and chance of improvement
Michael Ancram	9/98	Chair designate Conservative Party of GB	1984 - 1991	Minister for Housing (etc) Scottish Office under Rifkind until 1987 (lost seat); SH board member from 1988 - 1991; board member Waverley 1988 - 1991	'Open windows'; create scope for community regeneration; promote and develop HAs where tenant support	Partial mainly - thought of as co-ops	SH and NT	1985 from officials, about Glasgow proposals; unaware of LSVT until 1989 (Eng and SH)	Positive mainly because of opportunity for community development
Sandra Smith	10/98	Depute Director, Thenev HA	1988 - date	See current; previously employed by SFHA and later freelance adviser	Promotion of co-ops / HAs on behalf of GDC and HCIS/ SH; later, independent advice to tenants and appraisal of LSVT proposals in Berwickshire, Wigtown and various New Towns; part responsible for LSVT transfer to Thenev HA from SH	Partial and whole; also transfers to SSHA/ SH	SH and NT	1985 re Glasgow co-op proposals	In favour of partial - clear investment benefits; doubtful about who gains from LSVT

Names and Profiles of Interviewees (6)

Philip Jones	12/98	Provisional Director of Berwickshire DC Housing dept	April 1994	Chief Executive Berwickshire HA	Developing and articulating proposals to tenants pre-ballot. Negotiating over details post ballot	Partial and whole	SH	Late eighties, in Clackmannanshire	Cautious but soon in favour
George Findlay	12/98	Vice Chair of Berwickshire HA	1992 – date	Chair of Housing committee Conservative-controlled Berwickshire DC: resigned as Conservative in 1993?	Taking proposals through the council, representing LA and later HA	whole	SH	?	Favoured
Ian Dyer	12/98	retired	1974 – 1992	HC board member until 1989; Conservative Councillor in Glasgow DC 1974 - 1992	Active in HA pre 1974; on board of HC and HC/S and on committees in GDC. Helped to develop co-op ideas at Labour request while in opposition. Sought to advise Minister about developments	Partial and whole	SH and NT	Internal GDC through cross-party working group	Favoured although on occasion, formally opposed

Appendix Five

Surveys and Correspondence with Sellers and Buyers

This appendix contains examples of correspondence and surveys undertaken by the researcher in an attempt to gather data about stock transfer. The earliest correspondence was sent out in August 1995. Some were sent on University headed notepaper and some as private / personal correspondence.

Letter to buyers and sellers August 1995

DATABASE ON STOCK TRANSFERS IN SCOTLAND

I am updating the University of Stirling database on the transfer of stock from local authorities to housing associations and hope to publish a report shortly on the question of stock transfers in Scotland. I have received some information on sales of houses by the relevant local authorities to a variety of organisations, including your own. My purpose in writing to you is to ask you to confirm this information as it relates to your organisation.

To that end, I enclose a form which shows the information held in the database already on the local authority sales/ transfers in which your organisation has been involved. I would very much appreciate it if you would now check the form to verify that the information which we hold is accurate and, where it is wrong or incomplete, amend the details before returning the form. Please refer to the enclosed notes while completing the form.

I also enclose a blank form in case there are any transfer transactions missing completely. This should be photocopied as often as necessary. In addition, if there are any transfers in the pipeline to your organisation, from any local authority in Scotland (i.e. not including Scottish Homes or a New Town), the form could be used to alert me to forthcoming transfer activity. Where the form is supplied blank, this means that there is no information about transfer on the database. Where we have inserted some information please amend if it is not correct. Please return forms by mid-September to the University.

Enclosed form requested details of

Property location by street address
Post-codes
Number of houses
Month/ year of consent
Month /year of transfer
Name of buyer
Type of buyer (1)
Purpose of transfer (Note 1)
Gross valuation £
Total receipt £
Date of original construction
Condition of housing (Note 2)

Note 1 : Purpose of transfer

(indicate more than one where applicable)

1 = letting
2 = renewal and letting
3 = renewal and sale
4 = sale
5 = demolition for subsequent new housing
6 = other (please specify)
e.g. 2, 3, 5 = mixture of renewal for sale and rent,
along with partial demolition

Note 2 Condition of housing

L = in good, lettable condition
R = in need of catch up repair
MR = in need of major repairs
CR = in need of complete renewal
VH = uninhabitable
X = other: please specify

Letter to sellers January 1997, after local government reorganisation

TRANSFER OF LOCAL AUTHORITY HOUSING STOCK

I am writing with two purposes in relation to the transfer of local authority housing stock. One is to offer information which may be of interest and assistance; the other is a request for information from your authority.

Transfers completed or under way

You may be aware that at the University of Stirling, the Housing Policy and Practice Unit holds a database of all the stock transfers to date by Scottish local authorities. If your authority or its predecessor carried out any transfers, they should be on the enclosed summary record enclosed with this letter. This lists those transfers prior to March 1995, which we understand have taken place in the area for which your authority is now responsible. I would be grateful if you would draw to my attention any discrepancies and complete any missing information in respect of the transfers listed. If the enclosed information is accurate to the best of your knowledge, *please return to me at the University address.*

Please also bring to my attention any transfers which are not referred to on the attached schedule: you should find enclosed a blank pro forma (yellow) for completion by you, to cover any cases of further portfolios of stock transferred by your authority (or its predecessor)

*since March 1995 or

*in the pipeline.

Please make as many copies of the blank as you require and return by 21st February. If your authority has no previous transfers at all and none in the pipeline, please write briefly to confirm that this is the case.

Future transfer proposals

In addition to monitoring completed stock transfer activity, I am also interested in future transfer prospects and what factors trigger local authorities to transfer stock. To that end, I have been using three sets of assumptions (based on published HRA information) as inputs to the Scottish Office's Tenanted Market Valuation (TMV) model. This has been carried out for all 32 authorities in Scotland and I will be able to make available to you, on request, the outline valuations which I have conducted in relation to your authority. The exercise as a whole allows certain general conclusions to be drawn about transfer prospects which I hope to make public shortly. It would be helpful to my review of the Scottish Office's policy on stock transfer to have access to certain information on particular authorities as detailed overleaf.

Last year for the first time, stock transfers were identified as one of the sources of receipts in the Government's announcement of capital allocations for housing for councils in Scotland. These allocations itemised what value of stock transfer the Government expected for each authority. It is my understanding that during the autumn of 1996, all councils had a meeting with the Scottish Office Development Department (SODD), regarding the future capital programme for their authority. At these meetings the councils were expected to declare their intentions regarding stock transfer and received an indication of the level of stock transfer anticipated by the Scottish Office.

Although I already have some Scottish Office figures for capital allocations (based on estimated receipts) for 1996/7 and 1997/8, it would be of great assistance to me if you could supply me with information on your anticipated outturn for 1996/7 and the projections being made in respect of 1997/8:

- 1) by your authority; and
- 2) by the Development Dept.

Please return the attached questionnaire by 21 February 1997.

Questionnaire on capital receipts and transfer proposals

LOCAL AUTHORITY STOCK TRANSFERS- COUNCIL

Name of contact
 Position
 Telephone number

1996/7		£m	£m
		(a)	(b)
1) According to my information: your authority's gross capital receipts for 1996/7(estimated by SODD) were	
of which receipts from RTB sales should amount to
receipts from stock transfers should amount to

- a. *If the figures given above are inaccurate please cross them out and replace them with the correct figures.*
 b. *Please use the space in the right hand column to note the anticipated outturn figure against each heading.*

If your authority has completed any stock transfers to other landlords during 1996/7 and these are not included on the enclosed schedule, please use the attached yellow pro-forma(s) to indicate the numbers, addresses, value etc of the transferred stock.

1997/8

2. What assumptions did you make for your programming meeting with the Scottish Office last autumn regarding stock transfer?

	1997/8	1998/9	1999/2000
Numbers of houses			
% of stock at Sept 1996			
Estimated value			

3. What assumptions did SODD make about your future transfer programme?

	1997/8	1998/9	1999/2000
Numbers of houses			
% of stock at Sept 1996			
Estimated value			

4. What type of housing stock - if any - are you considering for transfer? Please indicate the stock profile in terms of:

- 4.1 numbers of houses
- 4.2 numbers of neighbourhoods
- 4.3 level of demand for stock in these areas
- 4.4 void levels
- 4.5 rent levels (average for area and highest and lowest in area)

- 4.6 date and type of construction
- 4.7 need for and estimated costs of repair/renewal
- 4.8 other relevant information

Notes on completion of forms and of codes/abbreviations used

The enclosed form(s) should show all block sales involving housing stock purchase (for whatever purpose), in the period from 1980 to date. It would be helpful if there are any transfers in the pipeline and expected to reach at least ballot stage (if appropriate) by December 1995, to include these on the schedules with the proposed details marked "E" (estimated).

The form assumes that all the tenanted transfers have been conducted under the current LSVT arrangements in Scotland. If any other mechanism has been used (eg Tenant's Choice) please make a note accordingly.

Some of the properties currently appearing on the schedules may be part of comprehensive tenement renewal schemes in Housing Action Areas. If there are any such transactions on the schedule for your authority please highlight them.

Please ensure that you report also on transactions transferring property where the Secretary of State's consent was not required/sought.

Buyer name: The name of the purchasing organisation
Local authority: The name of the disposing authority
Numbers: The total number of housed transferred; if these resulted in subsequent demolition or amalgamation, please note resulting numbers as well.
Date of transfer: The date on which ownership changed.
Valuation: Self-explanatory but information often missing - please include if at all possible.
Price paid: May be different from valuation - if so please note. Similarly, often missing so please be sure to include.
Addresses: Self explanatory
Postcodes: Very useful for further research on socio/economic context. Please complete.
Date of construction: Approximate (i.e. decade)

Letter to buyers August 1998

SCOTTISH LOCAL AUTHORITY STOCK TRANSFERS – SURVEY OF HOUSING ASSOCIATION BUYERS

You may recall a previous questionnaire from me regarding research into small scale stock transfer by local authorities in Scotland. I am writing now to request some further information from you regarding [name] HA 's experience of transfer. I hope it will not take you very long and that you will be able to assist.

I attach a two-part questionnaire about the development details following stock transfer and about the association generally. I also attach a schedule which shows part of what is currently held on my database regarding transfer activities to date by [name] HA .

[A separate letter was sent to the Glasgow buyers in November that year to avoid duplication with council enquiries. It enclosed a schedule summarising various sources of information currently held about all 'known' council stock transfers in Glasgow. 'Stock transfer' was identified as referring to any ownership transaction affecting housing built by the council, for rent, regardless of whether it was tenanted or empty and regardless of whether it was subsequently demolished. Glasgow buyers were asked to verify accuracy of the data held, provide amended information, complete blanks.

The rate of response to both letters was insufficient to be of value.]

Questionnaire to HAs involved in stock transfer by local authorities before April 1997

Part One: The following questions relate to **each transaction** of stock acquired from LA

No of units acquired in transaction

From: (name of local authority)

In (e.g. spring 1990)

Were the properties tenanted? (Circle whichever applies) Y N

If so, please indicate roughly the percentage of properties occupied%

No of units demolished – if any - prior to transfer by LA
post transfer by HA

How much work was required: describe briefly (e.g. re-roofing, environmental upgrade, selective demolition, height reduction, conversion etc)

Date of acquisition

Date of site start

Date of site completion

What price did the association pay for the property

£ (nearest £,000 per unit)

Did this differ from the valuation? Y N

If so, what was the valuation? £ (nearest £,000 per unit)

What was the total value of any work (approximately) £m

HAG (actual outturn) £.....m

Actual amount borrowed (privately) £.....m

Name of Lender

Rent charged by DC at transfer for typical 3apt* £.....p. a

Rent charged by HA post transfer (unimproved) for typical 3apt* £.....p. a

Rent charged by HA post-improvement for typical 3apt* £.....p. a

Rent charged by HA today for typical 3apt* arising from transfer £.....p. a

**If no 3apts in the affected stock, use comparable average rents for each answer*

No. of units on completion for rent

for sale #

#If units were provided for sale, were they all finally sold? If not what happened to them ? (Describe briefly.....)

Part Two: These questions apply to the **association as a whole**.

The information requested is acknowledged to be sensitive and its confidentiality will be respected.

Name of association

Date of registration

Source of HA stock	Nos
Acquired from and built by LA	
Acquired from and built by SH or NT	
Formerly private sector	
Built by association	
Other	
Total no. of units	

Total no. of units before (first) transfer from LA

No of staff employed:

	Before transfer	At March 1998
Housing management		
Maintenance		
Development		
Finance		
Management		

If new staff have been employed since the transfer, were any previously employed by the LA which sold the stock? Y N

Were they part of a TUPE transfer? Y N

If additional staff have been employed since transfer, (regardless of their previous employment) , how many are on the following salary bands

Less than £10000 pa

£10000 – 15000

£15000 – 20000

over £20000

Does the association have contracts with other agents for other aspects of its services (e.g. Development or Finance)? Y N

If so please specify which and with whom.

	Similar assoc in partnership arrangement	Larger/ older assoc in area	Other agency
Housing management			
Maintenance			
Development			
Finance			
Management			

Does the association have any concerns about its long term financial viability?

(Circle whichever applies) None Some Serious

Does the association have any concerns about its ability to manage ?

(Circle whichever applies) None Some Serious

Please indicate any of the following statements which reflect your experience of monitoring by Scottish Homes
(tick any which apply)

It recognised what we do well

It identified some weaknesses which we need to work on

Expectations of what we should have achieved by now are pretty unrealistic

We feel pushed into merging with another body

We cannot grow any bigger through development because of a low rating from monitoring

Expectations of what we can achieve in future are pretty unrealistic

We are being actively encouraged to consider merger or some form of staff sharing arrangement

Expectations of what we can achieve in future are reasonable

We are being encouraged and helped to grow

When was the association last monitored by Scottish Homes?

(It would be helpful if you could indicate here what monitoring rating was achieved by the association
.....)

Name of person completing the questionnaire

Date

Please note any comments about the survey or issues raised by the survey.

