Photo

BEYOND BRICKS AND MORTAR: Bringing regeneration into stock transfer

HACAS Chapman Hendy

September 2002

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Beyond bricks and mortar: bringing regeneration into stock transfer
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Foreword

As joint sponsors of this piece of work, we commend it to anyone looking at stock transfer and the wider benefits that can be achieved.

Beyond Bricks and Mortar represents a first class insight into the benefits that can be gained with appropriate vision, leadership, financing and partnership working. As funders to the sector we fully recognise the essential ingredient of sustainability for any stock transfer or regeneration programme, and that a project which only addresses stock condition is not enough.

We are particularly proud to be associated with two of the case study projects as funders – Optima (Nationwide) and as former funders – Poplar (BNP Paribas), and to have helped make a real difference in these areas to the benefit of tenants and the wider community.

We very much hope that the valuable lessons learned from this study of three contrasting neighbourhoods will be integrated into more projects, and that we will find reference to them in policy guidance and statements for the future.

Nationwide Building Society
and BNP Paribas

September 2002

1 Summary and recommendations

Purpose of the study

The Government is firmly committed to the regeneration of deprived neighbourhoods. It sees housing stock transfer as having a key role to play in achieving this alongside the other strategic housing options available to local authorities. It also recognises that sustainable communities will not be created by physical improvements or housing solutions alone. Community empowerment, giving residents a real influence over their areas, and solutions that span traditional professional boundaries are essential to community regeneration.

This study examines the experience of three Registered Social Landlords (RSLs) that are playing a central role in the regeneration of neighbourhoods: Partington Housing Association (part of the Harvest Group) in Trafford, Poplar HARCA in Tower Hamlets and Optima Community Association in Birmingham. While it is too early to judge whether sustainability has been achieved in each area, the associations (the term used henceforth instead of RSL) can demonstrate real achievements.

Each of the case studies involved the transfer of particular estates or neighbourhoods, not the whole of an authority's housing stock. While the study has potential lessons for whole scale transfer, because regeneration is likely to be neighbourhood-based, the report's conclusions and recommendations are most relevant to partial transfers.

The study has sought to identify what has enabled the case study organisations to work successfully towards achieving their aims. It identifies a range of factors including the funding mechanism, the support of partners, the approach of the sponsoring local authority, resident involvement and the quality of community and professional leadership. Each stock transfer represented a pioneering initiative for the local authorities and partner housing associations involved, and benefited from the leadership and vision of senior officers. The circumstances in which each has been able to develop and flourish are not easily replicable for various reasons discussed in the report.

Funding community regeneration

Critically, each of the three associations has been able to develop through funding arrangements, or in a financial context, which is no longer in place. Dedicated central government funding for urban transfers is no longer available. Financial support for transfers from established associations is more limited, and the risks for housing associations considering involvement in stock transfer in areas of deprivation are greater today than they were when the Partington, Poplar and Optima transfers were being developed. Factors such as low demand, rent restructuring, and the continuing decline in the quality of the local authority housing stock are likely to play a part in constraining the extent to which existing housing associations venture, unsubsidised, into stock transfer in urban areas. While the Government's targets for providing decent homes depend upon the transfer of more council housing (and specifically urban estates) into the housing association sector, current funding arrangements are inhibiting the scale of transfer activity.

Even with the funding that was available in the case study areas, the associations have been hampered not simply by the levels of funding, but by the fragmented nature of the funding systems. The core stock transfer funding system cannot be easily connected to other funding (such as New Deal for Communities (NDC) or the Single Regeneration Budget (SRB), now replaced by the regional development agencies' 'single pot'). While stock transfer funding is based on developing a 30 year business plan, other funding regimes provide only short term guarantees. This in turn means that commitments made to residents voting on a transfer on issues other than housing refurbishment have to be less firm than those on (say) rents and repairs. Thus, while Government policy emphasises the importance of not relying on wholly physical (or even housing) solutions for community regeneration, the stock transfer system militates against this. Although stock transfer has the potential to contribute to the achievement of Government targets for tackling social exclusion, this critical opportunity is being lost because of a lack of synergy between funding and regulatory regimes.

Monitoring the effectiveness of regeneration activities

The growth of neighbourhood management and renewal means that the monitoring and regulation of community regeneration will become more complex. Different types of organisation will fall under different regulatory regimes, some related to the type of organisation, some to the funding source and some to both. Associations may well play a lead role in many areas. Other research has shown that systems for evaluating the effectiveness of community regeneration are not yet well developed. The *quid pro quo* of the changes (particularly in funding) recommended in this report must be that the monitoring of community regeneration (and, of particular relevance to this study, the role of associations within it) needs to be reviewed. This has implications for the Housing Corporation but, because of the wide range of potential partners, is a cross-government issue.

Effective cross-sector monitoring and evaluation is critical to ensure that any redirection of funding to deliver community regeneration through stock transfer provides value for money and delivers wider Government objectives for tackling social exclusion.

Delivering greater community involvement

The overarching objective of any change in approach to funding should be that deprived communities experience real change in quality of life, and the ability to exercise greater control over the way services are delivered and assets are used within the community. Government needs to consider ways in which changes to the funding regime could be linked to recent policy developments such as proposals for community land trusts[1], tenant equity stakes[2] and the community gateway model[3], all of which are designed to capture the value of assets for the good of the community, and to enhance community involvement.

The good practice that is being developed across the country, by communities, associations, local and other public authorities, and the voluntary sector, needs to be shared and disseminated more systematically

1 Housing Corporation *et al* (2002).
2 Hill, S *et al* (2002).
3 Mutuo (2001). A report on this model will be published by CIH in late 2002.

Recommendations

The report contains recommendations that are of relevance to a range of stakeholders, including Government, the Housing Corporation, regional development agencies, local strategic partnerships, local authorities, and the housing association sectors. Above all, these proposals have relevance for the residents of council owned housing in areas where there is a need for joined-up approaches to regeneration, to deliver meaningful change in quality of life.

Within the scope of this study, it has not been possible to quantify the requirement for additional funding nationally, but this would be a valuable separate exercise. However, anticipating the need to justify the additional resources, the recommendations include ways of increasing the value for money of urban partial transfers.

Recommendations on government policy

The Government should not only encourage local authorities to consider the potential for stock transfer to deliver wider regeneration, but should recognise that the current funding framework severely limits what can be achieved.

Specifically the Office of the Deputy Prime Minister should:

1. Introduce pre-ballot and pre-transfer funding for which all regeneration based transfers (whether positive or negative value) would be eligible. The remit of this funding should be wide and include:
   - demonstration capital works on both dwellings and community and environmental projects where these would benefit the community, support the development of community involvement and build confidence in the transfer process;
   - capacity building and training for residents;
   - staff development and training;
   - master planning and other project development related costs;
   - land purchase where site assembly is critical to projects.

2. Establish a central government fund for dowries to allow authorities with limited capital resources to bid for funding for negative value transfers.

3. Cap leaseholder contributions in schemes approved under this new funding regime as in (for example) NDC schemes, to help facilitate regeneration.

4. Allow the costs of funding community regeneration to be included in the stock transfer valuation and in setting the sale price, where local authorities can demonstrate an unmet need for core funding to pump-prime community regeneration. ODPM should be willing to consider incorporating both one-off costs (e.g. for refurbishing or building resident resource centres) and continuing revenue streams (e.g. to fund community development staff).

5. Encourage the use of core stock transfer funding to attract matched funding (not necessarily on a pound for pound basis) from its other programmes such as NDC, Regional Development Agencies' 'single pot' funding, the Neighbourhood Renewal Fund (NRF) and funding available through English Partnerships. This would be appropriate where funding agencies are satisfied that stock transfer proposals will

contribute to the achievement of local and national regeneration objectives and targets. Funding provided in this way needs to be guaranteed, so that it can form part of a long-term business plan for community regeneration. A flexible and realistic approach to grant spending requirements is also important. The focus should be on delivering value for money approaches to meet demonstrable community needs, rather than spending money within a fixed time to meet funding agencies' grant programme requirements.

6. Encourage local authorities to prepare 'cross programme regeneration funding bids' for stock transfers as part of the application process for a place on the stock transfer programme. Such bids should be consistent with community plans, and receive the endorsement of the local strategic partnership. Where successful, the authority could potentially be granted funding from several sources additional to core transfer funding, but all of these would be incorporated within the transfer valuation and would thus be part of the association's 30 year business plan. Thus, all aspects of the regeneration proposals by, or involving, the association could be given equal weight in the offer to tenants.

7. Consider allowing agencies such as local strategic partnerships and New Deal for Communities boards to apply for a place on the stock transfer programme for neighbourhoods where residents wish to consider stock transfer as part of a wider regeneration package, and where the agency has the support of the relevant local authority.

8. Allow applications for social housing grant as part of stock transfer packages. No linkage is currently possible between stock transfer proposals and social housing grant, limiting the strength of the rehousing commitments that can be offered to tenants where demolition and redevelopment programmes are required. ODPM should allow authorities to include within their transfer proposals bids for SHG for demolition and new building by the transfer association where these are essential to the regeneration of an area. This funding, where agreed, would be prioritised within the Housing Corporation national allocation for the relevant year. Thus, new building, and especially decanting, proposals could similarly be given equal weight with the normal stock transfer commitments in the offer to tenants.

9. In order to increase the value for money of stock transfer, and to justify the increased resources recommended above, consider with other government departments a pilot scheme for cross-departmental regeneration funding bids linked to stock transfer. A key objective of these bids would be to show how service providers from each sector would contribute to the achievement of the whole range of Public Service Agreement (PSA) targets. It would also be necessary in the bids to identify where social exclusion targets clash with sectoral objectives and to identify ways of resolving this. A pilot scheme could, for example, involve the Department for Education and Skills (for youth services, training and partnerships with further education colleges), the Home Office (for crime and security initiatives) and the Department of Health (for healthy living projects).

10. Encourage authorities to undertake 'community options studies' as a precursor to making decisions on strategic housing options, rather than the more narrowly focussed housing options appraisals undertaken by most authorities. The concept of a community options study is being developed as part of the 'community gateway model' in research commissioned by the Chartered Institute of Housing and the Co-operative Union, jointly with the Confederation of Co-operative Housing.

A community options study explores all the issues and priorities of residents and also involves a much higher degree of resident involvement than traditional options appraisals. It would bring together all stakeholders within the community to produce a jointly formulated plan for change, and would address ongoing management and service delivery needs as well as capital investment requirements. It would identify which agencies should be involved in and lead on service delivery, and where stock transfer is planned, would consider the extent of the stock transfer association's involvement in the delivery of community services.

Recommendations on regulation and good practice

1. The current system of regulation of community regeneration is complex and inconsistent. This issue will need to be addressed by central government as community regeneration and neighbourhood management initiatives grow. Within the housing association sector, regulation needs to accommodate the diversity of activity permitted by the Housing Corporation (an issue not solely related to the regeneration role of associations). The Corporation may need to broaden its internal skills to reflect this.

2. The Government together with the Housing Corporation and other regulators need to consider the regulatory implications of the emergence of new delivery vehicles for regeneration, ensuring that there is consistency within and between sectors.

3. Good practice on community regeneration, and particularly its evaluation, has not been systematically shared or disseminated within the housing sector. The Neighbourhood Renewal Unit, the Community Housing Task Force (CHTF) and the Housing Corporation could jointly promote recommended approaches, building on the work already being undertaken by the NRU on learning lessons, CHTF in sharing good practice on stock transfer and the Housing Corporation's recently established bank of good practice. The CHTF needs to give particular consideration to the guidance and support that authorities receive when joining the stock transfer programme, to ensure that they prepare effectively for delivering community regeneration.

4. Potential partners in regeneration outside the social housing sector have many pressures and competing priorities. In order to incentivise their involvement in transfer based regeneration, ODPM should 'audit' whether all relevant regulatory regimes (e.g. in education, health, the police) have a means of acknowledging, and ideally rewarding, participation in partnerships with associations.

Recommendation for regional and sub-regional regeneration agencies

Local strategic partnerships and regional development agencies (and where appropriate, English Partnerships) should actively consider how stock transfer could add value to their regeneration programmes and help deliver wider regeneration. Local strategic partnerships and regional development agencies should examine how their own funding streams could be used within urban stock transfers to further their objectives.

2 About the study

Objectives

This study considers the experience of three English housing associations in urban areas. Each has received one or more local authority stock transfers and has sought to achieve community regeneration rather than simply housing investment. The study has been commissioned by the Chartered Institute of Housing and the Housing Corporation, and examines what community regeneration consists of in each case, how programmes have been funded and delivered, and what lessons there are to be learnt for future urban transfers. The focus of the case study work has been partial transfers of estates or areas, and while the study raises important issues for all stock transfers, it is likely to be of most relevance in the partial transfer context.

The transfers examined are:

- The 1996 transfer of 1,409 homes from Manchester City Council to Partington Housing Association, a non-stock owning subsidiary of Manchester & District Housing Association (the latter being the new landlord, which is now part of the Harvest Housing Group). The transferred homes are in the Metropolitan Borough of Trafford. The transfer pre-dated the Estates Renewal Challenge Fund (ERCF) and was in fact positive value.
- Two phases of transfer in 1998, involving a total of 4,290 homes, from the London Borough of Tower Hamlets to Poplar HARCA, a freestanding 'housing and regeneration community association' set up to receive transfers of council housing and deliver community regeneration. The transfers were negative value and received an allocation under the ERCF. A subsequent transfer of 196 homes took place in 2001 at nil value.
- The 1999 transfer of 2,813 homes from Birmingham City Council to Optima Community Association, a freestanding association set up to receive the transfer of council housing and deliver community regeneration activities. The transfer was negative value and received an allocation under the ERCF.

Both housing stock transfer, and holistic community regeneration, lie at the centre of current Government policy. Stock transfer is one of the strategic options available to local authorities to deliver investment in the fabric of the housing stock, and meet the Government's decent homes standard.[4] Transfer is also viewed as a potential catalyst for the regeneration of an area or estate.[5] With the launch of its National Strategy and Action Plan for Neighbourhood Renewal, the Government set out its plans for a 'new approach' to tackling social exclusion, involving a focus not just on housing and the physical fabric of neighbourhoods, but also on problems of worklessness, crime, poor health and inadequate essential services, and addressing the ways in which key agencies should operate and co-operate more effectively to deliver regeneration.[6] Authorities considering stock transfer are advised that proposals should form part of wider strategies for neighbourhood renewal, and that in areas where a regeneration approach is needed, transfer proposals should address wider issues of community development, employment and training, and links to health, crime and education initiatives.[7]

4 DETR (2000b).
5 DTLR (2001).
6 Cabinet Office (2001).
7 DTLR (2001).

The marriage of stock transfer and community regeneration is not simply about delivering Government targets for housing and neighbourhood renewal. For the organisations taking part in our case studies, the community regeneration agenda is viewed as a business necessity. For housing providers serving similarly deprived communities, and particularly in areas of low demand, fundamental questions have to be asked about the viability and value of investment in housing without accompanying action to turn the wider neighbourhood into an area in which people would choose to live. Indeed such questions prompted the development, in the 1990s, of the 'housing plus' agenda, with the objective of adding value to housing investment[8], and have contributed to the debate on 'balanced communities', choice based approaches to lettings, the neighbourhood management agenda and other routes to creating 'sustainable communities'.