Appendix Six

Establishing Quantitative Data

This appendix contains details of data collection and analysis for Scotland and England respectively and comments on the approach to conversion and analysis. Finally the Appendix contains sample of a Tenanted Market Valuation on which prices for the English and Berwickshire transactions were based.

Scotland

Work to gather data has been in progress since 1991 with varying degrees of success. In October 2000, personnel temporarily seconded to the civil service from the voluntary sector identified a need for better information on stock transfer outcomes. Eventually a dataset on housing stock transfer in Scotland was developed by the researcher at the behest of the Scottish Executive.

Scottish Executive Dataset

It was designed to show what transfer had delivered in terms of rents, investment, and tenant involvement in the new landlord bodies arising from transfers by public landlords. Public landlords were Scottish Homes and Scottish local authorities 1986 - February 2001 (not including New Towns). There was a conscious choice of emphasis on completed transfers rather than on or failed or future transfers. The project was undertaken between January and June 2001, with the assistance of a paid researcher⁵⁵⁵. The researcher negotiated freedom to undertake and publish analysis of the data. The analysis was carried out in early 2002 and was offered to the Executive. By November 2002, there had been no response and no analysis (personal communication).

The project produced a dataset and identified scope for improving data collection and management. The dataset was in three sections: sellers, transactions and buyers. Data issues were addressed in an unpublished report to the Executive in June 2001 entitled '*Community Ownership Information - Commentary On Sources And Uses Of Information About Completed Stock Transfers In Scotland*'. It did not contain any data or analysis of data about stock transfer, but focused on data collection, recording and suggested ways of interrogating the dataset to produce answers to questions which may be posed by policy makers now and in future. This section draws on that report and the preceding work and (for the most part) focuses on councils, suppressing reference to Scottish Homes transfers though some comparative comment is relevant.

Access To Secondary Data From Official Sources

The University already held a database of stock transfer collected since 1991 (initially under the auspices of the Planning Exchange – Duncan, 1991). Awareness of transactions was initially triggered by ministerial consents intermittently advised by Scottish Office staff. The dataset had been expanded for this thesis by the author, using periodic surveys (see Appendix Five). There were not resources within the Executive project to conduct further surveys for details of transactions some of which were over 10 years old, (other than on an ad hoc basis to fill in occasional gaps or clarify discrepancies). Information previously gathered by the researcher through surveys of buyers and sellers was used to supplement and / or corroborate official data.

The project therefore used existing data already held (mainly by official bodies) as the brief emphasised retrieval of existing information. The researchers established what information was available by whom and negotiated access as appropriate. In the end, relevant information was found to be held in different agencies, including various departments of Scottish Homes; Scottish Executive; and the Valuation Office. As information was in different formats, and gathered for different reasons, the researchers sought to maximise consistency in recording data. The data were collated, designed and entered on a database held in Excel.

⁵⁵⁵ The researcher Derick Tulloch worked part time January – June, on data collection, data entry and assisted with the design of the database. All work was carried out under Mary Taylor's direction.

Sources Of Information: Primary Association Of Secondary Data

Scottish Executive⁵⁵⁶

Executive staff had a summary database (held in Access) carrying very brief details of local authority stock transfers, recorded by civil servants (clerical) at the point of ministerial consent to disposals⁵⁵⁷. The data were only ever made available to the researcher in the form of a printed report covering

- names of seller and buyer,
- date of consent,
- numbers of houses and
- receipt.

The researchers could not gain access to more detailed documentation on local authority transfers: it is doubtful how much more there was to obtain.

Scottish Executive Statistical Services had also (separately) collected summary information about sales from 1979 through an annual return completed by councils. By 1993, this covered not only RTB sales but Tenant's Choice and 'other transfers' (not defined and not usually published beyond RTB figures). The data had been collected using a single sheet form, completed by each local authority each year. These statistics were eventually supplied electronically, in the form of spreadsheets for each transaction for which data were available. Many of the transactions were already known to the researchers through other sources. On further investigation, some unknown transactions from this source could not be regarded as stock transfer in terms of the agreed definition⁵⁵⁸.

Scottish Homes⁵⁵⁹

Scottish Homes provided much information from different sources about transfers conducted by that organisation as seller, regulator and developer / enabler. The focus here is about regulation and development of council transfers.

Summary data of RSL performance were supplied by Scottish Homes (Registration and Supervision) based on the Annual Performance Statistical Return (APSR). This is completed by each association (though on slightly different forms in various years) with the data entered and stored electronically by Scottish Homes on a spreadsheet, which was supplied to the researchers. This provided information about performance, governance, satisfaction, and development about RSLs generally, annually from 1996/7. Such information is not specific to particular transfers or transactions.

The Business Intelligence Division provided information about HAG funding to associations for the ten years between 1990/1 and 1999/00. This was especially pertinent to local authority transfers dependent on HAG funding. Selective, project-based information at point of agreement of subsidy (input) was supplied electronically along with target subsidy rates for each type of investment for each region. Data were split into different years, new build information was isolated out and searches carried out on the relevant buyers within those years. Then addresses were checked against addresses, postcodes and scheme numbers (where available).

The new build spending category was initially suppressed to isolate data on 'rehabilitation'. Preliminary analysis revealed a dramatic decline in the amount of expenditure after 1994/5: gross expenditure appeared to fall from £35 million to £1.5 million in the space of one year (real values). Moreover some transfer projects (after 1992) requiring investment showed no spending in this category though were known informally to have received funding. Anecdotal information suggested that demolition of council stock before and after transfer became a more prominent feature of later transfer projects and so new build spend data were later (November 2001) scrutinised for relevant project

⁵⁵⁶ *Scottish Development Department and Scottish Office Statistical Services.*

⁵⁵⁷ *A parallel commission gave DTZPieda access to the official consent data only and this was used as the basis for disseminating publicity material to the wider community about stock transfer, though it contains inaccuracies, judged by the revised, cleaned and confirmed dataset. It is shown in Appendix One.*

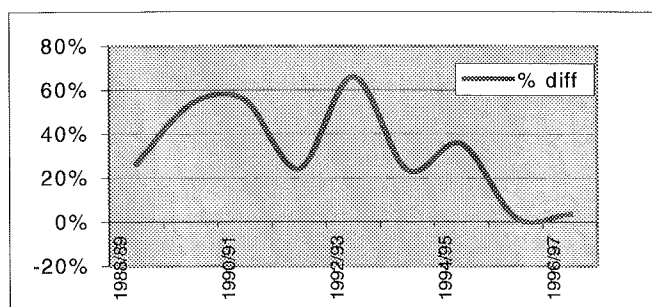
⁵⁵⁸ *These included sales of 19th century tenements originally built by the private sector and land sales*

⁵⁵⁹ *Registration and Supervision, Initiatives, Business Intelligence, Finance.*

information. This revealed further funding which could be associated with the postcodes for the addresses contained in the stock transfer transaction. There was still a decline in the gross amount of spend but less marked. The researcher summed revised HAG estimates associated with particular schemes for relevant years and applied the HAG rate for that region, supplied by Scottish Homes, to show the estimated amount of HAG per scheme per annum, assumed private funding and total project finance. These were aggregated to provide a cumulative figure and, for this thesis, converted to constant prices. The data reported here therefore include more subsidy than the amount reported to the Executive.

Outturn information is otherwise aggregated for Scottish Homes as a whole, and is not available per scheme. In 2002, Communities Scotland provided information which showed an outturn breakdown of the type of spending in each area. The outturn reports from Communities Scotland (Chapter Eight) suggest that more money was spent on former council stock than had been captured in the database as Figure 46 indicates.

Figure 46: Difference Between Estimates Of Spending By Different Methods



Source: Communities Scotland, 2002: adjusted; Research database, 2001

Other Data Sources

The Valuation Office confirmed existing information and supplied information about some gaps in local authority valuation data, mostly based on traditional capital asset values. This involved retrieving material from a number of different local offices' record systems. As these were often manual and records of addresses and numbers varied, researchers once again interpreted connections between certain transactions.

The Electoral Reform society was asked to supply information about ballots of local authority tenants as most were assumed to have conducted a ballot under its auspices from 1991/2. Regrettably the ERS was not in a position to supply such information as it was destroyed 12 months after the event and thus much useful ballot information about local authority transfers was simply not available.

Remaining gaps for information on local authority stock transfers could only be filled by exploring the archives of buyers and their predecessor authorities. There were insufficient resources to make this a meaningful exercise.

Dimensions and Limitations of Transfer Data

A total of 230 transactions were recorded including 135 by 17 councils in Scotland. It is not claimed that this is the definitive list of transfers but it is thought to be the best attempt. There may have been other cases for which consent was not sought, or which were not recorded on statistical returns or existing datasets. New Towns were not a priority for the Scottish Executive; Tenant's Choice and trickle transfers were deemed too difficult and numerically insignificant for data collection.

Some information about transfer was input information, in other words as intended at the point of transfer, whereas some was outturn information, at the end of the process about what had actually happened. For example input information included the number of houses in a project or transaction at the point of valuation, but not all of these

properties were included in the final transfer. Outturn information was very limited and the report to the Executive recommends improvements in this area.

There were problems in being able to show the impact of transfer due to lack of relevant information. Suitable information is frequently not collected or is not comparable, in terms of its focus or timing. It was hoped that data could be collected (for each transaction) about such issues as the context, the stock, the process, inputs and outputs in terms of:

- scale / numbers
- occupancy
- consultation (ballot turnout and results)
- rent levels before transfer; after transfer; after investment
- timing – consultation, consent, transfer and completion of investment
- destination – landlord name and type
- mix, location and form of property
- condition and investment needs
- values, prices and receipts
- purpose of transfer - e.g. demolition and rebuilding, height reduction, refurbishment, repair or re-letting
- investment amounts and sources of finance, public and private, capital and revenue

In the absence of a common agreed definition of a stock transfer, the term had been used variously and inconsistently. As a result, the project found included in datasets many examples of transactions with very different characteristics. A definition (used in Chapter Six) was eventually agreed with the Executive although they were very clear that the definition only applied for the purposes of the data exercise. Some buyers acquiring stock on terms that fitted the definition disagreed that they had ever been involved in certain local authority transfer.

Table 32: Transaction data

Location	Included comprehensive postcode data and the number of properties involved where addresses were available. In many cases the number of properties changed from when discussions started and valuations were conducted and the point of transfer (e.g. due to Right to buy sales and partial demolitions). These were shown separately and can have particular relevance to calculating per unit valuation figures. Postcodes could enable further analysis and linkage with other socio-economic data more straightforward in future. Address schedules were often incomplete.
Identity of sellers and buyers	The names of sellers (old and new names) and of new owners (including subsequent mergers) are shown. The existence of competition and identity of competitors was noted, though not usually present in local authority transfer.
Process	Dates of consent, transfer and valuation were recorded to allow analysis of the time taken to process transfers and also allow conversion to constant prices. Ballot information was only available for Scottish Homes stock. The names of Independent Tenant Advisers and other consultants were recorded where known.
Stock condition and value	Only summary data about stock condition and age were recorded, alongside the value placed on the stock by valuers, the retention value ⁵⁶⁰ , the bid price and receipt. The receipt showed the final price less admissible set-up costs. There are gaps in valuation data for local authority transfers. Value and receipt figures are not always comparable, depending on how much time has passed between one stage and the next, whether VAT is included or excluded, the extent to which the base stock figure has changed, as well as other complex negotiations about funding, especially affecting Scottish Homes transfers.

⁵⁶⁰ Retention value only arises in the case of Scottish Homes (and New Town) transfers.

Rents	Rental information was only available for Scottish Homes transfers. Records allow comparison between rent at the point of transfer and rent after transfer. The dataset also shows the amount of Housing Benefit per tenancy per transaction at the point of transfer and the average amount covered by Housing Benefit. The dataset contains the rental growth assumptions on which the valuations and business plans were based ⁵⁶¹ . Cost-reflective improvements were noted as 'yes' / 'no' answers: see investment (below).
Investment	Comparable data were not readily available at all for local authority transfers from existing sources. Such information might have been available from feasibility studies for local authority transfers but there was no scope in the time available to access these. However, HAG information used for the local authority transfers was recorded by Scottish Homes development staff based on schemes, with <i>planning</i> information at the point of tender rather than <i>outturn</i> information. Meaningful comparison of investment outcomes for Scottish Homes transfers was virtually impossible. Planned / projected investment could be gauged from 'key documents' about Scottish Homes transfers. The ACCR ⁵⁶² showed the amount of outturn investment and the period covered.
Business planning	Such information is not normally available about local authority transfers, other than Berwickshire. Attempts to survey buyers (in 1998) produced such a small response, that the relevant data were not useful. For Scottish Homes transfers, the dataset recorded peak debt, the projected surplus at year 30, the lender and assumptions about interests rates and inflation on which valuation and offers were based.

Conversion to Constant Values

Data were supplied to the Executive in real terms but for the analysis reported in this thesis (Chapter Six), they were converted to constant prices. Prior to analysis, all volume financial indicators were converted to real values, as recommended by Marsh (1988). Using a formula derived from the headline Retail Price Index at April of each year the figures for 1989 - 1993 were taken from Accountancy, January 1995. The figures for the period from 1993 to 2001 were taken from a website⁵⁶³. The following is a worked example of the formula used. Given the RPI for December 1993 (141.9) and for December 2000 (172.2) inflation has been 21.4% over that period (i.e. $172.2/141.9=1.214$). Based on an example of £1,200 then it was adjusted to year 2000 prices as follows:

Figure 47: Example of conversion formula

$\begin{aligned} & \text{£1,200} \times \text{RPI (2000)} / \text{RPI (1993)} \\ & \text{i.e.} \\ & \text{£1,200} \times 172.2 / 141.9 = \text{£1,200} \times 1.214 = \text{£1,456.80} \end{aligned}$

The results of the analysis are expressed in values at April 2001 in both the English and Scottish datasets. This formula also applies to data about Scottish Homes ADP supplied in June 2002 by Communities Scotland.