While housing associations' risk appraisals may present a strong case for investment in community regeneration alongside stock transfer proposals, and Government policy ostensibly supports the link between the two, the current financial framework for investment in housing and community regeneration does not readily support this link for a number of reasons. First, the valuation mechanism for stock transfer does not encompass provision for community regeneration. Second, while housing providers have a track record of involvement in community regeneration initiatives (often under the banner of housing plus), the scope of their activity is constrained by what restructured rents can sustain, and what can be financed from a patchwork of short-term external funding sources. Housing benefit rules also effectively constrain the services that can be funded from charges to tenants. Third, despite the availability of new funding sources linked to the neighbourhood renewal agenda, there is evidence of a lack of joined-up thinking locally.[9] There is no guarantee that available resources will be directed at supporting community regeneration through stock transfer (and in some areas the Neighbourhood Renewal Fund is not in any case available). Even where the financial barriers to delivering community regeneration have been (or could be) addressed, there are other factors that may impact on the successful delivery of community regeneration.

These difficulties have been the prompt for this report. It examines what has been achieved in the case study areas, and looks at the extent to which stock transfer is capable of incorporating a community regeneration element given current funding arrangements, and the other constraints identified. A bibliography at the end of the report provides a list of the policy and research sources, and other documents, referred to in the report.

What do we mean by community regeneration?

The phrase 'community regeneration' can be used in a range of ways. At its narrowest, it may be understood as akin to 'community development', or activities that focus on the development of community capacity and social capital. At its widest, definitions of the term may include all types of activity focussed on tackling social exclusion, including social and community development activities, anti-poverty and economic development activities, health, education and crime initiatives, and the refurbishment of housing and the physical environment. In this case, the term becomes interchangeable with the term 'neighbourhood renewal', and with the holistic approaches developed as part of the Government's national strategy.

8 Housing Corporation (1997); Housing Corporation (undated); Anderson and Sim (2000).
9 Audit Commission (2002).

Housing practitioners have tended to define 'community regeneration' in terms of the non-housing initiatives concerned with the sustainability of any given community; activities which are additional to core housing management services.[10] Two of our three case study areas have separate 'social and economic' or 'community and economic regeneration' teams, which lead on non-housing initiatives and partnerships. While this approach has some relevance for this study (in so far as we have examined the extent to which housing stock transfer can accommodate non-housing initiatives), it is the broadest definition of community regeneration that provides our starting point.

Following some debate about the role of housing within regeneration[11], the Government's agenda for tackling social exclusion has emphasised the importance of joined-up or holistic approaches to addressing the needs of deprived communities, in which housing management and the physical improvement of housing and the environment are just one element of a broader spectrum of solutions that are required to deliver regeneration. The SEU's definition of social exclusion is:

> *…what can happen when individuals or areas suffer from a combination of linked problems such as unemployment, poor skills, low incomes, poor housing, high crime environment, bad health and family breakdown.* [12]

At its widest, community regeneration may be taken to cover the range of actions involved in tackling social exclusion, including action to address:

- worklessness and poverty;
- crime and fear of crime;
- low standards of educational achievement;
- poor health;
- poor service and transport infrastructure, including lack of play and leisure facilities;
- poor housing and physical environment;
- the needs of those likely to be disproportionately represented within deprived communities, including black, Asian and other minority ethnic groups, lone parent households, children and older people.

The profile of community regeneration activities in any given area should be determined by the needs and profile of any given community, and may therefore vary. However, all community regeneration activities should have a community empowerment focus, and are likely to be founded in local partnerships, both with residents and public, private and voluntary sector agencies.

Housing and community regeneration

Successive research has emphasised the importance of high standards of housing management, and adequate provision for ongoing investment in the repair and maintenance of the stock, to underpin investment in community regeneration.[13] The SEU recommends the adoption of 'on the spot' housing management, and flexible approaches to lettings in areas of deprivation.[14] While acknowledging that these are

10 CIH (1998).
11 See for example Anderson and Sim (2000) and MacLennan, D (2000), which evaluate definitions of social exclusion, and provide a critical appraisal of the SEU analysis.
12 Social Exclusion Unit (1998), quoted in Anderson and Sim (2000).
13 DETR (2000a); Anderson and Sim (2000).
14 Cabinet Office (2001).

critical factors in contributing to the regeneration of areas involving social housing stock, these are not issues that we have specifically examined for this study (other than to highlight where 'intensive' approaches to housing management have been adopted). Similarly, we have not focussed on the management and maintenance needs of private sector housing.

In addition to special housing management initiatives, community regeneration may involve integrated approaches to the management of a wider range of local services (whether through neighbourhood wardens/caretakers or broader types of neighbourhood management) or community assets (through vehicles such as neighbourhood trusts).[15] We have identified in broad terms the extent to which such arrangements feature or are being considered in the case study areas.

In some areas of the country, the neighbourhood renewal agenda may involve more radical intervention, where, for example, neighbourhoods are perceived as unlikely to become sustainable even with intensive community and economic regeneration activity. This is likely to be the case where low demand or abandonment are already a feature of the local housing market, or where the reputation of a neighbourhood is such that the existing community does not see a future for the area. Such intervention may include restructuring of tenure or land use within a neighbourhood. Again, we have identified where such intervention is part of the regeneration programme in our case study areas.

It is worth noting that the term 'housing plus' has been used to describe a range of initiatives and outcomes, although the concept is now somewhat dated, and has been superseded by the neighbourhood renewal agenda.[16] We have not sought to provide a definition of housing plus here, but in general terms the activities that are commonly described as 'housing plus' are likely to fit within our broad definitions of community regeneration.

The community focus

National strategy to address social exclusion focuses on geographic zones, referred to as 'neighbourhoods', on the grounds that this is where the sharpest disparities in deprivation are found.[17] The Social Exclusion Unit (SEU) provides no exact definition of 'neighbourhood', suggesting that "local perceptions ... may be defined by natural dividing lines such as roads and rivers, changes in housing design or tenure or the sense of community generated around centres such as schools, shops or transport links".[18]
It is acknowledged that while ward boundaries are frequently used within the National Strategy to identify areas of deprivation, neighbourhoods may fall within, or cross, existing administrative boundaries such as electoral wards.[19] Indeed, different stakeholders within the community may have different perceptions of where the boundaries lie, and neighbourhoods may be defined by a variety of factors.[20]
A neighbourhood may comprise anything up to several thousand people or households, but could be based upon quite small settlements.[21]

15 Cabinet Office (2001); Cole *et al* (2001) and Duncan and Thomas (2001).
16 Evans, R (undated); CIH (1998).
17 Cabinet Office (2001).
18 *ibid*.
19 *ibid*.
20 For a full discussion of definitions of neighbourhood, and a critical appraisal of the SEU's approach, see MacLennan, D (2000).
21 *ibid*. See also Housing Corporation/European Institute for Urban Affairs (2001).

The term ‘community’ conveys a slightly different meaning to the term ‘neighbourhood’, suggesting a greater focus on people and stakeholders, rather than the geographical focus of ‘neighbourhood’, and possibly also a focus on smaller settlements.[22] However, for the purposes of this research we have assumed that the term ‘community’ is interchangeable with the term ‘neighbourhood’, but that, within that geographical definition, there may be other ‘communities’ (e.g. ethnic groups, young people, homeless people) where targeted initiatives are a critical part of community regeneration). The approach used to define the geographic boundaries of any particular community has not been a critical factor in our evaluation of the case study areas. However, what has been an issue for each of our case study organisations is the extent to which regeneration activities are focussed solely on their traditional customer base (i.e. tenants and leaseholders) as opposed to the wider population resident in the community/neighbourhood (who in the community regeneration context may become recipients of housing association services). This is a matter we examine in further detail in chapter 4.

Methodology

This project was designed to provide an analysis of:

- the breadth of community regeneration activity in the case study areas;
- whether and why each case study organisation believes community regeneration to have been important;
- the lessons, if any, to be learnt in the current policy context.

It was not the intention of this study to provide a comprehensive evaluation of the outcomes of community regeneration activities in the case study areas, either individually or on a comparative basis. While we have examined such information as is available on both the outputs and the outcomes of the case study organisation’s programmes, this should not be taken to represent a systematic analysis of the overall impact of community regeneration investment in the case study areas (and, for example, does not take account of whether any measurable change in local conditions is likely to have occurred anyway, or whether outcomes involve displacement from other neighbourhoods). Indeed, there are a number of practical limitations on the extent of evaluation activity that the researchers could carry out:

- It was not within the scope of the study to commission primary research into the range of factors that need to be taken into account in assessing the impact of regeneration activity and neighbourhood sustainability (such as, for example, residents’ views), and we are therefore dependent upon pre-existing data and information sources. The case study organisations’ housing management records and existing survey evidence provide our principal data source, and the focus of our analysis is therefore on popularity and demand in the social housing sector (which is just one element of any broader assessment of sustainability). These data are supplemented by the views of officers on the impact of investment in community regeneration.

- It is too early to make judgements about the overall impact of community regeneration activity in the case study areas. While in Partington and Poplar, physical refurbishment programmes are nearing completion, the ‘youngest’ transfer

22 Housing Corporation/European Institute for Urban Affairs (2001).

organisation, Optima, is just over halfway through its refurbishment and redevelopment programme, with many residents still affected by works on site and communities still in a state of flux. Community regeneration programmes are still ongoing in each case study area, and while it is reasonable to make an interim evaluation of available data, their impact is unlikely to be fully felt for some years.

- Both Optima and Poplar are currently in the process of establishing evaluation frameworks. At Optima this has involved a review of the approaches to evaluation adopted by different regeneration schemes, as there is no standardised evaluation methodology for assessing the outcomes of housing related regeneration programmes. While there are a number of sources of guidance on the evaluation of regeneration schemes, generally linked to the funding source and government office or other agency responsible for funding, successive studies have noted the shortcomings in the theory and practice of evaluation, both in relation to area based regeneration initiatives generally, and housing related regeneration in particular.[23] This matters because measuring the impact of community regeneration is a complex process, which needs to take account both of the differing starting points of individual communities and the way in which neighbourhood economies interact with and are affected by the broader sub-regional and regional economy. Evaluation needs to take account both of 'hard' outcomes (jobs created, crimes reduced, educational standards raised) and 'soft' outcomes (development of social capital and community capacity, and changes in perception of neighbourhood). Further the ERCF programme was not accompanied by any explicit guidance on local evaluation (and in any case, Partington pre-dates ERCF). Housing associations receiving stock transfers under the programme were required to submit an initial delivery plan, which is updated annually, and progress against this is monitored by the Housing Corporation. However, there is no specific framework for monitoring community regeneration outputs, and there are no other specific evaluation or monitoring requirements for ERCF funded community regeneration (other than the general requirements set out in the Housing Corporation's Regulatory Code). Benchmarking data were sought from authorities involved in the ERCF programme, although we have not been able to obtain this for this study.

Material for the study was gathered through interviews with senior association officers in each of the case study areas (which took place in April 2001).This was supplemented by the analysis of key documentation for each association (including the original offer document issued to residents, business plans, ERCF bids and delivery plans, details of other funding awards where relevant and performance reports). We have used published performance indicators for Poplar and Optima, and where available, locally reported data for Partington HA (as published performance indicators relate to the whole of Manchester & District HA). Poplar HARCA was inspected by the Housing Corporation in 2001, and we have drawn on the findings of the inspection report.

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23 Guidance on the evaluation of local regeneration partnerships has been produced by the DETR (1999), and specific programmes such as New Deal for Communities are also subject to evaluation requirements. The Housing Corporation publishes a toolkit of sustainability indicators to assist in assessing the sustainability of investment proposals, taking particular account of demand (Housing Corporation/European Institute for Urban Affairs 2001). However, successive research studies have highlighted the shortcomings in both the theory and practice of evaluating the impact of regeneration; see for example Audit Commission (2002) ("The current evidence base is often out of date and is far from comprehensive. Furthermore, it is often focussed on mapping needs and spending, rather than opportunities and indicators for improvement that will help track change.... Most interviewees can make no real link between national targets and service improvement plans on the one hand, and local neighbourhood renewal work on the other"); DETR (2000a); Neighbourhood Renewal Unit (no date).

3 Context

The extent and causes of social exclusion

In 1997 the Government established the Social Exclusion Unit (SEU) to investigate and tackle the causes of social exclusion. Using a range of available data sources on factors such as unemployment, benefit dependence, educational attainment, health, and the condition of housing, the SEU demonstrated the large gap that exists between the quality of life experienced by those living in the country's most deprived communities, and that enjoyed by the rest of the country.

While the SEU acknowledges that there is no clear cut off point in defining which communities are deprived (or indeed in establishing the number of neighbourhoods, which may not neatly follow administrative boundaries), the National Strategy has focussed on the 841 electoral wards which represent the poorest 10% as measured by the Indices of Deprivation 2000. The highest concentrations of poor wards are in the North East (19%), the North West (26%), London (18%) and Yorkshire and Humberside (9%), and most are in urban areas, one-industry or no-industry towns and coal mining areas.[24] Of these just under 700 wards are concentrated in 88 local authority districts, which the Government has targeted for Neighbourhood Renewal Funds (and associated community empowerment grants).

While each of our case study areas features in the 10% most deprived wards, Partington (in Bucklow ward) is one of over 140 wards in the 10% most deprived overlooked by the Government's targeting mechanism for Neighbourhood Renewal Fund (and associated funding sources such as the Community Empowerment Fund). In addition, while part of the Optima area is located in Ladywood, the 346th most deprived ward in the country, some stock is located in Edgbaston which contains some of the highest priced property in the West Midlands, and is one of the 20% most affluent wards in the country. Other deprived communities may exist within wards which are outside the 10% most deprived.

The underlying causes of neighbourhood decline are identified as social and economic: including mass joblessness and the decline of manufacturing industry, rising skills demands that limit future employment prospects, family breakdown, the declining popularity and residualisation of social housing, and the growth of the drugs economy.[25]

The SEU found that overall the gap between the most deprived wards and the rest of the country was widening, despite successive Government programmes to deliver regeneration. This suggested that traditional approaches to regeneration were not working, and the SEU has highlighted the ways in which the operational practices and investment decisions of public sector agencies, whether at national, regional or local level, at best, failed to arrest, and at worst, contributed to increasing social exclusion.[26] Short term approaches to investment in regeneration, and a failure to bring mainstream resources to bear in tackling social exclusion, were highlighted as contributory factors.

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24 Cabinet Office (2001).
25 *ibid*.
26 SEU (1998).

Six key barriers to regeneration were identified:

- failure to address the problems of local economies;
- failure to promote safe and stable communities;
- poor standards of core public services;
- failure to involve communities;
- lack of leadership and joint working;
- insufficient information and poor use of it.

In addition, the SEU highlighted the problems caused by dependence on short-term regeneration programmes and funding. The regeneration of deprived communities requires sustained investment, rather than short-term, narrowly focussed funding programmes. This has prompted a focus on the need to 'bend' mainstream funding sources, so that they are capable of sustaining regeneration activities in the long term.

Eighteen Policy Action Teams (PATs) contributed to the development of a new strategy to address social exclusion, by seeking to learn the lessons of past failures and build on the available evidence of what works.