Buyer And Seller Information: 'Before And After' Comparisons

Although most data entry was based on transactions, some linked to buyer and seller information. The report to the Executive pointed out the weaknesses in attaching much significance to before and after comparisons using existing data sources. Seller information for local authorities was taken from statistical bulletins for the for year period 1996/97, to 1999/00 and thus only applied to the unitary local authorities post 1995/6. The information included total

⁵⁶¹ The material seen by the researchers referred only to rent policy and rental growth assumptions rather than guarantees: this also applies to investment. (These contractual commitments are usually recorded and held in the Minute of Agreement which are not generally available to researchers). Post-transfer rent information (up to five years after transfer) is based on the ACCR. This shows the percentage by which rents increased for various periods (along with a 'yes' / 'no' statement by the RSL about whether commitments have been met).

⁵⁶² Annual Contract Compliance Return required from each association undertaking a Scottish Homes transfer to Scottish Homes (R&S). ACCRs use different time periods and review dates for each case so that no two ACCRs are comparable with each other in terms of definitions of catch-up, routine repair, planned maintenance and major repairs; target periods; existence of cost reflective improvements; the point at which information is collected about performance.

⁵⁶³ <http://www.moneyextra.com/glossary/g100278.htm>.

arrears outstanding, rent losses through voids, admin costs per tenancy, repair and maintenance costs per tenancy, average stock for that year, the average weekly rent, and finally the average debt per house.

Scottish Homes Annual Reports showed balance sheet information for the organisation as a whole but not broken down by area and not using the same categories or definitions as local authorities. Scottish Homes supplied information, which was reasonably comparable for the last four financial years, and with health warnings but some items of data had still not been made available by the end of the project in spite of repeated reminders. This was taken as a sign of resistance to supply information in the months preceding the wind-up of the agency, rather than any indication of lack of data.

Approximately 120 buyers were involved in all transfers and all but two were registered housing associations. Many were newly established for the purposes of transfer, though some existed already. Associations self-select into peer groups for performance review with the result that although many of the bodies in peer group 3 (post 1919 ex public sector stock) are indeed council transfer associations, this is not a reliable indicator of their involvement in transfer. As all but two of the buyers are registered Social Landlords (RSLs), information about them lies confidentially with Scottish Homes Registration and Supervision, based on an Annual Performance Statistical Return (APSR) completed by every association.

The APSR carries over 200 pieces of information though the format of the report has changed incrementally over the years, which complicates annual comparisons. Data were supplied electronically on a confidential basis, in the following categories:

- stock characteristics and changes;
- governance and accountability (numbers and selection of committee members, staffing, tenant satisfaction survey results, tenant information);
- housing management (lettings, nominations, rental income, arrears policy review);
- maintenance (condition, proportion of repairs carried out on time, inspections and quality control but *without* the total amount spent on maintenance per unit);
- development (reporting to committee, claims and liabilities - not including scale of development programme, HAG or private funding);
- financial management (documents, reporting and showing proportion of income on staff costs); gross rental income and breakdown of the average rent charged in each local authority area for each size of property.

The dataset recorded the buyer name, registration number and date of registration. Key performance indicators such as arrears and voids were recorded, though the definition of a void could not be readily compared with the figures for local authorities. The absence of repairs or development spending information was noted as a critical weakness.

Data Quality, Monitoring and Relevance to Policy Process

The focus of the data commission was to capture as much as possible about completed transfers from existing sources, before the information was lost. It was anticipated that such an exercise might help to anticipate the basis of future monitoring needs. Confidence in the benefits of transfer is more debatable based on the quality of the underlying evidence.

A substantial amount of information was retrieved and recorded, using the authority and influence of the Executive's commission to access previously unobtainable data. Information about local authority and Scottish Homes transfers were recorded, beyond simple numbers and dates reported so far. However, definition problems abound and doubts remain about whether, even now, all the transactions have been captured; and about the accuracy of the volume of stock reported to have been transferred, at least by local authorities. Such basic information *ought* not to be contestable 15 years after the start of transfer.

Better data was available about certain aspects of transactions conducted by Scottish Homes than by local authorities, though in other respects, information about local authorities was better. For example, reasonable confidence can be placed in data about investment post-transfer for local authority transfers (due to HAG) but not in post-transfer investment information about Scottish Homes transfers as the key sources were of limited value. Poor information about sellers limited meaningful before-and-after comparisons.

Table 33: Summary Of Information On Streams Of Transfer

Information	Scottish Homes		Local authority	
	Availability	Quality	Availability	Quality
Seller (4 years)				
Rent charged	1	B	1	A/B
M&M costs	2	B	1	A/B
Debt	1	B	1	A/B
Void levels	1	B	1	A/B
Amount of stock held	1	B	1	A/B
Stock / transaction				
Location	1	A	1	A
Numbers	1	A/B	1	B
Age and condition	2	A	1	A/B
Valuation and price	1	B	2	B
Subsidy	1	A	1	A/B
Private investment	2	B	3	C
Ballot results	1	A	3	C
Rent	1	A	4	C
Buyer (4 years)				
Total stock	1	A	1	A
Reg'n date and no.	1	A	1	A
Rent charged	2	B	2	B
%of tenants on c'tee	1	A	1	A
M&M costs	2	B	2	B
Peer group	1	A	1	A
Tenant satisfaction	1	A	1	A
Performance (arrears, voids)	1	A	1	A
Contact details	1	A	1	A

Codes

Information availability

- 1 Consistently present (<95%)
- 2 Quite a lot of info available
- 3 Very little useful information available
- 4 No useful information available

Information quality

- A Pretty good: robust
- B OK: use with care
- C Weak / indifferent: barely useable

The report noted that much of the available data was about what was *intended*, rather than outcome. Investment definitions and data sources were poor and inconsistent. Moreover, base dates of information and periods of review varied, confounding comparison. Rent guarantee information (not relevant across the board) was very poor, even in the case of Scottish Homes where there was a conscious effort to establish a guarantee. Much valuable information, which could have been available at the point of transfer, was inaccessible.

The report to the Executive commented that information about transfer had not received sufficient priority, either at the point when transactions were approved, or about what happened subsequently. Finally it pointed out that data at the UK level ignored what happened in Scotland. The report urged more priority and constancy in future monitoring making many specific practical suggestions. Lessons from the project might have influenced future policy monitoring. To date no action has been undertaken towards analysis of the dataset or monitoring of ongoing transfers (June 2002) and although evaluation of New Housing Partnerships (the latest terminology for stock transfer in Scotland) has been on the Scottish Executive research agenda for some years, it has been reportedly deferred again.

England

Access to Secondary Data

In January 2001, the DETR⁵⁶⁴ was approached about data on completed transfers. The initial purpose of the request was to establish what monitoring took place, what data were held by government and thereby what transfers had taken place. The purpose of this was to facilitate comparison with transfers in Scotland, to support the Scottish Executive data commission. Following a telephone conversation with the relevant government personnel, an Excel spreadsheet was promptly supplied as an electronic attachment. Further email contact was maintained to clarify certain issues, which are discussed shortly. The relevant current dataset is now on the Internet where it can be easily accessed by anyone. The analysis here is based on a complete dataset to March 2001. The problems discussed here are still present within the government's dataset structure.

Structure and Content of Dataset

The data consist of a single worksheet containing fields with information for each 'successful' transaction, listed in date order. Transactions analysed here fall between 1988/9 (the first) and run to March 2001, affecting over half a million houses. The dimensions covered for each transaction an indication of timing, price, grant, borrowing, set-up costs and levies. The information appears in this order:

1. a code (#) for repeating authorities
2. a code (p) for partial transfers
3. names of sellers (local authorities)
4. names of buyers - RSLs (also known as housing associations or Local Housing Companies)
5. dates of transfer (month / year)
6. ballot turnout
7. percentage support in ballot
8. gross prices: including information on grants (also known as dowries)
9. gross loan facilities at transfer
10. ratio of loan to price
11. numbers of dwellings in each transaction
12. price per dwelling (showing grants in the same column)
13. set-up costs (as absolute values) with grants to cover set-up costs shown in the same column
14. set-up costs (as percentages)
15. Gross value of levy payable on surplus receipts (where applicable).

This represents a 100% sample of the completed transfers, albeit with a limited range of variables, mostly financial or volume indicators. The spreadsheet carried gross totals for each category and some averages. They were not summarised for each financial year and analysis of the figures appeared very limited. Original data collection would have been very time consuming and would have been unlikely to achieve a sufficient sample to be of significance. Thus although the dataset has limitations, it was the best that could be achieved within available resources.

⁵⁶⁴ DETR is the Department of Environment Transport and the Regions as at 2001. It had been known as the DoE until 1997 and later in 2001 became known as the DTLR. In the spring of 2002 it became the ODPM – Office of the Deputy Prime Minister

Limitations of Dataset

The limitations are many and varied in terms of policy monitoring, beyond the issue of the amount of receipt and the scale of new private investment. Firstly, government data do not show which RSLs were newly formed or pre-existing, (relevant for monitoring diversity outcomes). Given these limitations, further information about the RSL buyers was sought in May 2001 from two bodies: first, from the Housing Corporation (HC), a non-departmental public body which regulates the new bodies on behalf of the government. Secondly, the membership body (National Housing Federation - NHF) was approached for information about their members. Both were able to supply lists of 'stock transfer associations' with relative ease: neither list corresponds to the government list.

The HC list included more landlords than the government with a discrepancy of the order of 20% though stock numbers did correspond fairly closely. The discrepancies involved some RSLs which were newly registered for a future transfer pipeline and thus not yet complete, but 14 landlords appearing on the government list were missing from the HC list. In addition, many names were different. The HC list had no formal status and only existed by chance⁵⁶⁵. Thus, the HC list (at May 2001) showed LSVT and ERCF transfers, but only to new RSLs: any transfer to a pre-existing bodies were not recorded as transfers. This proved to be pertinent to the partial transfers. The HC list also indicated the region responsible (for regulation) (see below).

The NHF list (at May 2001) provided merely contact address and telephone information, along with postcodes which help to locate the transfers. It exists for marketing purposes. It was quite limited showing barely two thirds of the landlords. Those missing were mainly those involved in transfers post 1997 and bodies in receipt of ERCF funded transfers. It provided. The NHF list is only used in this thesis to make observations about definitional problems for the purposes of policy monitoring, though since that time the NHF has put a considerable amount of effort into analysing and commenting on transfers, though mainly for future policy, publishing a monthly bulletin called Transfers Today.

The available data do not show the size of landlords nor whether they had or used reserves. Nor do the data show the governance arrangements of the new bodies or the duties taken on by the RSLs post transfer or the number of staff employed and transferred under the TUPE regulations. They do not show any information about occupancy levels or rent levels before or after transfer, nor any indication of Housing Benefit incidence among the tenant population. Any of these dimensions would be relevant issues to monitor in policy terms, not least in relation to political objectives and budgetary consequences. Moreover, though the trade / professional press highlights historic debt or breakage⁵⁶⁶ costs as relevant also, the government does not hold data about these dimensions.

Establishing Types of Transfer

The DETR was contacted by the researcher in March 2001 to clarify a number of issues. In particular, there was a need to establish whether the information received was in current prices (without conversion to constant prices); secondly, whether the grant figures in the 'price' column could be assumed to be dowries, and whether these reflected a negative valuation with no receipt to the seller. Thirdly, it was important to establish what if any sources of grant, other than ERCF (Estates Renewal Challenge Fund). Finally DETR was also asked to confirm the source of set-up grants and how they operated; and to confirm what analysis of the data was undertaken by DETR or by others known to DETR.

The DETR reply (by email) confirmed that the values shown in the dataset were held at current prices; the grants shown were all ERCF funds administered by government. Those cases did indeed reflect negative valuations, with no receipt to the seller as the ERCF funding was paid to facilitate purchase of low value stock. DETR personnel did not indicate any other sources of grant funding.

⁵⁶⁵ This was due to a senior clerical member of staff using her initiative to code the new RSLs at the point of registration, to be able to respond to a host of ad hoc information requests (personal communication in seeking to establish what information was available).

⁵⁶⁶ Breakage arises where a selling authority is required pay a premium to extricate itself from existing loan arrangements, often with the Public Works Loans Board. This can amount to 25% of the value of the outstanding debt and can make a significant difference to the amount of money available to the authority post transfer, as shown in Wilcox, 2000/1.

In an informal telephone conversation few weeks earlier, a senior official had commented that once the transfer was complete the department 'lost policy interest' (personal communication). Further, an email from DETR personnel dated 14 March 2001 confirmed that 'they do not tend to analyse the data' and were unable to direct the researcher to any other sources of analysis or commentary on the data.

Cleaning

Some per unit information (eg price per dwelling) came in the form of hard entry values, rather than based on a calculation or formula relating gross volume information and the number of dwellings in the transactions. These figures were recalculated and reformatted in the interests of consistency throughout the dataset, checking to ensure that the results were correct against the hard entry. New columns were introduced to allow grants to be isolated from prices (receipts) and set-up costs, where they originally featured in the version supplied by DETR.

Additional columns were introduced to bring in data from other sources (Wilcox, various) about historic debt, the useable receipt and the balance of receipt. It should be clarified here that when an English council sells an asset such as its rented stock, its first obligation is to extinguish the debt and associated breakage costs (see footnote), second to pay a levy. Only then can it access any remaining receipt.

Other additional columns show the region in which the council was located, using the regional definition of the Housing Corporation (Hogwood, 1998). The Housing Corporation Online Register was used to check the registration date of the RSL to check whether it had existed prior to transfer, though much of this information was already known to the researcher. The repeating authority columns were scrutinised to show the repeats once only. These included both split and partial transactions. There were all renamed 'multiples'. Anything which was multiple but not partial was allocated to a new 'split' column. Then the partial transactions were scrutinised to see which had grant and a new column was introduced to show which had grant and which did not. Finally, any transaction which was not, multiple or partial was designated whole. This facility allowed the different types of transactions to be followed throughout the dataset. New calculations were introduced, such as the proportion of all tenants voting in favour, the ratio of borrowing to grant, and certain averages. Thereafter figures were converted as indicated on page 334.