The national strategy for neighbourhood renewal – targets, objectives, funding

The principal objective of the national strategy action plan is that within 10 to 20 years, no one should be seriously disadvantaged by where they live. Specifically, the Government wishes to ensure that in all the poorest neighbourhoods there is lower worklessness, less crime, better health, better skills and better housing and physical environment than today, and that the gap between the poorest neighbourhoods and the rest of the country has been narrowed.

Through the action plan, the Government has sought to ensure that action to tackle social exclusion becomes someone's responsibility, so that deprived communities do not continue to fall through the net. It aims to do this by creating targets for each of the above policy areas which are enshrined within Public Service Agreements (PSAs) with the relevant Government department. The intention is that PSA targets will be translated to the local level through local PSAs and Best Value Performance Plans. Local strategic partnerships will provide the mechanism for a full cross section of local service providers (public, voluntary and private) and community representatives to ensure action is delivered at a neighbourhood level, with the objective of meeting Government targets.

A further key objective of the National Strategy is that mainstream funding will be brought to bear on the neighbourhood renewal agenda, so that initiatives are not solely dependent upon short-term, special, funding sources. The call to 'bend the mainstream' is central to the neighbourhood renewal agenda, although Government has acknowledged that this will present a considerable challenge to public sector agencies, and has provided a series of funding sources (including the Neighbourhood Renewal Fund itself, the Local Public Service Agreement Performance Fund, and a series of community development funds) designed to support the transition to a new approach. These funds are available in areas identified as the most deprived in the country (as described earlier in this chapter) and are to be targeted in accordance with the local strategic partnership's renewal strategy. The Neighbourhood Renewal Fund is not 'hypothecated' meaning that local strategic partnerships may direct funds as they see fit. While this provides genuine flexibility for targeted authorities, there are many deprived communities which will not be eligible for NRF funding. There are also questions about the extent to which NRF funding will find its way to stock transfer communities.

For areas that are outside the NRF framework, but which contain deprived neighbourhoods, there is a wide range of funding sources (which are also available to NRF targeted areas). We do not seek to rehearse them here[27], but funding sources open to all include Regional Development Agencies' single pot (the successor to the Single Regeneration Budget (SRB)), which is intended will provide a more flexible and less prescriptive resource than SRB, and funding targeted at particular policy areas such as Sure Start, the Neighbourhood Wardens Programme and the Housing Corporation's Community Training and Enabling Grant. While funding is available, the range of funding-related problems identified by the SEU (involving short-termism, problems associated with 'hypothecation' and the complexity of responding to a range of funders' requirements) will continue to apply in areas outside the NRF framework.

Recent research by the Audit Commission suggests that a year into the delivery of the strategy, there is limited evidence of joined-up action to ensure that national targets can be delivered by holistic local programmes (as well as considerable confusion about what it means to bend the mainstream).[28] There was evidence of differences in (central government) departmental approach on this issue, with some ministries placing greater emphasis on achieving the social exclusion targets than others. Health bodies and social services departments particularly reported a continued focus on 'core business' and other national targets, rather than the social exclusion targets.[29] On the other hand, some local strategic partnerships were of the view that national targets are less important than the commitment of individuals at a local level to secure change; and that a 'can do' attitude in some areas is enough to build up a momentum for change. The Audit Commission report provides examples of how local agencies are seeking to 'incentivise' support for neighbourhood renewal, to relax traditional organisational aspirations, and to facilitate the redirection of mainstream funds to support local agendas.

Stock transfer and community regeneration

Stock transfer before 1996

Before 1996, voluntary transfers of local authority housing stock were a largely shire district phenomenon, involving an authority's entire housing stock, and with the exception of the Ryedale and Hambleton transfers, confined to the southern half of England. Changes to the subsidy rules for local authority housing in 1990 meant that transfer was more likely to be both viable and attractive to tenants in areas where guideline rents were rising (predominantly the south), less so in the north of England where rents were lower.[30] In the absence of mechanisms to fund negative and low value transfers, stock transfer was an option confined, at least nominally, to housing with a positive value; between 1988 and 1995 the value per dwelling of stock transferred ranged from £6,508 to £11,724.

27 NHF (2002) provides information about a wide range of funding streams.
28 Audit Commission (2002).
29 *ibid* page 12.
30 Audit Commission (1993).

The barriers to urban stock transfer were not solely financial. In addition to the difficulties associated with financing negative and low value transfers, urban authorities and their tenants had tended not to favour the traditional stock transfer model, involving the transfer of ownership to newly established housing associations with relatively low levels of tenant involvement (typically up to 20% of board places) at board level, and which were perceived as offering too limited an influence to local authorities. Party politics also played a part, with stock transfer being then perceived by many Labour controlled authorities as an unacceptable Conservative policy option. Prior to 1996 four London boroughs and two metropolitan boroughs balloted their tenants on stock transfer;[31] tenants supported transfer in only one London borough (Bromley). But in both the metropolitan boroughs (Manchester and Walsall) where proposals for the transfer of specific estates had been developed in close collaboration with the communities affected, and involving governance models that differed from the stock transfer 'norm', tenants supported transfer.[32]

While conventional stock transfer models offered limited opportunities for urban stock transfer, council estates in six local authority areas had been transferred out of local authority ownership in the early 1990s as part of the Housing Action Trust (HAT) programme. Originally funded directly by Government, without any requirement to attract private sector finance (although subsequently housing associations became involved in the programme, as partner organisations, in order to attract private finance), the HAT programme was designed to deliver holistic regeneration, tackling both physical and environmental refurbishment and redevelopment and wider community regeneration. Tenants retained their secure tenancies, but became tenants of the HAT (a non departmental public body), with the right to opt to return to their local authority landlord on the completion of the programme. The costly creation of a previous administration, the HAT programme was not repeated under Labour, although the programme is acknowledged to have transformed HAT communities.[33]

During the mid 1990s the housing profession – led by CIH – debated and developed alternatives to the traditional stock transfer model.[34] In 1995 the (then Conservative) Government indicated that it intended to address some of the barriers that had inhibited stock transfer in areas of low and negative value stock.[35] A challenge fund for estates renewal was introduced to offset low and negative valuations and address poor asset cover,[36] and the Government gave an indication that it would consider subsidising residual HRA debt. Changes to statute enabled the Housing Corporation to publish new registration criteria which would allow both traditional housing associations, and new local housing companies, to become 'registered social landlords'.

The profile of stock transfer activity was to change as a consequence.

The Estates Renewal Challenge Fund

The Estates Renewal Challenge Fund (ERCF) was launched in December 1995 to support transfers of "poorer quality local authority housing to new landlords". The fund was provided in the form of capital and revenue grants, which could be used to cover the following:

31 Excluding transfers involving less than 500 units.
32 The governance arrangements for the Partington transfer are discussed in chapter 4 below. In Walsall, Beechdale Community Housing was established with a tenant majority on the board.
33 National Audit Office (1997).
34 See for example Wilcox, S *et al* (1993); Zitron, J (1995), and JRF/KPMG (1996).
35 DoE (1995a); DoE (1995b).
36 DoE (1995c).

- payment of dowries to new landlords where stock had a negative value (on the basis of the standard Tenanted Market Value calculation) and the costs of essential repairs could not be met within affordable rent levels;
- essential capital works and/or related costs carried out before transfer;
- set up costs for new landlords;
- the costs of other elements of regeneration, such as anti-crime initiatives or employment and training provision. Authorities were encouraged to seek such resources on a match-funding basis. Any such grant "would not be expected to constitute major elements of any transfer".

Between 1996/97 and 2000/01 thirty-nine transfers took place with the support of ERCF in twenty-four local authority areas. Just over 43,000 homes were transferred, at a cost of £488 million in grant, and with a commitment of £780 million in private finance. This compares with the three transfers that had taken place in London and metropolitan boroughs between1988 and 1996.