Table 34: Dimensions of data on English transfers

Multiple	using # to identify any authorities appearing more than once
Partial disposal	using 'p' to identify any partial transaction based on DETR dataset, except where split
Split	using # to identify any authorities appearing on DETR dataset marked as p but where no grant available
Grant	using 'y' to identify any authorities marked on DETR dataset as having received grant
Whole disposal	using 'y' to mark any council which conducted a transaction which was not partial
Council	name of authority from DETR dataset
Date of transfer	from DETR dataset
Year of transfer	Inserted
Region	inserted using Housing Corporation definition of region
Registered social landlord	name of RSL from DETR dataset
Number of transactions	using automatic marker = 1
No. of dwellings	from DETR dataset
Price £m real at 2001	from DETR dataset, converted to real values using a formula discussed above
Grant £m real at 2001	from DETR dataset, converted to real values using a formula discussed above
Borrowing £m real at 2001	from DETR dataset, converted to real values using a formula discussed above 1
Ratio of loan : price	calculated by dividing loan by price
Ratio of loan : grant	calculated by dividing loan by grant
Price per unit	calculated by dividing gross price by dwellings
Grant per unit	calculated by dividing gross grant by dwellings
Borrowing per unit	calculated by dividing gross loan by dwellings
Gross set-up costs £m (nominal)	from DETR dataset
Set up costs as % of price	calculated

Grant for set up £m (nominal)	from DETR dataset
Grant for set up as % of ERCF	calculated
Levy paid to Treasury £m (nominal)	from DETR dataset
Levy paid as % of price	calculated
Debt real £m	from Annual Housing Finance Review published by Joseph Rowntree Foundation drawing on published statistics: converted to real values using a formula discussed above 1
Useable receipt real £m	from Annual Housing Finance Review published by Joseph Rowntree Foundation drawing on published statistics: converted to real values using a formula discussed above 1
Net balance £m	Calculated using the gross price less the useable receipt
Net balance as % of price	Calculated as a proportion of the gross price
Name change	Checked against HC register online May 2001
Newly and purposely registered	Checked against HC register online May 2001

Analysis

The raw data were manipulated to permit analysis. This was based on inductive principles using the data available rather than by creating a deductive framework based on previous research or the literature (Gilbert, 1995). In spite of the limitations of the data, a considerable amount of analysis has been possible on this basis.

The cleaned, expanded dataset for each country is held in a separate file with one worksheet carrying a core dataset linked to a series of other sheets for analysis. Analysis is then based on the type of transfer, the year of transfer, the size of transactions and the area / region in which it took place. The summaries in Appendix Seven show gross figures and averages. The totals can be seen to be consistent which provides confidence in the referential integrity of each dataset. Frequency tables were generated from the data, with annual summaries and graphs prepared to illustrate and present the data analysis. These are presented and discussed in Chapters Five and Six as two main types of transfer:

1. whole (including split);
2. partial with and without grant

This allows marked variations to be distinguished from each other and comparison to be made between English and Scottish partial and whole transfers. Cases of high value (price / receipt) and moderate borrowing⁵⁶⁷, can thus be distinguished from cases of nil (or negative) value with substantial borrowing or subsidy (ERCF or HAG).

Independent and dependent variables

Some consideration was given to analysing the quantitative data to show relationships and effects, particularly in relation to patterns of timing and electoral cycles. However it was concluded that there was too much information missing from the dataset for such an exercise to be of value. For example, many aspects of transfers may be interrelated but the data do not permit analysis to show which are independent. The identity of the seller might be said to be an independent variable and a given, whereas many other dimensions such as price over time or the volume of stock are clearly affected by other factors. Even the identity of the seller may depend on external factors such as debt, political characteristics, personnel, the way the council was to be affected by incremental local government reform.

⁵⁶⁷ As most of the high value group in England contained split transfers, these transactions are taken as whole stock transfers as their characteristics are virtually indistinguishable, with one exception in Allerdale, (Lancashire) in the late nineties: the council transferred a small neighbourhood with ERCF funding to one landlord while the remaining stock went to another landlord.

Figure 48: Housing Corporation Regions



source: Hogwood and Gunn, 1998

Tenanted Market Valuation

Tenanted Market Valuation was a method of valuing housing from the mid 1990s, using discounted cash flow techniques. It was recommended by the DoE and eventually promoted by the Scottish Office in 1996 in local authority transfer, after it had already been used in the Scottish Homes, New Town and Berwickshire transfers.

This sample valuation shows how income (rent) and spending assumptions determine price and the size of the debt shortfall based on average Scottish council figures at 2001 which would have affected decision-making about transfer had this information been available to policy-makers. Debt was higher in previous years and rents lower, producing even greater shortfalls.

Anyburgh council preliminary benchmark valuation

ASSUMPTIONS

(All assumptions are expressed in real terms)

Opening stock				29,000	
RTB sales				2.00	%
Relet rate (turnover)				3.00	%

Income

Allowance for losses through voids & bad debts				3.57	%
Rents					
Current rent	34.30	weekly	£		
Transfer tenants	34.30	as current	£	1,783.60	
New tenants	36.02	5% Premium		1,872.78	
no of weeks in year	52.00				
Increases in rents (per annum)					
Transfer tenants					
Years 1-4				1.00	%
Years 5-29				1.00	%
New tenants					
Years 1-29				1.00	%

Expenditure

Maintenance & repairs costs per dwelling (exc VAT)					
Year 0			£	430.00	p.a.
real increase per annum				1.00	%
Management & supervision costs per dwelling (plus VAT)					
Cost per let in year 0			£	268.00	
Increase per annum				1.00	%
Programme repairs cost per dwelling					
Years 0-4			£	370.00	p.a.
Years 5 – 9			£	370.00	p.a.
Years 10-14			£	370.00	p.a.
Years 15-19			£	370.00	p.a.
Years 20-24			£	370.00	p.a.
Years 25-29			£	370.00	p.a.
Catch-up repairs					
Repair	years 1 - 8		£	1,750.00	
Discount rate				8	%

INCOME	Year	0	1	5	10	15	20	25	Total
Start year stock		29,000	28,420	26,214	23,695	23,221	23,221	23,221	
Cumulative Number of re-lets			4,508	7,284	9,535	11,469	13,129	14,286	
Number of tenancies									
Existing		27,567	26,189	21,182	15,937	13,686	11,753	10,092	8,935
Re-let		853	1663	4508	7,284	9,535	11,469	13,129	14,286
Total		28,420	27,852	25,689	23,221	23,221	23,221	23,221	23,221
Annual rent per let									
Transfer tenants		£1,784	£1,801	£1,875	£1,970	£2,071	£2,176	£2,287	n/a
New tenants		£1,873	£1,892	£1,968	£2,069	£2,174	£2,285	£2,402	n/a
Net rental income ('000s)									
Transfer tenants		£47,414	£45,494	£38,289	£30,279	£27,328	£24,665	£22,261	£895,222
New tenants		£1,540	£3,032	£8,556	£14,530	£19,992	£25,272	£30,406	£570,320
TOTAL INCOME ('000)		£48,954	£48,526	£46,845	£44,809	£47,320	£49,936	£52,667	£1,465,542
EXPENDITURE									
Maintenance & repair costs									
Total ('000)		£12,221	£12,096	£11,610	£11,030	£11,592	£12,184	£12,805	£359,611
Management costs									
Total ('000)		£7,772	£7,693	£7,384	£6,962	£7,171	£7,537	£7,921	£224,619
Programme Repairs									
Renewals ('000s)		£10,515	£10,305	£9,505	£8,592	£8,592	£8,592	£8,592	£268,015
TOTAL EXPENDITURE ('000)		£20,498	£20,094	£18,499	£16,554	£17,355	£18,312	£19,318	£592,245
TOTAL INCOME ('000)		£48,954	£48,526	£46,845	£44,809	£47,320	£49,936	£52,667	£1,465,542
TOTAL EXPENDITURE ('000)		£20,498	£20,094	£18,499	£16,554	£17,355	£18,312	£19,318	£592,245
ANNUAL SURPLUS ('000)		£28,456	£28,432	£28,346	£28,255	£29,965	£31,624	£33,349	£873,297
13. Discount factor (8%, mid-year)				0.6549	0.4457	0.3033	0.2064	0.1405	
PRESENT VALUE OF SURPLUS ('000s)		£12,015	£8,123	£8,123	£8,123	£6,056	£4,464	£3,281	£26,791
CUMULATIVE PV OF SURPLUS (£m)				-£110.47	-£62.71	-£28.42	-£3.10	£15.53	
Net Present Value			£27m		Cf outstanding debt	£119m			

Appendix Seven English Transfer Data

Annual Summary All 1988 – 2001 (part 1)

Year of transfer	No of transactions	No. Of houses	Average size	Price £m real at 2001	Grant £m real at 2001	Borrowing £m real at 2001	Ratio of loan : price	Ratio of loan : grant	Price per unit	Grant per unit	Borrowing per unit	Newly Registered	Multiple	Partial Disposal	Split	Grant-funded	Whole disposed
1988/9	2	1,176	5,588	£ 149	£ -	£ 198	1.3	0.0	£ 12,958	£ -	£ 18,100	2					2
1989/0	2	4,405	7,203	£ 141	£ -	£ 171	1.2	0.0	£ 9,805	£ -	£ 11,815	2					2
1990/1	11	5,552	4,141	£ 539	£ -	£ 921	1.7	0.0	£ 12,025	£ -	£ 21,050	11					11
1991/2	2	0,791	5,396	£ 115	£ -	£ 220	1.9	0.0	£ 10,586	£ -	£ 20,336	2					2
1992/3	4	6,325	6,581	£ 293	£ -	£ 393	1.3	0.0	£ 10,988	£ -	£ 15,727	4					4
1993/4	10	0,103	3,010	£ 325	£ -	£ 547	1.7	0.0	£ 11,041	£ -	£ 18,604	10	1				9
1994/5	13	0,510	3,116	£ 472	£ -	£ 866	1.8	0.0	£ 11,584	£ -	£ 21,018	13	3		3		10
1995/6	12	4,595	3,716	£ 542	£ -	£ 1,093	2.0	0.0	£ 11,370	£ -	£ 23,797	12	2		1		9
1996/7	5	2,248	4,450	£ 213	£ -	£ 465	2.2	0.0	£ 8,445	£ -	£ 22,370	5		1			4
1997/8	16	2,982	2,061	£ 276	£ 135	£ 725	2.6	5.4	£ 5,035	£ 10,075	£ 22,094	16	5		1	9	6
1998/9	24	3,900	3,079	£ 507	£ 151	£ 1,282	2.5	8.5	£ 4,241	£ 5,736	£ 20,867	24	2		1	12	10
1999/0	26	9,451	3,440	£ 670	£ 201	£ 1,290	1.9	6.4	£ 5,033	£ 4,127	£ 18,501	26	1		1	10	13
2000/1	18	33,588	7,422	£ 795	£ 35	£ 1,874	2.4	0.0	£ 6,583	£ 1,053	£ 17,282	17	1		1	1	16
Grand total	145	575,626	3,970	£ 5,038	£ 522	£ 10,044	2.0	19.2	£ 8,753	£ 6,646	£ 19,351		15	41	8	32	98

Annual Summary All (Continued)

Year Of Transfer	Gross Set-Up Costs £M (Nominal)	Set Up Costs As % Of Price	Grant For Set Up £M (Nominal)	Grant For Set Up % Of ERCF	Lewy Paid To Treasury £m (Nominal)	Lewy Paid As % Of Price	No. Of Levy Cases	Debt Real £M	Net Balance £M	Useable Receipt Real £M	Net Balance As % Of Price	Ballot: % Turnout	Ballot : % Vote In Favour	% Of Tenants In Favour	Cons	Lab	LD	NOC
1988/9	£ 3	1.9%	£ -	0.0%				£ 70	£ 39	£ 36	26%	85	64	55	2	0	0	0
1989/0	£ 3	2.1%	£ -	0.0%				£ 91	£ 24	£ 22	17%	68	57	39	1	0	0	1
1990/1	£ 22	4.1%	£ -	0.0%				£ 230	£ 153	£ 128	28%	72	58	42	11	0	0	0
1991/2	£ 5	4.2%	£ -	0.0%				£ 64	£ 18	£ 27	16%	57	45	25	2	0	0	0
1992/3	£ 12	4.2%	£ -	0.0%				£ 24	£ 184	£ 70	63%	65	51	33	3	0	0	1
1993/4	£ 14	4.2%	£ -	0.0%	£ 22.5	6.9%	7	£ 116	£ 97	£ 69	30%	71	58	42	6	0	0	4
1994/5	£ 22	4.7%	£ -	0.0%	£ 53.51	11.3%	11	£ 129	£ 157	£ 98	33%	62	49	30	10	0	0	3
1995/6	£ 23	4.2%	£ -	0.0%	£ 49.37	9.1%	9	£ 194	£ 177	£ 112	33%	72	56	40	2	3	5	2
1996/7	£ 11	5.1%	£ -	0.0%	£ 9.62	4.5%	1	£ 70	£ 88	£ 48	41%	82	68	56	1	2	1	1
1997/8	£ 14	5.1%	£ 5	4.0%				£ 36	£ 160	£ 65	58%	75	56	42	0	7	2	7
1998/9	£ 21	4.1%	£ 7	1.4%				£ 228	£ 159	£ 122	31%	74	58	43	1	12	4	7
1999/0	£ 49	7.2%	£ 6	2.9%	£ 57.61	8.6%	12	£ 323	£ 203	£ 153	30%	77	58	44	3	10	2	11
2000/1	£ 26	3.3%	£ -	0	£ 81.91	10.3%	13	£ 519	£ -59	£ 185	-7%	73	53	39	8	3	4	3
Grand total	£ 224	4.2%	£ 18	2.8%	£ 275	3.9%	53	£ 2,096	£ 1,401	£ 1,135	31%	72	56	41	50	37	18	40

Summary of All Types: 1988 – 1997/8 (whole and split)

Year of transfer	number of transactions	No. of dwellings	Average size	Price £m real at 2001	Borrowing £m real at 2001	Ratio of loan : price	Price per unit	Borrowing g per unit	Gross set-up costs (£m nominal)	debt real £m	net balance £m	useable receipt real £m	net balance as % of price	Levy paid to Treasury (£m nominal)	Levy paid as % of price	No. of levy cases
1988/9	2	11,176	5,588	£ 149	£ 198	1.3	£ 12,958	£ 18,100	£ 3	£ 70	£ 39	£ 36	24%	£ -	-	
1989/0	2	14,405	7,203	£ 141	£ 171	1.2	£ 9,805	£ 11,815	£ 3	£ 91	£ 24	£ 22	16%	£ -	-	
1990/1	11	45,552	4,141	£ 539	£ 921	1.7	£ 12,025	£ 21,050	£ 22	£ 230	£ 153	£ 128	24%	£ -	-	
1991/2	2	10,791	5,396	£ 115	£ 220	1.9	£ 10,586	£ 20,336	£ 5	£ 64	£ 18	£ 27	24%	£ -	-	
1992/3	4	26,325	6,581	£ 293	£ 393	1.3	£ 10,988	£ 15,727	£ 12	£ 24	£ 184	£ 70	24%	£ -	-	
1993/4	10	30,103	3,010	£ 325	£ 547	1.7	£ 11,041	£ 18,604	£ 14	£ 116	£ 97	£ 69	21%	£ 23	7%	7
1994/5	13	40,510	3,116	£ 472	£ 866	1.8	£ 11,584	£ 21,018	£ 22	£ 129	£ 157	£ 98	21%	£ 54	11%	11
1995/6	10	41,701	4,170	£ 526	£ 1,044	2.0	£ 12,541	£ 25,168	£ 22	£ 171	£ 177	£ 112	21%	£ 49	9%	9
1996/7	4	20,479	5,120	£ 213	£ 409	1.9	£ 10,556	£ 20,137	£ 9	£ 38	£ 52	£ 48	23%	£ 10	5%	1
1997/8	7	24,405	3,486	£ 276	£ 520	1.9	£ 11,509	£ 22,295	£ 14	£ 36	£ 160	£ 65	24%	£ -	-	

Year of transfer	ballot: % turnout	ballot : % vote in favour	% of tenants in favour	Cons	Lab	LibDem	NOC
1988/9	76	85	64	2	0	0	0
1989/0	84	68	57	1	0	0	1
1990/1	81	72	58	11	0	0	0
1991/2	79	57	45	2	0	0	0
1992/3	79	65	51	3	0	0	1
1993/4	82	71	58	6	0	0	4
1994/5	80	62	49	10	0	0	3
1995/6	76	71	55	2	1	5	2
1996/7	83	80	66	1	2	0	1
1997/8	78	71	55	0	1	2	4

Summary of All Types 1995/6 – 2000/1 (partial)

Chapter 1 without grant															
Year of transfer	Number of transactions	Average size of dwellings	price £m real at 2001	Grant £m real at 2001	borrowing £m real at 2001	Ratio of loan : price	Ratio of loan : grant	Price per unit	Grant per unit	Borrowing per unit	Gross set-up costs (£m) (nominal)	Set up costs as % of price	Grant for set up as % of ercf	Debt real £m	Net balance £m
1995/6	2	2,894	£ 16	n/a	£ 49	3.1	n/a	£ 5,517	n/a	£ 16,938	£ 0.7	£17.4		£ 23.7	
1996/7	1	1,769	£ -	n/a	£ 55	n/a	n/a	£ -	n/a	£ 31,303	£ 1.8			£ 3.3	
1998/9	2	2,224	£ 1	n/a	£ 71	80.0	n/a	£ 432	n/a	£ 32,283				£ 18.	
1999/0	3	3,288	£ 5	n/a	£ 74	14.0	n/a	£ 1,638	n/a	£ 28,242	£ 1.4	92.836		£ 46.9	
2000/1	1	662	£ 0	n/a	£ 18	50.3	n/a	£ 529	n/a	£ 26,586				£ 9.4	-9.4
Chapter 2 with grant															
1997/8	9	8,577	n/a	£ 135	£ 205	n/a	1.5	n/a	£ 15,172	£ 21,939	-		-		
1998/9	12	17,828	n/a	£ 151	£ 299	n/a	2.0	n/a	£ 11,472	£ 21,909	-		£ 7.2		
1999/0	10	16,980	n/a	£ 201	£ 295	n/a	1.5	n/a	£ 10,730	£ 20,572	£ 0.9		£ 5.8		
2000/1	1	1,859		£ 35	£ 33	0	0.9	0	£ 18,946	£ 17,751	-		-		

Summary of All Types 1995/6 – 2000/1 (partial) (continued)

Chapter 3 without grant									
Year of transfer	ballot: % turnout	ballot: % vote in favour	% of tenants in favour	Cons	Lab	LibDem	NOC		
1995/6	79	76	61	0	2	0	0		
1996/7	82	91	75	0	0	1	0		
1998/9	82	87	71	0	2	0	0		
1999/0	85	95	81	0	3	0	0		
2000/1	87	92	80	0	1	0	0		
sub total	83	88	74	0	8	1	0		
Chapter 4 with grant									
1997/8	72	78	57	0	4	0	2		
1998/9	78	74	58	0	9	1	2		
1999/0	74	74	55	0	4	1	5		
2000/1	74	75	55	0	1	0	0		
sub total	75	76	57	0	18	2	9		
Totals									
Grand Total	72	56	41	50	37	18	40		

Summary of Area Totals

Region	Number Of Transactions	No. Of Dwellings	Price £M Real At 2001	Grant £M Real At 2001	Borrowing £M Real At 2001	Ratio Of Loan : Price	Ratio Of Loan : Grant	Price Per Unit	Grant Per Unit	Borrowing Per Unit	Gross Set-Up Costs £M (Nominal)	Grant For Set Up £M (Nominal)	Ballot : % turnout	Ballot : % vote in favour	% of tenants in favour
East	13	60,534	£ 576	£ -	£ 1,030	1.7	0.0	£ 9,347	£ -	£ 16,765	£ 28	£ -			
London	26	53,794	£ 294	£ 346	£ 1,205	2.0	1.7	£ 1,611	£ 11,277	£ 26,108	£ 14	£ 10	79	70	55
Merseyside	4	6,603	£ -	£ 63	£ 70	0.0	1.5	£ -	£ 9,792	£ 12,961	£ -	£ 3	73	70	51
North East	4	47,541	£ 331	£ -	£ 601	1.7	0.0	£ 9,028	£ -	£ 15,455	£ 10	£ -	82	84	68
North West	22	77,368	£ 445	£ 52	£ 859	7.7	0.3	£ 4,592	£ 1,747	£ 16,397	£ 25	£ 4	76	75	57
South East	34	144,180	£ 1,838	£ -	£ 2,982	1.7	0.0	£ 12,810	£ -	£ 21,366	£ 70	£ -	77	83	65
South West	24	85,560	£ 861	£ -	£ 1,745	1.9	0.0	£ 10,319	£ 1,028	£ 21,225	£ 41	£ -	78	69	54
West Midlands	18	100,046	£ 693	£ 61	£ 1,552	2.4	0.1	£ 7,255	£ 1,647	£ 16,172	£ 36	£ 2	79	69	55
Grand Total	145	575,626	£ 5,038	£ 522	£ 10,044	4.4	0.5	£ 6,870	£ 3,186	£ 18,306	£ 224	£ 18	74	74	55

Region	Levy paid to Treasury £m (nominal)	No. Of levy cases	Gross transfer receipt	Debt real £m	Net balance £m	Useable receipt real £m	Net balance as % of price	Cons	Lab	Libdem	NOC	Multiple	Partial Disposal	Split	Partial with Grant	Partial Without Grant	Whole Disposal	% Whole Of All In Area
East	£ 33	6	£ -	£ 185	£ 205	£ 130	36%	9	0	0	4	1	0	1	0	0	12	100%
London	£ 4	1	£ -	£ 27	£ 187	£ 69	64%	1	13	1	11	1	22	1	21	1	3	12%
Merseyside	£ -	0	£ -	£ -	£ -	£ -		0	2	2	0	0	0	0	0	0	0	0%
North East	£ 28	2	£ -	£ 146	£ 53	£ 81	16%	2	0	1	1	3	11	2	5	6	11	50%
North West	£ 11	5	£ -	£ 451	£ 63	£ 96	-14%	2	14	1	5	2	0	2	0	0	32	100%
South East	£ 109	18	£ 194	£ 620	£ 617	£ 409	34%	23	1	5	5	1	1	1	0	1	22	96%
South West	£ 37	11	£ 77	£ 313	£ 285	£ 199	33%	8	0	6	10	2	3	2	2	1	14	82%
West Midlands	£ 53	10	£ 94	£ 354	£ 118	£ 152	17%	5	7	2	4	15	41	9	32	9	98	
Grand Total	£ 275	53	£ 792	£ 2,096	£ 1,401	£ 1,135	28%	50	37	18	40							

Analysis of Transfers According to Size

Size group	Number of transactions	Multiple	Partial	Split	Grant	Whole	Cons	Lab	Libdem	Noc	No. Of dwellings	Price £m real at 2001	Grant £m real at 2001	Borrowing £m real at 2001	Ratio of loan : price	Ratio of loan : grant
Less than 1000	17	5	16	1	14	1	1	11	1	4	11,434	£ 5	£ 132	£ 260	50.9	2.0
1000 – 1500	17	2	15	0	10	1	1	9	1	6	20,078	£ 45	£ 143	£ 469	10.4	3.3
1500 – 2000	13	1	5	1	3	8	2	4	1	6	22,363	£ 157	£ 94	£ 508	3.2	5.4
2000 – 2500	6	0	2	0	2	4	4	2	0	0	13,567	£ 111	£ 36	£ 310	2.8	8.6
2500 – 3000	11	0	1	2	1	10	6	2	2	1	30,920	£ 292	£ 50	£ 601	2.1	12.1
3000 – 3500	14	1	0	0	0	13	6	0	3	5	45,579	£ 491	£ -	£ 972	2.0	
3500 – 4000	8	1	0	1	0	8	3	1	1	3	29,418	£ 283	£ -	£ 490	1.7	
4000 – 4500	15	4	1	2	1	10	7	0	4	4	63,847	£ 686	£ 45	£ 1,258	1.8	28.2
4500 – 5000	8	0	0	0	0	8	4	1	0	3	38,278	£ 443	£ -	£ 799	1.8	
5000 – 6000	12	0	0	0	0	12	6	2	1	3	63,305	£ 677	£ -	£ 1,186	1.8	
6000 – 7000	8	0	1	0	1	7	4	2	1	1	51,165	£ 473	£ 22	£ 826	1.7	37.4
7000 – 10000	11	0	0	1	0	11	3	2	2	4	90,958	£ 806	£ -	£ 1,227	1.52	
More than 10,000	5	1	0	1	0	5	3	1	1	0	94,714	£ 569	£ -	£ 1,139	2.0	
All	145	15	41	9	32	98	50	37	18	40	575,626	£ 5,038	£ 522	£ 10,044	2.0	19.2

continued

Analysis of transfers according to size (continued)

Size group	Gross set-up costs £m (nominal)	Grant for set up £m (nominal)	Levy paid to treasury £m (nominal)	No. Of levy cases in year	Ballot: % turnout	Ballot : % vote in favour	% of tenants in favour	Price per unit	Grant per unit	Borrowing per unit	HRA loans redeemed £m	Net balance £m	Useable receipt (net) £m	Net receipt as % of price
Less than 1000	£ 1	£ 4	£ 1	1	77	79	62	£ 938	£ 11,271	£ 22,750	£ 18	£ 7	£ 1	-130%
1000 – 1500	£ 3	£ 5	£ 2	1	78	77	61	£ 2,089	£ 7,266	£ 23,774	£ 60	£ 14	£ 6	31%
1500 – 2000	£ 11	£ 2	£ 8	4	78	72	57	£ 7,114	£ 4,911	£ 22,730	£ 60	£ 49	£ 28	31%
2000 – 2500	£ -	£ -	£ -	2	79	76	61	£ 8,422	£ 2,493	£ 22,910	£ 45	£ 28	£ 24	26%
2500 – 3000	£ 14	£ 1	£ 14	5	77	64	49	£ 9,470	£ 1,610	£ 19,371	£ 69	£ 75	£ 51	26%
3000 – 3500	£ 21	£ -	£ 41	9	79	73	58	£ 10,737	£ -	£ 21,225	£ 151	£ 209	£ 119	43%
3500 – 4000	£ 12	£ -	£ 21	18	79	74	59	£ 9,645	£ -	£ 16,671	£ 117	£ 88	£ 65	31%
4000 – 4500	£ 31	£ 2	£ 42	6	78	70	55	£ 10,753	£ 678	£ 19,711	£ 209	£ 286	£ 162	42%
4500 – 5000	£ 17	£ -	£ 40	6	76	75	57	£ 11,588	£ -	£ 20,869	£ 182	£ 97	£ 100	22%
5000 – 6000	£ 30	£ -	£ 34	5	77	70	53	£ 10,751	£ -	£ 18,815	£ 242	£ 217	£ 160	32%
6000 – 7000	£ 20	£ 3	£ 30	4	76	79	60	£ 9,263	£ 415	£ 16,276	£ 134	£ 209	£ 107	44%
7000 – 10000	£ 37	£ -	£ 15	4	73	66	48	£ 8,999	£ -	£ 13,703	£ 438	£ 140	£ 33	17%
More than 10,000	£ 21	£ -	£ 23	1	69	69	48	£ 6,418	£ -	£ 12,258	£ 370	£ 6	£ 55	-1%
All	£ 219	£ 16	£ 269	66	77	73	56	£ 8,168	£ 2,203	£ 19,312	£ 2,096	£ 1,401	£ 910	28%