There is no record of the extent of community regeneration activity financed through ERCF. Fourteen transfers involved a 'regeneration' element in the grant award, varying from an award of £41 per unit to £2,371 per unit, suggesting that, as a minimum, these transfers involved a community regeneration component.[37] However, this statistic may not present a full picture of the investment achieved in non-housing regeneration. As the experience of our case study organisations shows, transfer landlords may have incorporated provision for community regeneration activities within the stock valuation and business plan (as is the case in Poplar), rather than using ERCF 'regeneration' funding to support community regeneration (as is the case at Optima).

While the Government has not yet carried out its planned evaluation of ERCF, it is evident that the scheme had a major impact in stimulating stock transfer activity in urban areas (although as noted above, other factors also played a part). While there have subsequently been a number of successful whole stock transfers in urban areas, the scale of partial transfer in urban areas has declined dramatically by comparison with the ERCF years. We turn now to look at the reasons for this.

Post-ERCF – opportunities for urban transfers

The financial parameters for urban transfers differ as between whole stock and partial stock transfers. The value of stock in urban areas, and particularly in areas requiring holistic regeneration, will be low relative to the attributable local authority debt, or even negative. Transfer of the whole of an authority's stock where the stock value is negative is still not possible under Government policy. Whole stock transfer of low value stock is possible providing the value at least covers debt redemption penalties and transfer-related costs. (However, the Local Government Bill published in May 2002 proposes to give the Government power to fund these latter costs). Where that minimum valuation can be achieved, the Government is able to pay 'overhanging debt' i.e. the difference between the authority's HRA debt and the value of the stock less debt redemption premium and transfer-related costs. This system has allowed transfers to proceed, for example, in Coventry, Sunderland, St Helens and Knowsley.

The financial parameters for partial stock transfers are, at least in principle, looser. Positive or negative value partial transfers are allowed. Transfers of fewer than 500

37 Derived from data on ERCF supplied by ODPM.

dwellings do not have to secure a place on the ODPM stock transfer programme. HRA subsidy continues to be paid on the debt repayments attributable to transferred stock.

The practical constraint on partial transfers is that, since the end of the ERCF, there has been no dedicated fund for dowries. This means that local authorities have to fund these from their capital resources (e.g. credit approvals or capital receipts) or secure funding from wider programmes (e.g. New Deal for Communities) which can be used to provide dowry funding. Local authorities also develop partnership schemes (usually involving housing associations) which can involve developing housing (or other assets) to provide subsidies for social housing including dowries. Some authorities, like Manchester with Manchester & District HA in the pre-ERCF days, find a housing association partner willing to take on stock which, technically, has a negative value, without requiring a dowry.

As well as there being limited capital for dowries, there are also revenue disincentives for local authorities considering partial transfers. The loss of rent income through partial transfer often cannot be compensated for by a reduction in costs because the authority will have substantial fixed costs. The HRA subsidy system does not reflect this. HRA subsidy is only recalculated mid-year where an authority has transferred a relatively large amount of its stock; this can mean that, where a small transfer takes place mid-year, the authority is still deemed for subsidy purposes to have a full year's rent income on that stock. This problem existed in the time of ERCF but the incentive of extra capital outweighed the revenue problems. Thus, the context for partial transfers is tougher than that in which both Optima and Poplar HARCA were developed.

The position in Scotland differs from England as housing is within the remit of the Scottish Executive. There has so far been only one whole stock transfer in Scotland, in Berwickshire in 1996. In 1999, the then Scottish Office announced a new programme of support for transfers know as the New Housing Partnership (NHP). Seven authorities were originally granted funding for investment option appraisals, and many authorities have subsequently obtained funding (there is not and has never been a comparable source of central funding for English authorities). NHP also provides overhanging debt funding. Four authorities are actively pursuing whole stock transfer, Glasgow, Dumfries and Galloway, Scottish Borders and Shetland Islands. Glasgow, Scottish Borders, and Dumfries and Galloway have all secured the support of tenants in a ballot. The Glasgow funding package has gone beyond even the original intentions of NHP and is expected to total £1.6 billions. As well as overhanging debt funding, the package includes a grant for central heating, set up costs and a ten-year new building programme (by way of housing association grant, the Scottish equivalent of social housing grant).

The funding of new build within the Glasgow transfer is particularly notable in the context of regeneration where demolition, and therefore the need to give assurances to residents about the availability of new homes for decanting, may be a critical issue. No linkage between the stock transfer funding system and the SHG funding system is currently possible in England. Anecdotal evidence suggests that the inability of Birmingham City Council to be able to offer a comparable commitment in its offer to tenants contributed to the negative ballot result. In reality, firm new build commitments can only be built in on a small scale or where these are funded predominantly or wholly outside the SHG system (e.g. through cross subsidy from land sales).

Funding for partial transfers in Scotland is not as generous as the whole stock package. As in England, there is no dedicated dowry fund and overhanging debt funding does not apply. The Scottish Executive will consider giving revenue support to an authority following a partial transfer but this is time limited.

Conclusions

The position in relation to transfer-based regeneration is therefore ambiguous and complex. On the one hand, the Government has placed major emphasis on holistic regeneration and on joined up working. It also emphasises the important role stock transfer has in this. On the other, however, the core funding system for partial transfers (which are likely to be most relevant to neighbourhood renewal) is less supportive than that which existed in 1995.

The system for partial transfers does not provide ready resources to meet the core stock transfer aims of meeting the decent homes standard in negative value transfers. There is no ready way of providing a commitment to new building comparable to the refurbishment commitments generally found in transfers, which creates uncertainty for tenants in areas requiring substantial demolition.

4 The case studies

Profile of the case study areas

The transfers – key facts and area profiles

The case study areas were chosen to provide a range of contexts in which urban transfer has taken place. Key facts are set out below:

Figure 1

Association (Local Authority)	Date of transfer	Number of dwellings	Price per unit [ERCF per unit]	Private finance per unit
Partington HA* (estates owned by Manchester City Council, but located in MB Trafford)	March 1996	1,409	£7,175	£17,743
Poplar Housing & Regeneration Community Association (London Borough of Tower Hamlets)	March 1998 Dec 1998 Feb 2001	1,859 2,431 196	[£18,942] [£7,805] Nil value	£23,858
Optima Community Association (Birmingham City Council)	June 1999	2,813 (1,889 for retention)	[£17,968]	£19,587

* A non-property owning subsidiary of Manchester & District HA, now part of Harvest Housing Group

In each case, substantial refurbishment programmes lay at the heart of the transfer proposals, with demolition and redevelopment of stock involved in both Poplar and Optima.

Funding arrangements for the case study areas vary. While the Poplar and Optima transfers took place with the benefit of ERCF funding, Partington did not. However, the positive transfer value recorded for Partington did not reflect the true value of the estate; the transfer has been subsidised by Manchester & District Housing Association. (Funding arrangements are detailed later in this chapter, and we also examine the impact that ERCF has had upon the nature of community regeneration programmes.)

A further critical difference between case study areas is location.

Poplar, in east London, is an area of isolated and deprived housing estates, cut off from surrounding communities by major transport routes and decaying industrial sites. However, it has considerable potential, located as it is at the intersection of two of London's major strategic corridors (the Lee Valley and the Thames Gateway) and immediately adjacent to the London Docklands Development. While the area has not shared in the growing economic prosperity enjoyed by much of London, a £23 million SRB6 programme has recently been launched which seeks to reverse this trend. Property values in the area are reasonably buoyant; and while some estates are unpopular, underlying demand for social housing is strong.

Unlike Poplar, both Optima's estates and Partington are located in regions substantially affected by problems of low demand for social housing. However, the two communities differ considerably in other respects.