Appendix Eight Scottish Stock Transfer Data

Annual summary

year of transfer	no of transactions	numbers at point of transfer	average transaction size	valuation per house	receipt at 2001 values	total known subsidy	total est'd borrowing	total funding	ratio loan : grant	average price p h	avg grant p h	avg loan p h
1985/86	1	90	90	£ -	£ 144,272	£ -	£ -	£ -	nk	£ -	£ -	£ -
1986/87	2	185	93	£ -	£ 850,000	£ -	£ -	£ -	nk	£ 4,595	£ -	£ -
1987/88	7	1323	189	£ 1,094	£ 4,814,352	£ 11,570,767	£ 2,576,478	£ 14,147,245	0.22	£ 3,639	£ 8,746	£ 1,947
1988/89	4	1191	298	£ 1,472	£ 4,422,154	£ 14,120,155	£ 3,421,363	£ 17,541,518	0.24	£ 3,713	£ 11,856	£ 2,873
1989/90	6	834	139	£ 2,329	£ 3,080,379	£ 35,140,395	£ 6,813,393	£ 41,953,788	0.19	£ 3,693	£ 42,135	£ 8,170
1990/91	10	1074	107	£ 3,383	£ 4,750,042	£ 31,595,320	£ 6,486,903	£ 38,082,223	0.21	£ 4,423	£ 29,418	£ 6,040
1991/92	12	1785	149	£ 1,790	£ 4,222,745	£ 35,213,598	£ 5,390,554	£ 40,604,152	0.15	£ 2,366	£ 19,728	£ 3,020
1992/93	27	3286	122	£ 4,716	£ 13,798,967	£ 92,321,232	£ 11,066,981	£ 103,388,213	0.12	£ 4,199	£ 28,095	£ 3,368
1993/94	15	2067	138	£ 5,045	£ 8,027,784	£ 45,235,764	£ 6,334,551	£ 51,570,315	0.14	£ 3,884	£ 21,885	£ 3,065
1994/95	21	3034	144	£ 2,271	£ 13,198,724	£ 61,825,123	£ 8,960,646	£ 70,785,769	0.14	£ 4,350	£ 20,377	£ 2,953
1995/96	8	2695	337	£ 4,722	£ 14,241,099	£ 13,460,347	£ 16,663,758	£ 30,124,105	1.24	£ 5,284	£ 4,995	£ 6,183
1996/97	6	847	141	£ 602	£ 3,069,950	£ 10,801,586	£ 2,170,220	£ 12,971,807	0.20	£ 3,624	£ 12,753	£ 2,562
1997/98	7	647	92	£ 961	£ 1,788,487	£ 11,660,509	£ 2,985,323	£ 14,645,832	0.26	£ 2,764	£ 18,022	£ 4,614
1998/9	6	1063	177	£ -	£ 1,031,686	£ 6,875,697	£ 1,926,973	£ 8,802,670	0.28	£ 971	£ 6,468	£ 1,813
1999/00	6	1171	195	£ -	£ 1,113,033	£ 1,894,866	£ 531,510	£ 2,426,376	0.28	£ 950	£ 1,618	£ 454
-	138	21,292	154	£ 1,892	£ 78,553,674	£ 371,715,357	£ 75,328,654	£ 447,044,011	0.20	£ 3,689	£ 17,458	£ 3,538

Summary of Transfers by Scottish Homes Region

Scottish Homes Regional offices	no of transactions	numbers at point of transfer	receipt	total known subsidy	total est'd borrowing
Glasgow and North Clyde	86	12,881	£ 48,048,813	£ 249,731,008	£ 32,634,254
Lothian Borders, Forth Valley	16	2,987	£ 15,524,780	£ 40,779,770	£ 26,200,017
North East	19	1,540	£ 2,413,576	£ 26,834,118	£ 7,777,364
South West and Ayrshire	17	3,884	£ 12,566,504	£ 54,370,461	£ 8,717,019
Total	138	21,292	£ 78,553,674	£ 371,715,357	£ 75,328,654

Note: the Scottish Homes regional office boundaries were redefined in 1996 and data are only available based on the revised boundaries.

Analysis by Size

size	no of transactions	numbers at point of transfer	valuation at 2001 values	independent valuation per house values	receipt at 2001 values	total known subsidy	total est'd borrowing	total funding
fewer than 100	73	3522	£ 11,074,186	£ 2,955	£ 10,727,241	£ 11,637,418	£ 1,403,475	£ 33,040,893
fewer than 250	37	6,312	£ 22,647,942	£ 2,518	£ 24,157,900	£ 51,808,302	£ 4,555,630	£ 76,363,931
fewer than 500	24	7765	£ 22,322,719	£ 2,374	£ 25,889,486	£ 96,120,359	£ 2,833,110	£ 08,953,469
fewer than 1000	3	1639	£ 4,980,939	£ 2,914	£ 4,980,939	£ 12,149,279	£ 1,536,440	£ 13,685,719
more than 1000	1	2054	£ 13,077,784	£ 6,493	£ 12,798,108	£ -	£ 5,000,000	£ 15,000,000
	138	21,292			£ 78,553,674	£ 71,715,357	£ 5,328,654	£ 47,044,011

Summary of Sellers

Seller (No. of sellers before 1996)	pol control	no of transa ctions	numbers at point of transfer	avg size of transa ction	transact ions by repeati ng buyers	receipt at 2001 values	est receipt per house	total known subsidy	total est'd borrowing	total funding	per unit investment based on original stock
Angus	SNP	1	69	69	0	£ 420,507	£ 6,094	£ 2,120,659	£ 846,779	£ ,967,438	£ 43,006
Argyll and Bute (2)	mixed	2	96	48	1	£ 600,802	£ 6,258	£ 2,485	£ 180	£ 2,665	£ 28
Dumfries and Galloway	NOC	1	395	395	0	£ 104,173	£ 264	£ -	£ -	£ -	£ -
Dundee (1)	Lab	6	1082	180	1	£ 1,389,916	£ 1,285	£ 9,723,745	£ 2,730,258	£ 2,454,003	£ 11,510
East Ayrshire (1)	Lab	1	211	211	0	£ 757,218	£ 3,589	£ 3,614,239	£ 1,048,129	£ 4,662,369	£ 22,097
East Renfrewshire (1)	Lab	1	72	72	0	£ 408,141	£ 5,669	£ 3,861,900	£ 622,530	£ 4,484,430	£ 62,284
Edinburgh (1)	Lab	14	907	65	9	£ 2,643,651	£ 2,915	£ 9,577,341	£ 0,851,313	£ 0,428,653	£ 55,599
Fife (2)	Lab	4	117	29	2	£ 467,023	£ 3,992	£ 2,818,598	£ 640,401	£ 3,459,000	£ 29,564
Glasgow (1)	Lab	74	11796	159	45	£ 42,109,400	£ 3,570	£ 27,434,093	£ 0,961,236	£ 58,395,329	£ 21,905
Inverclyde (1)	Lab	2	486	243	0	£ 2,938,873	£ 6,047	£ 11,373,019	£ 1,568,032	£ 12,941,051	£ 26,628

Summary of Sellers continued

Seller (No. of sellers before 1996)	pol control	no of transa ctions	numbers at point of transfer	avg size of transa ction	transact ions by repeati ng buyers	receipt at 2001 values	est receipt per house	total subsidy	known borrowing	total est'd borrowing	total funding	per unit investment based on original stock
North Lanarkshire (3)	Lab	8	1654	207	4	£ 3,997,599	£ 2,417	£ 21,814,194	£ 3,164,381	£ 24,978,575	£ 15,102	
Perth and Kinross (1)	Cons	8	272	34	7	£ 136,130	£ 500	£ 12,171,115	£ 3,559,926	£ 15,731,040	£ 57,835	
Renfrewshire (1)	Lab	1	130	130	0	£ 561,203	£ 4,317	£ -	£ -	£ -	£ -	
Scottish Borders (1)	Cons	1	2054	2,054	0	£ 12,798,108	£ 6,231	£ -	£ 15,000,000	£ 15,000,000	£ 7,303	
South Lanarkshire (3)	Lab	3	730	243	0	£ 3,293,581	£ 4,512	£ 12,285,705	£ 1,583,739	£ 13,869,444	£ 18,999	
West Dumbartonshire (2)	Lab	10	1195	120	5	£ 5,844,326	£ 4,891	£ 23,715,834	£ 2,403,046	£ 26,118,881	£ 21,857	
West Lothian (1)	Lab	1	26	26	0	£ 83,022	£ 3,193	£ 1,202,429	£ 348,704	£ 1,551,134	£ 59,659	
17		138	21,292	252	74	£ 78,553,674	£ 3,867	£ 71,715,357	£ 75,328,654	£ 47,044,011	£ 20,996	

Appendix Nine Statutes Relevant To Stock Transfers

This appendix contains a summary of the main statutory provisions which apply to transfers of local authority housing stock. In the absence of clear government guidance, a statement of legal provisions was included in the Scottish Parliament report on Housing Stock Transfer in July 2000. It showed that powers already existed to allow local authorities to dispose of their assets subject to the approval of the First Minister.⁵⁶⁸ There was no legal requirement on them to do so, and – under s2(6) of the Housing (Scotland) Act 1987, a local authority was not required to own or provide housing for rent. Thus, the report concluded that transfers could be referred to as ‘voluntary’ in the sense that there was no legal requirement either to sell or to retain stock.

The framework affecting large scale voluntary transfer was largely in place before 1987, but is now mostly consolidated within the 1987 Act (as amended by the 1988 Acts).

Scottish Parliament, 2000

The following summary was extracted from Scottish Office draft guidance published in 1996.

Act	Purpose	Notes
Housing Association Act 1985		
s 59 and 60 (as amended) ⁵⁶⁹	General powers of local authorities to promote and assist housing associations (registered or unregistered) Housing (Scotland) Act 1987 (as amended).	Consent of Secretary of State (S of S) required for giving of assistance - certain assistance restricted to registered housing associations.
Housing Scotland Act 1987		
s12 ⁵⁷⁰	General powers of local authorities to sell land and buildings to which HRA applies.	s12(7): Consent of S of S required to sell HRA housing and land (exemptions detailed in sections 12(8) and 12(14).
s13 ⁵⁷¹	Enables S of S to impose conditions in consenting to sale of such land and buildings to which HRA applies. ⁵⁷²	s13(3): Enables S of S to stipulate LA use of capital receipt, e.g. to pay off outstanding HRA capital debt.
s81A and The Housing (Preservation of Right to Buy) (Scotland) Regulations 1993 ⁵⁷³	Provides that RTB provisions continue to apply to those who cease to be secure tenants because of disposal by LA to private landlord.	Regulation 6: Consent of S of S required where acquiring landlord disposes of less than his whole interest in a qualifying house (see also 12A below).

Continued

⁵⁶⁸ After July 1999, the First Minister replaced the Secretary of State as the Minister responsible for giving consent.

⁵⁶⁹ As amended by the Housing (Scotland) Act 1987, Schedule 23, paragraph 31(7).

⁵⁷⁰ As amended by the Housing Act 1988 Schedule 17, paragraph 77.

⁵⁷¹ As amended by section 132 and Schedule 17, paragraph 78 of the Housing Act 1988.

⁵⁷² The Secretary of State may have regard to 1) the extent to which the intending purchaser is, or is likely to be, dependent upon, controlled by or subject to the influence of the local authority making that disposal or any members or officers of that authority; 2) the extent to which the proposed disposal would result in the intending purchaser becoming the predominant or a substantial owner in any area of housing accommodation let on tenancies or subject to licences; 3) the terms of the disposal; and 4) any other matters whatsoever which he considers relevant.

⁵⁷³ As inserted by section 128 of the Housing Act 1988.

Act	Purpose	Notes
S81B and Sch 6A ⁵⁷⁴	Requires LA to consult (stage 1 and stage 2 notice) tenants setting out information and inviting representations. S of S cannot consent to transfer if it appears majority of tenants are not in favour.	LA required to provide S of S with copies of consultation material and notices and certificate of compliance with requirements for tenant consultation.
SI2A ⁵⁷⁵	Regulation of subsequent disposals by acquiring landlord, including disposing of an interest by way of granting a standard security.	SI2A: Consent of S of S to make subsequent disposals, including the disposing of an interest by way of granting a standard security for loan purposes. Tenants must be consulted and the S of S told of their responses.
Local Government Act 1988		
S24 and 25 ⁵⁷⁶	Enables LA to provide private sector landlords with assistance, e.g. financial assistance for setting up and transaction costs.	S25: Consent of S of S required for such assistance.

Source: extract from on Draft Guidance from SODD, 1996a

The draft guidance showed that under Part One of the Housing (Scotland) Act 1988, Tenants' Choice provisions gave secure public sector tenants the right to choose a new landlord. The new landlord, (whether either a landlord approved by Scottish Homes or Scottish Homes itself), would purchase the property from the public sector landlord at Tenanted Market Value, assuming that it would remain available for letting in the social rented sector. The Right to Buy was not preserved under Tenants' Choice transfers but tenants could negotiate a contractual Right to Buy with the prospective landlord when agreeing a new tenancy agreement.

⁵⁷⁴ As inserted by section 134 of the Housing Act 1988. In broad terms, a tenant who was formerly a secure tenant of a house that has been sold to a private sector landlord will continue to have the Right to Buy that house. This right applies to any other house owned by that landlord of which he or she becomes the tenant on the terms and conditions, which would have applied if he or she had remained a local authority tenant. It should be noted, however, that the Right to Buy is not preserved where the disposal was made as a Tenants' Choice sale, nor where the disposal was made to a co-operative housing association (ie a fully mutual housing co-operative).

⁵⁷⁵ This schedule required that a person who has acquired land or houses from a local authority, must not dispose of the subjects without the consent of the Secretary of State if the consent of the Secretary of State was required for the disposal (under section 12(7) of that Act). This requirement also applies to the disposing of any interest in the subjects, including the granting of a standard security to a bank or building society. Before giving such consent, the Secretary of State must satisfy himself that the landlord has taken appropriate steps to consult the tenants concerned and the Secretary of State is obliged to have regard to the responses of tenants to such consultation.

⁵⁷⁶ The consent of the Secretary of State had to be obtained before assistance may be provided. Section 26 required that the Secretary of State, in considering applications for consent, should take account of the extent to which a local authority should gear the financial burden and the associated risks involved in the project at issue; the Secretary of State may also take into account any other matter which he considers relevant. Further information on section 24 assistance is given in SDD Circular No 22/1988.

Appendix Ten

Case Studies - Timing and Scale

*Glasgow*⁵⁷⁷

Scale

Some 11,700 houses were transferred in 74 transactions between 1986 and 2001 but mainly around the early 1990s (see Chapter Three for discussion on data collection and Chapter 6 for analysis). The buyers were 37 bodies. Of these the majority (32) were newly created in areas where there had previously been no association activity: two of the smaller ones have since merged with other bodies. Most of the areas in which transfers have taken place are in peripheral estates (as envisaged by Grieve), with multiple bodies being created in succession in the same areas. Only five of the buyers existed already, all as community based housing associations, which only started to receive stock transfers from 1991 onwards.

Grieve suggested transfer as part of future *strategy*, and the Area Renewal and Tenant Participation Units earmarked estates and tenants groups for action. However internal monitoring was based on poor record-keeping inconsistent with rational strategic management. Reports in 1992 and 1993 contained poor data about the stock, its characteristics or outcomes. The focus is on task-based management action, rather than analysis and monitoring of outcomes. This situation came to be resolved in part, but not before 1998, by which time Glasgow had transferred most of the partial estates it had packaged and was already contemplating a possible whole stock transfer of the remaining 80,000 – 100,000 houses.

The city had disposed of over 10,000 other units of council-built stock around the city to the SSHA for modernisation in the late 80s. These were inherited by Scottish Homes and later transferred to a series of housing associations (Taylor, 1998). Transfers to associations in peripheral estates were approximately equivalent to the acquisition of formerly privately owned houses by HAs (also then new), mainly in the 70s for comprehensive tenement rehabilitation. Relative to the stock of the city council in 1986 when the initiative started, transferred stock in the peripheral estates was small at around 6%. The new form of tenure represented just under half of the voluntary sector holdings in Glasgow, until 1995 when other stock transfers by Scottish Homes started to increase association stock holdings in the city and change the pattern of the city's tenure (internal reports GDC, 1995).

Timing

The original proposals developed between 1984 and 1986 with three to six months of intensive negotiation between the council and the Scottish Office up to September 1985, i.e. before the 1987 General Election. The Phase 1 pilot ran between 1986 and 1989, with Phase 2 between 1987 and 1990. These are Phase A (rule development) in this thesis. Resources for HAG expenditure via HCIS were extended with effect from 1988/9 after the Conservatives re-election for a third term. Many new local tenant-controlled buyer organisations were promoted / developed immediately after 1988 by HCIS' successor Scottish Homes. As Figure 49 (below) shows there was a sharp rise in the amount of stock transferred in the years around 1988 and HAG spending is far from secure in this period even though there is a specific newly funded category of Community Ownership spending targeted at the area of origin.

⁵⁷⁷ The main sources for this case study include staff and committee members in three associations; staff and elected members of the council; civil servants and agency officials (HCIS and Scottish Homes) and an independent adviser. The case study also draws on the government's interim and final evaluation report on community ownership.

Table 35: All known transactions Glasgow

Transaction	Post-codes (first five digits)	Nos. transf- erred	year of transfer	Buyer	Purpose
Ballantay Road, Hoddam Terrace, Castlemilk	G45 0	90	1985/86	Castlemilk East Housing Co-op	2
Baillieston Road, Calderpark Cresc/Ave Uddingston	G71 2	98	1986/87	Broomhouse HA	2
Calvay Cresc, Barlanark	G33 4	87	1986/87	Calvay Housing Co-op	2
Castlebrae 1	G45 0	210	1987/88	Ardenglen HA	2,3
Calvay Road, Barlanark	G33 4	263	1987/88	Calvay Housing Co-op	2
Hoddam Ave 36-46, 33-47, Castlemilk	G45 0	78	1987/88	Castlemilk East Housing Co-op	2,3
Dowancraig, Ph 1, Castlemilk	G45 9	66	1987/88	Craigdale HA	2
Southdeen Rd, etc, Drumchapel	G15 7	313	1987/88	Drumchapel HA (formerly Southdeen Co-op)	2
Priesthill, Pollock	G53 6	375	1987/88	Rosehill Co-operative	2
Whitlawburn	G72 8	540	1987/88	West Whitlawburn Co-op	2
Birgidale Rd 2-22, Castlemilk	G45 9	88	1989/90	Craigdale HA	2
James Nisbet St, Royston	G21 2	246	1989/90	James Nisbet Housing Co-op	2
Castlemilk	G45 0	200	1989/90	Ardenglen HA	2,3,5
Blairtummock Phase 1, Easterhouse	G34 9	102	1990/91	Blairtummock HA	1,2
Blochairn Rd 14-18, 2-4 Cloverbank Street / Roystonhill	G21 2	95	1990/91	Blochairn Housing Co-op	2
Calvay Road 14-28, Barlanark	G32 0	15	1990/91	Calvay Housing Co-op	2
Hoddam Ave 53 - 65, Castlemilk	G45 0	42	1990/91	Castlemilk East Housing Co-op	2
Garlieston Rd 22-36, Pendeen, Barlanark	G33 4	179	1990/91	Gardeen Housing Co-op	2,3,5
Nitshill (Hurler Phase 1)	G53 7	223	1990/91	Rosehill Co-op (formerly Hurler HA)	2,5
Scarrel Rd and Scarrel Drive, Castlemilk	G45 0	36	1991/92	Ardenglen HA	5
Aberdalgy Road 16-22, Easterhouse	G34 9	24	1991/92	Blairtummock HA	2
Achamore, Kells Pl, Inchrory Pl, etc, Drumchapel	G15 8	112	1991/92	Cernach Housing Co-op	5
Roystonhill	G21 2	84	1991/92	Copperworks Co-op	2
Dowancraig etc, Castlemilk	G45	155	1991/92	Craigdale HA	2
Glen Cona etc, Darnley	G53 7	310	1991/92	Glen Oaks HA	2,5
Jedworth Av. etc, Drumchapel	G15 7	336	1991/92	Pineview Housing C-op	2,5
Barlia Dr. etc, Castlemilk	G45 0	348	1992/93	Castlemilk East Housing Co-op	2,3,5
Wardie Rd, Banton Pl, Eddewood, Easterhouse	G33 4	270	1992/93	Easthall Park Housing Co-op	2
Finlas St 2-16	G22 5	48	1992/93	Hawthorn Housing Co-op	2,5
Sloy St and Fruin Place	G22 5	54	1992/93	Hawthorn Housing Co-op	2
Fruin St 2-16, 10 Ashfield St, Possilpark	G22 5	58	1992/93	Hawthorn Housing Co-op	2
Fruin St, 21-33; 2-8 Sloy St Possilpark	G22 5	68	1992/93	Hawthorn Housing Co-op	2
Torr St 6-18, Sloy St 12-18	G22 5	68	1992/93	Hawthorn Housing Co-op	1

Auchintea, Coningsburgh Rd, etc, Easterhouse	G34 9	244	1992/93	Hilltop View Housing Co-op	
Kendoon, Drumchapel	G15 8	173	1992/93	Kendoon Housing Co-op	5
Huntershill, Springburn	G21 3	144	1992/93	Springburn and Possilpark HA	2,5
Holmyre, Castlemilk	G45 9	269	1992/93	Thenew HA	2,5
Keppochhill Rd 574 - 586	G21 1	24	1992/93	Thenew HA	6
Cloverbank, Dunelly, Millburn and Sandmill Streets, Royston	G21 2	136	1993/94	Blochairn Housing Co-op	2,3
Burnett Road, Barlanark Place	G33 4	109	1993/94	Calvay Housing Co-op	2
Yate, Camlachie, Barrowfield and Frazer	G31	378	1993/94	Camlachie HA	1
Royston Road, Royston	G21 2	112	1993/94	Copperworks Co-op	2
Rhymer St, Roystonhill	G21 2	90	1993/94	Garngad HA	2
Lochend etc, Easterhouse	G34	531	1993/94	Lochfield Park Housing Co-op	2,3,5
Easterhouse	G34 9	252	1994/95	Blairtummock HA	1,2,3,5
Barrowfield	G31 4	234	1994/95	Camlachie HA	1
Katewell Avenue	G15 8	32	1994/95	Cernach Housing Co-op	5
Dougie Rd		48	1994/95	Craigdale HA	
Garlieston Rd	G33 4	32	1994/95	Gardeen Housing Co-op	
Rhymer Street Roystonhill and Tharsis St Garngad	G21 2	264	1994/95	Garngad HA	2,3,5
Barnes Rd, Possilpark	G20 9	365	1994/95	Maryhill HA	2
Murano, Benview, Leny Sts	G20 7	296	1994/95	Queens Cross HA	2,3
Firhill etc, Maryhill					
Ruchazie	G33 3	312	1994/95	Ruchazie HA	2,5
Bartiebieth Langbar Balado etc, Barlanark	G33 4	335	1994/95	Wellhouse Housing Co-operative	
Ardencraig Rd, Castlemilk	G45 0	158	1995/96	Ardenglen HA	5
Achamore, Katewell	G15 8	114	1995/96	Cernach Housing Co-op	5
Fettercairn, Drumchapel					
Glenacre Dr	G45 9	96	1995/96	Craigdale HA	
Priesthill Rd, Ravenscraig Dr.	G53 6	32	1995/96	Rosehill Co-operative	2
Garlieston Road, Barlanark	G33 4	95	1996/97	Gardeen Housing Co-op	2,3,5
Backmuir etc	G15 7	266	1996/97	Glengarry HA	
Balfuig St 2-6	G34 9	20	1996/97	Hilltop View Housing Co-op	
Kendoon, Drumchapel		144	1996/97	Kendoon Housing Co-op	5
Achamore Road	G15 8	68	1996/97	Kingsridge Cleddans HA	5
Circuit	G72 2	254	1996/97	Rutherglen HA	
Ballantay Quadrant	G45 0	18	1997/98	Ardenglen HA	2
Dormanside etc	G53 5	233	1997/98	Glen Oaks HA	
James Nisbet St 90, 103	G21 2	5	1997/98	James Nisbet Housing Co-op	2
Loch Goin Av. Etc	G15 8	66	1997/98	Kingsridge Cleddans HA	5
Achamore Road	G15 8	111	1998/99	Cernach Housing Co-op	5
Fettercairn Ave, Inchfad Dr & Kerry Place	G15 8	180	1998/99	Kingsridge Cleddans HA	5
Garlieston and Pendeen	G33 4	94	1999/00	Gardeen Housing Co-op	2,3,5
Auckland St, etc	G22 5	360	1999/00	Springburn and Possilpark HA	
Cranhill	G33 3	288	1999/00	Thenew HA	2,5

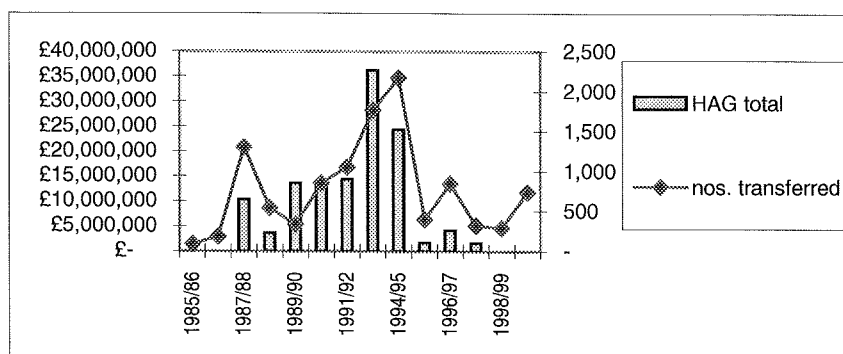
Source: research database, 2001

Code 2 renewal for rent,

3 renewal for sale

5 demolition

Figure 49: Glasgow Stock Transferred Relative To Timing of HAG Investment



Source : research database 2001

Then gross HAG rose ahead of increases in amounts of stock transferred, reaching a peak in 1992/3. Because the data show finance approved at the start of projects, rather than budget allocations, it ought to follow the amounts of stock being transferred. In 1991 doubts started to surface within Scottish Homes about the sustainability of the programme in Glasgow, not least in view of the experience of the costs of refurbishment. In addition, there were further senior management changes in the council. Thereafter a number of changes can be identified creating what might be described here effectively as Phase 4,⁵⁷⁸ still focussed on refurbishment. Later the practice changed again.

Three developments emerged in the course of the period 1991 – 1996. First, areas targeted for transfer by the council were of increasingly poor quality and in lower demand areas, and with more empty houses than most of the pilot schemes in Ph 1 & 2. Tenants' groups did not necessarily exist in these areas and many interviewees referred to semi-serious quips at the time about the formation of steering groups around bus stop queues. Secondly, demolition started to feature more prominently among the proposals, challenging the scope to retain communities through redevelopment of existing housing. Thirdly, existing associations started to be approached to take on the target areas with Scottish Homes particularly from 1994 querying whether more, new small organisations should be registered. Indeed, new registrations peaked in 1991 with 11 in that year. There were only five Community Ownership transactions in the following five years.⁵⁷⁹

As Figure 49 shows schemes continued to be transferred after 1996/7 but at a greatly reduced rate. Nevertheless stock continues to be sold after gross HAG has started to fall. The names of buyers in Table 35 shows them to be sold almost entirely to existing bodies from 1996/7 onwards. Respondents in this study in 1998 queried the viability of setting up a further new body in Drumchapel in 1996 when there were already five in the locality. Already the vested interests of the new landlords were coming to the fore, though under external pressure from Scottish Homes R&S).

Though the data now suggest otherwise, some respondents in 1998 thought the council had effectively suspended further transfers in 1996, for a number of reasons. These included anticipation of a possible election of a Labour government in 1997, bringing policy and resource changes in favour of councils. Moreover, the council's own stock strategy was reviewed internally by newly appointed managers in the Housing department, prompted not least by their difficulties in letting council stock, which they saw as due to competition. In addition, due to Scottish Homes emerging resource problems, there was also concern about the backlog of unimproved former council stock now held by tenant-controlled bodies. This allowed some middle managers to argue that previous approach had been haphazard and opportunistic rather than strategic. The fact of local government reorganisation creating a new single tier authority in Glasgow with effect from April 1996, also had an impact on the city's forward planning processes, distracting managers and staff with issues of restructuring and resource management.⁵⁸⁰

⁵⁷⁸ Phase 3 appears in the context of Dundee used as the time to imply a form of roll out of the policy

⁵⁷⁹ Further associations were registered in the Glasgow area but for stock associated solely with Scottish Homes own stock transfer programme

⁵⁸⁰ Much of this argument came from personal communication during attempts at data reconciliation rather than formal interviews. However, the chaos is also revealed by a terse response by the Director of Housing to a request for information about structures in 1997: he could not be expected to know or depict the structure of his department with over 1000 staff [sic].