The Optima estates are located on the fringe of Birmingham City Centre, which has itself been the subject of a major regeneration programme, and like Poplar, is an area of considerable potential growth. However, in order to benefit from this potential, the regeneration of the area is predicated on fundamental change in the structure of the local housing market. The city council has carried out research which indicates that there is a substantial over-supply of social housing in the city, and Optima's plans involve the demolition of 925 former council properties. These are to be replaced by around 1,400 homes, the majority of which will be housing for sale, although a minimum of 250 new homes will be for rent in the social sector. Restructuring of land use and the physical layout of the area, and a substantial change in tenure mix, effectively creating a new city centre community, are seen as essential to the future sustainability of the area (although some residents have expressed concerns that these changes will result in gentrification, squeezing out the original community). The area, referred to for ERCF as the 'central area estates' has been rebranded 'Attwood Green'. The association's business plan is unusual in depending on income from land sales – considered viable by funders because of the area's location. Birmingham City Council agreed, as part of its commitment to regenerating the area, that proceeds from land sales within the boundaries of the transfer would be retained by Optima. Further, it has committed itself to use the proceeds of the sale of any retained land only within the area.

Partington is less well favoured geographically; it is a small, relatively isolated town on the fringes of the Metropolitan Borough of Trafford (although Trafford as a whole is a relatively affluent borough, ranked 207th on the Indices of Deprivation 2000). Across the North West as a whole, similar communities are experiencing high turnover and low demand; current performance levels (see later in this chapter) need to be understood in this context. However, there is a strong local community that, in the years preceding transfer, had been active in seeking to address what was perceived as years of neglect, and has subsequently been involved in the development and delivery of plans for the regeneration of the community. Nevertheless, low demand is a permanent risk, which has to be vigilantly monitored and managed.

Socio-economic profile

Each of the case study areas had been the subject of a sustained period of economic decline prior to transfer[38], and each community is characterised by high levels of social and economic deprivation. Each has at least part of its stock in a ward that falls within the 10% most deprived when ranked by the Indices of Deprivation 2000 (although, as noted above, some Optima stock is located in Edgbaston, an affluent ward that in isolation would not trigger regeneration funding under the NRF formula).

The Poplar and Optima communities are ethnically diverse; the Partington community less so:

- In 1991 31% of the population of Poplar wards was of black, Asian or other minority ethnic background, although recent estimates based on a sample survey conducted in 2000 suggest that the figure is nearer 50% among HARCA residents. The ethnic profile of individual estates varies. The largest minority ethnic group is Bangladeshi (23% of tenants), with Caribbean and African tenants comprising 7% and 5% of the population respectively.[39]

38 Harvest Housing Group – Partington Transfer Briefing Note; Leaside Regeneration Ltd – SRB 6 Bid Application; BCC ERCF Final Bid – Benmore, Lee Bank, Woodview.

39 Data on ethnic background drawn from 2001 Tenant Satisfaction Survey, and Leaside Regeneration Ltd – SRB 6 Bid Application.

- In 1991 the proportion of people of minority ethnic background on the transferred Optima estates was as follows: Lee Bank 31%; Woodview 32%; Benmore 42%. A recent tenant survey found that minority ethnic groups made up around 32% of Optima residents. Residents of Caribbean origin form the largest minority ethnic group (21%); other ethnic groups are African (4%), other Black (2%), Indian (1%), Chinese (1%) and other Asian (1%).[40]
- Less than 2% of the population of Partington was of ethnic minority background in 1991.[41]

For each case study, the transferred housing forms part of a broader neighbourhood comprising owner-occupiers and tenants of other social and private sector landlords. In Poplar and Partington the transferred estates make up less than half of the residential housing in the area, while in Birmingham, Optima's housing stock makes up the majority of residential provision in the area. As noted above, this raises questions about the stock transfer landlord's role in serving the wider community. Each of the case study organisations has to a greater or lesser degree become involved in delivering services to the wider community, operating beyond the landlord remit. In each case, this was perceived as a natural and appropriate consequence of involvement in neighbourhood renewal activities, although it raises some potentially difficult questions about how services are financed. These issues are dealt with later in this chapter.

Governance and resident involvement structures

Optima and Poplar are both newly established, freestanding local housing companies, which were created by the transferring local authority to receive stock transfer.

For the Partington transfer, the decision was taken to invite existing housing associations to bid to become the potential transfer landlord. Manchester & District Housing Association was selected to develop the transfer proposals (in a selection process involving tenant representatives). The association established a subsidiary, Partington Housing Association, to manage the transferred stock, which is owned by the parent organisation.

In each case tenants form at least a third of the board/management committee, and are elected by fellow tenants.

The Poplar and Optima transfers both took place following the change in Housing Corporation approach to permit the establishment of local housing companies. In Poplar a third of board members were tenants, while at Optima seven of the fifteen board member places were reserved for tenants. The chair of the HARCA board is a tenant of the association.

In Partington, the association adopted a management committee membership structure involving one third Manchester & District committee members, one third tenants, and one third other local people. In practice, tenants are able to take up places in the 'other local people' constituency, and therefore hold a majority on the committee. As in Poplar, the current chair is a Partington Housing Association tenant.

In each case, the creation of new landlord bodies located within the transferred community had the effect of bringing decision making much closer to the community than it had been previously (all the estates were previously served by housing

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40 NHF Tenant satisfaction survey for social landlords – Optima CA February 2002.
41 MB Trafford Neighbourhood Wardens Grants Programme Bid.

departments covering tens of thousands of homes, and in the case of Partington, the council was geographically distant from the estate, and locally elected councillors had no influence on the delivery of the housing service).

Commitments to increase opportunities for resident involvement were given in each of the transfers.

In Poplar estate boards made up of elected tenant representatives were set up on each transferred estate (seven in all), and the boards send representatives forward to a joint estate panel (which in turn elects the tenant board members of the HARCA board). There are 92 estate board members in all.

At Optima, there are seven residents' and community associations across the five estates, including a new residents' association established in 2001/02. A leaseholder group represents leaseholders across all five estates.

At Partington, one tenants' association, Community Action, serves the area and has a permanent office base on the estate. The association involves tenants in monitoring its performance through two panels, a service delivery panel and an environmental services panel.

The impact of new governance and resident involvement arrangements is examined later in this chapter.

Community regeneration in the case study areas

The breadth and nature of community regeneration

A key driver for community regeneration activities in the case study areas was the perception that sustainable communities would be essential to the long-term viability of investment in the area. As noted earlier, each of the transfer areas exhibits characteristics of social exclusion, and is highly ranked on the Indices of Deprivation. In each area, case study landlords entered into transfer with the view that investment in bricks and mortar alone would not address problems with the manageability and popularity of estates.

However, despite broad acknowledgement in each area of the importance of non-housing community regeneration (and despite the fact that in each case the housing association believes that the ability to deliver a community regeneration programme was critical to its success), the extent to which commitments on regeneration could be accommodated in the offer made to tenants at the time of transfer varied. Similarly, the scope and nature of community regeneration programmes differs between areas. This is in part a reflection of what associations could afford to offer, and in part a reflection of community needs.

Figure 2 provides an overview of the extent of current regeneration activities. In each case, the associations have either directly delivered, been partners in the delivery of or are seeking to develop, initiatives that cover each aspect of the SEU agenda, including access to employment and training, community safety, youth and education initiatives, health care, transport and retail provision, leisure or cultural initiatives and community empowerment and capacity building. A key message from the case study organisations is that they consider any issue affecting quality of life and community sustainability as a relevant area of interest for the organisation, although the nature of their involvement in any particular issue will vary according to circumstance.