Dundee

Scale

Many of the 'transfers' in Dundee were on a very small scale and tend to be known as the 'co-ops' rather than stock transfer. The transactions range in size from 18 units to 486 with the majority being empty stock and subject to demolition rather than rehabilitation due to the costs involved. The total of stock transferred amounts to just over 1,000 houses although some of the recipient bodies do not regard what they were involved in as stock transfer in any way on the basis that they bought land cleared of council housing and ready for new build for rent.

The outcome is that there are now five more tenant controlled landlords in areas of council housing than there were in 1987, with a combined stock of just over 600 each ranging from 118 to 237 units, substantially arising from new construction on cleared sites. This compares with other established associations in the area whose origins lie in chiefly inner city tenement renewal on a scale of 600 - 2000 properties. The city council still owns over 20,000 houses.

Timing

The earliest transfer was in January 1987 though it is claimed to have taken two years of discussion in the Labour group prior to decision making about that transaction. The feasibility study for Ormiston was meant to take 3 months and actually took over 6 months. The transfer took place in January 1988 and within 3 years, the programme of demolition and rebuilding was complete. The programme was meant to go on for a good deal longer but dried up because costs of rehabilitation proved higher than anticipated and because there was insufficient money flowing through the Scottish Homes budget, both Community Ownership and Partnership Areas.

Since 1994, the council has been involved in prolonged discussions about how to address outstanding problems, with certain issues coming into sharper focus namely poor condition, urgent need for investment and low value in relation to the council's outstanding debt.

North Lanarkshire/ Motherwell

Scale

Two small co-ops – each with less than 200 houses – were established on the outskirts of Wishaw and Motherwell respectively. A further redevelopment / clearance area – Muirhouse, housing almost 4,000 people, had been built in the 1960s /1970s with a similar profile of poor living conditions. It received a later form of treatment involving partial refurbishment and partial demolition by the council followed by sale of cleared land to housing associations⁵⁸¹ and a private developer for new low rise mixed tenure housing. Some regarded this as a form of stock transfer because it represented a loss of stock to the council for legitimate regeneration purposes. Indeed the Convenor of Housing for North Lanarkshire argued that the transfer was easier to achieve because the stock was empty.

Timing

A co-op was first mooted in Gowkthrapple, Wishaw in 1988 by the HCiS in Glasgow, also in the Jewel scheme in Bellshill. The tenants in Bellshill rejected the opportunity to explore ideas further at that stage and attention was focussed solely on 200 flats and houses in Wishaw, using an independent consultant to work with a steering committee of tenants. The feasibility study was completed in 1989 and a ballot held in 1990 over 140 houses, producing a majority in favour. This allowed the Garrion People's Housing Co-operative to be established and registered in 1990/1 as Lanarkshire's first housing co-operative. Its development programme was largely complete by 1996, some 8 years after the original idea was mooted.

⁵⁸¹ This is not on the database because of the way in which transfer was defined. Two associations have built housing for rent on the site. Since that time, the council has sold a further tranche of housing in Old Monklands, Coatbridge under New Housing Partnerships to an established housing association for refurbishment. HAG was not available though the NHP funding provided some subsidy.

The overall Forgewood regeneration scheme had started in the mid 1980s with demolition and private sector building but in 1991 council tenants in the neglected areas started to discuss with the council opportunities for improvements. After a feasibility study and protracted negotiations between consultants, tenants, the Forgewood Initiative, Motherwell DC and Scottish Homes, the Forgewood Co-operative was registered in 1994 following a successful ballot of tenants (97% in favour). Development is still underway and may end up taking over 10 years from inception. It now shares the same Director as Garrion after the demise of Forgewood's former Director.

Developments in Muirhouse started in 1992 at the instigation of the local councillor, now Convenor of Housing, with a pilot project in 1993. Though much larger in scale than the other two areas, progress on the ground appears much faster.

Scottish Borders / Berwickshire⁵⁸²

Scale

Given the cumulative impact of the RTB since 1980, just over 2,000 houses remained from the stock built and managed by BDC. They were in a single collective sale to the new housing association. As the section above on origins indicates, there were expectations of substantial new build opportunities to replace some of the housing sold under the RTB. Promises were made by BDC in the first newsletters to tenants that up to 100 new houses would be built by the association, funded by receipts from equity release. To date, there has been no new construction by the association although it bought six new houses funded entirely by borrowing. These had been commissioned by the council long before transfer, and without subsidy.

The association is the main provider of social housing in the Berwickshire area. The new Scottish Borders Council⁵⁸³ is the main provider elsewhere in the Borders though with competition from Waverley Housing and from Eildon Housing Association, both newly established in the late 1980s.

Timing

During 1992, councillors and staff became aware from press and Party media, of transfers emerging in England. Chapman Hendy were appointed in April 1993 to undertake a feasibility study, which was received by the council four months later. The report suggested that the value of the houses might amount to £15m which would repay their historic debt and have a surplus of some £5m left over for investment in housing in the local area. This gave the council the confidence to take two further steps: to appoint a Director of Finance designate for the new association, at the council's expense of up to £40,000; and to put proposals to tenants sounding out their views on stock transfer.

Although the Director was approaching retirement, he helped to organise an exploratory visit to a Shropshire council then in the midst of stock transfer preparations, and seen to be comparable. The Shropshire trip involved the council Leader, the Director of Housing and depute, the Convenor of Housing and the local Development Manager for Scottish Homes. The council had been giving consideration to the possibility of 'trickle transfer' (single houses as they become vacant) but the 'successful' visit convinced the Leader and Convenor that a single transfer was the way to proceed (interview Findlay, 1998). The depute Director of Housing was the least convinced of those on the visit. The Chief Executive of the council was also keen to retire and showed little interest in the matter though he was later to prove quite obstructive to the development and implementation of transfer.

The outgoing Director of Housing chose to retire in autumn 1993, after the visit. The council took a number of decisions to progress the transfer proposal. It formed a housing association steering group⁵⁸⁴ to take plans forward, under the chairmanship of a local businessman chosen by the council because he was a member of an

⁵⁸² The main sources were Philip Jones and George Findlay, an official and member respectively of the district council. Another member of staff (legal) was not permitted by her new employer to speak on the subject for this research. Other sources who referred specifically to Berwickshire were Minister Robertson, his civil servants and an independent adviser who had worked on the Berwickshire proposals. Their comments are included in the case study. Material has also been drawn from a postgraduate dissertation on the approaches to valuation in Berwickshire (Tulloch, 1997).

⁵⁸³ In 2002, the council was preparing to dispose of all its remaining stock via transfer to a new body after a successful ballot of tenants and the Borders area could be the first to have no council housing on tow counts, Berwickshire before 19996 and Borders after.

⁵⁸⁴ Many rural councils were in any event setting up new associations to work in partnership accessing funding for rural housing from Scottish Homes.

establishment golf club in Edinburgh. It also agreed to appoint a new Director of Housing, with a commitment that the successful candidate would become the Chief Executive designate of the new landlord body, in the event of transfer. This job advertisement was the first *public* intimation of the council's transfer intentions.

To councillors' surprise and delight, the new appointment was taken up in spring 1994 by the then Director of Housing of another small semi rural authority in central Scotland, who was unknown in the Berwickshire area (Findlay, 1998). Tenants had been sent newsletters before he was appointed but the pace increased, coming out monthly during the campaign running up to the ballot in October 1994. Some tenants volunteered for the committee of the new association.

Independent advisers were appointed in consultation with tenants. Scottish Homes helped to identify suitable contenders for advice work based on their experience,⁵⁸⁵ the facility had been used in Scottish Homes transfers. The Independent Adviser (Thenew HA) was to scrutinise the financial and management aspects of the proposals and make a recommendation to tenants prior to ballot. The Adviser's report indicated that BHA was putting forward a 'credible case' though with some areas of the proposals subject to clarification. There was some 'comfort for tenants' in the authority's commitment to proceed only when they were 'happy that the promises to tenants could be fulfilled once the finances were finalised' (interview Smith 1998).

The postal ballot was held amidst much national publicity and some local controversy facilitated by the media.⁵⁸⁶ It was held under the auspices of the Electoral Reform Society, in October 1994 and the result announced in November 1994 showed 83% in favour on a turnout of 79% (BDC press release, 1994).

The new landlord was to be a new housing association called Berwickshire HA which needed to be registered with Scottish Homes partly in order to have the possibility of HAG and also to give lenders the comfort of state regulation. Application was made to Scottish Homes to register Berwickshire HA in October 1994: notice of registration was received in April 1995, a mere six months even though this as the year in which Scottish Homes claimed officially it was not proposing to register more new small associations. However a stock of over 2,000 houses would place BHA at the large end of the Scottish spectrum.

The Director of Housing operated in two roles (buyer and seller) until immediately after the ballot result. Then, transfer preparations - as Chief Executive (CE) designate - involved discussions with a variety of interests. He liaised with the Scottish Office (mainly with officials) following official notification of the council's intentions to the Secretary of State in March 1995. He negotiated with other departments of the council about terms of sale, generally supported by various consultants. He was also involved in discussions with the council and with trade unions about the terms and conditions of employees transferring to the new body. He led the negotiations with prospective lenders, again supported by consultants, with funding being agreed in March 1995 to the tune of £20m on an £11m valuation, to give headroom for the debt profile to increase to cover new investment (interview Jones 1998).

In the summer of 1995, it seemed that the transfer might run aground. Ministerial consent had not been granted.⁵⁸⁷ Some interpretations of the Local Government etc Scotland Act suggested that the shadow Scottish Borders Council would be eligible, from 1 September 1995, to confirm or overturn any proposed actions by councils whose assets and liabilities it would inherit. Rumbblings from aspiring (later elected) Scottish Borders councillors threatened to de-rail the entire transaction. The association's legal consultants thus sought to galvanise action over the summer to do everything possible to ensure the transaction was complete by the end of August 1995. The main stumbling block was the conveyancing of the properties in spite of delaying tactics by some high-ranking officials within the council unsympathetic to transfer. This final push resulted in very high transaction costs being incurred. Scottish Office records show consent being granted on 30 August 1995, at the eleventh hour. After the transfer went through the new Minister commented in speeches that it marked a 'significant milestone in Scottish housing history.'

⁵⁸⁵ independent advisers had never previously been used in a local authority stock transfer in Scotland though in England it was a requirement from 1993 to have a *Tenants' Friend*, according to revised guidance from DoE on LSVT processes.

⁵⁸⁶ The first of the *New Town* ballots were due to take place shortly thereafter with Minister Allan Stewart having given councils permission to bid in February 1994

⁵⁸⁷ July 1995 marked a reshuffle with Lang and Lord James leaving the Scottish Office, to be replaced by Forstyh and Robertson.

Scale

The councillors' partial proposal affected a medium-rise estate in Stirling, which was an 'eyesore, clearly visible from the Motorway' (interview Harding, 1998). It had been the subject of failed attempts at physical and management improvements. The new vision was of demolition of at least part of the stock to be replaced by new private development. Without remembering what the value was based on, Councillors recalled that the unit transfer value was expected to be around £5,000: based on English experience from Broadlands in Norfolk, they therefore anticipated a substantial surplus receipt after redeeming debt, which they wanted to use for non-housing purposes.

The Cathedral proposal also showed a average unit valuation of £5,000 for 1800 houses in reasonable condition, scattered throughout Dunblane, north and west Stirlingshire where one of the protagonist was already a housing manager and known to tenants. The proponents had spoken to lenders who were amenable to lending around £10m to a new landlord body (1993 prices). It is not known how many or which houses were affected by the possible Quality Street proposals.

Timing

Considerable activity took place in the year immediately following the take-over by the Conservative councillors in May 1992. The context at the time was discussion about local government reform and boundaries in particular. In 1992, Stirling was faced with remaining a single authority with the disaggregated powers and resources of Central Regional Council (Labour-held) or for the district functions to come under a council based on the old regional boundaries. Forsyth was in favour of small councils (Boyne *et al*, 1998) and this may have had some impact on the decision to leave Stirling as a single council. This decision was only settled when the Local Government etc Scotland Act received Royal Assent in November 1994. Anticipation of elections in 1995 to the new authorities left a window of opportunity for the Conservatives in Stirling. Years later, with the benefit of hindsight, councillors acknowledged they had seen the window as being open for 18 months at most, although they in practice they could have had up to 3 years until the shadow authority before the new unitary council took over. They had no particular reason in 1992 to expect to lose the 1995 election, (although in the end they did lose control again to Labour).

Councillors themselves were active in promoting transfer ideas among senior staff and tenants in the six months after their election. Thereafter they may or may not have encouraged the Cathedral proponents to submit a proposal – respondents' recollections of this issue contradict each other directly. What is clear is that the Cathedral protagonists had initial private meetings with councillors in the autumn and spent at most 6 months preparing a bid, which was presented to the Conservative group in March 1993. This was unsuccessful to the extent that councillors asked for more information while giving the impression that they were not actually that interested any more. This may have been a casualty of competition within the Conservative group at the time. The protagonists did not take the proposals any further at that stage and they formally fell in May 1993 following a recommendation from the Director of Community Services not to proceed until future strategy, objectives and parameters were clarified.⁵⁸⁹ This individual was one of those alleged to have been involved in talking to Quality Street.

The radical edge to the new Stirling council administration also prompted the privatisation of the legal service section. This was seen by many staff in the council as the thin end of the wedge ideologically, and was recognised by councillors to have backfired in entrenching some staff opinion against them and creating the wrong climate for transfer.

⁵⁸⁸ The main sources were Conservative councillors Harding, Scott ; former employee McDermott, documents.

⁵⁸⁹ Confidential report to committee May 1993 on behalf of the Evaluation Panel