Figure 2: Scope of and funding for regeneration activities in the case study areas

	Partington, Trafford		Poplar, Tower Hamlets		Optima, Birmingham	
Regeneration activities	Funded from business plan	Funded from other sources	Funded from business plan/ERCF	Funded from other sources	Funded from business plan/ERCF	Funded from other sources
Major works to existing dwellings	√		√		√	
Demolition or remodelling	√		√		√	
Works to the physical environment	√	√	√	√	√	√
Works to community buildings for use/management by the HA or its residents	√	√	√	√	√	
Provision of vocational training	√	√	√	√	√	√
Provision of other training (e.g. personal/language skills training)		√	√	√	√	√
Procurement policies to secure use of local labour	√		√		√	
Other initiatives to help people into work/education/training	√	√	√	√	√	√
Security/safety/anti-crime initiatives	√	√	√	√	√	√
Youth initiatives: Social/educational/rehabilitative		√	√	√	√	√
Anti-poverty initiatives		√	√	√	√	√
Independent living initiatives/ individual tenancy support		√		√		
Social activities		√	√	√	√	√
Cultural/artistic initiatives		√	√	√	√	√
Direct community development support	√		√	√	√	√
Training and development support for residents	√		√	√	√	√
Joint ventures with other sectors (e.g. health promotion/work with schools)	√		√		√	

The nature of their involvement in any particular activity is influenced by their status as either landlord or interested third party, and their purchasing power.

The issue of local shopping facilities is a useful example. Where case study organisations are landlords of retail sites, they have used their influence directly to seek improved and appropriate retail provision for the community (for example through crime prevention initiatives to support local businesses, and by seeking to attract suitable retailers into the community). However, even where case study organisations have no landlord role, they have each sought to influence the provision of shopping facilities, by working with partner organisations (including the local authority and other regeneration agencies) to secure change; for example one case study association is represented on a local authority working group reviewing the future of a local shopping centre that is viewed as wholly inadequate to meet community needs.

A second example is the use of procurement policies to increase the use of local labour. The case study associations have each sought to use their position as investment agents and employers to generate training and job opportunities for local people.

We examine the ways in which each organisation formulated and funded its programme in the following sections of the report. (Further detail about the content of each organisation's community regeneration programme is provided in the case study reports from this project, available on the CIH website http://www.cih.org/cgi-bin/display.pl?db=policies&id=342).

Partington

In Partington, plans for community regeneration were relatively limited at the time of transfer. The transfer business plan did not provide for a dedicated community regeneration function, and provided no funding stream for community regeneration initiatives (other than the provision made for intensive housing management, and services such as caretaking within management budgets). While management allowances were set to allow for intensive levels of housing management, there was no dedicated staff resource for community regeneration; instead, senior housing management staff have assumed responsibility for partnership working, fundraising and developing the community regeneration programme. The offer to tenants focussed on the housing refurbishment programme and local governance arrangements, and did not mention involvement in non-housing activities. However, through the consultation process that preceded the transfer ballot, tenants had highlighted their concern that new investment in the area should produce jobs for local people. Responding to this concern became the key element of the association's community regeneration activity immediately after transfer.

Through its contract with its main contractors Jarvis Training Management, and a partnership agreement between Harvest, South Trafford College and Jarvis, the association was able to deliver a local training and employment scheme which placed 97 people into permanent employment. Subsequently, environmental works were delivered using a workforce employed largely through a New Deal for Employment scheme, and the association has continued to encourage potential contractors to select apprentices from within the community. The association's caretakers were employed through Work Options and New Deal, and are now part of the association's permanent workforce.

However, since transfer the scope of the association's regeneration programme has broadened, and its 'vision' has developed. This has coincided with increased awareness of problems of low demand, and the vulnerability of deprived and unpopular neighbourhoods to problems of high turnover and abandonment. Partington's management committee has developed its interest in a broad range of community and economic regeneration initiatives aimed at addressing community needs (from crime prevention and youth services, to health, transport and retail provision). These are in addition to housing management and physical regeneration initiatives aimed at securing the viability of the community which include:

- the introduction of furnished lettings;
- the use of introductory tenancies, and a nuisance strategy that focuses on tackling anti-social behaviour;
- the focus on undertaking improvements to groups of empty properties, and the surrounding environment, to improve appeal to prospective tenants.

As a consequence of its involvement in partnership activities, its expertise as a 'partner' to other agencies and in raising funds has grown. A fundamental boost to the regeneration programme came with the success of an SRB Challenge Fund Round 4 bid in 1997. Partington HA worked with Trafford MBC on the development of the bid, and has been a leading member (and match-funder) of the SRB partnership. The funding provided through SRB was relatively modest (£2.9 million over seven years), but the partners argue that it has provided a catalyst for partnership activity and community development, and has encouraged the partners to seek ways of bending mainstream provision to meet specific local needs. Partington HA described the benefit of the SRB4 bid as having "an impact on the community far in excess of its monetary value".

Examples of this work include an ongoing partnership with South Trafford College (which has a site within the transferred estates) which has continued to provide training opportunities for residents, where possible linked to employment opportunities that arise from regeneration initiatives (such as the employment of neighbourhood wardens). The college's Broadoak campus also provides a site for SRB funded employment access support, and childcare/crèche provision. Partington HA has itself been a provider of a number of partnership initiatives including the extension of its environmental improvement programme to the wider community (funded through SRB), the provision of community caretakers in partnership with Trafford MBC, and more recently, the provision of CCTV and neighbourhood wardens again in partnership with the council, but with funding from the Home Office and DTLR (now ODPM).

In addition, Partington HA officers and committee members are involved in a number of other community and economic development partnerships that have been established in the area. These include a transport co-operative which runs mini-buses and cars to give residents access to work, and essential services (including leisure and social activities). The association is actively involved in seeking to improve retail provision, and officers are involved in a number of initiatives to support local schools and their students (staff members have become school governors and support a local mentoring project). An umbrella group (Partington Umbrella Group) was in existence prior to transfer to encourage co-ordination between agencies and initiatives, and we were advised that Partington HA tenants and other residents have been at the heart of both the Umbrella Group and associated partnerships. Discussions are underway to establish a Community Development Trust as a successor body for the area, and Harvest views itself as a lead agency in the development of this initiative. There are also plans to develop neighbourhood management (see below).

Officers advised us that Harvest's experience at Partington has had a significant impact upon the group's strategic approach and vision. The intensive management and community regeneration focussed approach adopted in Partington is to become a feature of all Harvest operations in areas of deprivation. The problem of low demand, which is a feature across the group's area of operation, has been a key driver of its increased interest in community regeneration. The group has recently developed a new strategic vision (see below) as a response to the challenge of low demand, and social exclusion, and an acknowledgement that traditional approaches to housing management and investment are of limited relevance for many of the communities it serves. Harvest is introducing a new operating model, again influenced by its experience in Partington, that distinguishes between services that can be delivered from a shared service centre and neighbourhood focussed activities that will be delivered locally. Neighbourhood managers and community partnership workers will drive the regeneration agenda in each neighbourhood. This restructuring also reflects a pragmatic response to resourcing community regeneration across the group; the economies of scale achieved for back office services through the shared service centre will be redirected to support the neighbourhood management focus. At neighbourhood level, housing association staff will establish and maintain partnerships and engage in fundraising to add value to the core service provided by the association.

Harvest Housing Group's Vision

Turning homes and neighbourhoods into places where people want to live and choose to stay.

However, while much of the Partington experience is positive, the partners identified a number of barriers that have prevented them from delivering all that the community requires. These factors relate principally to funding constraints, and the difficulties involved in sustaining meaningful partnerships (see below).

Poplar

While community sustainability is as critical to business plan viability in Poplar as Partington, the drivers of community and economic regeneration activity are somewhat different. Demand is, arguably, not a critical factor in Poplar; manageability is. At the time of the transfer, anti-social behaviour and poor estate environment were critical issues. The offer included commitments on environmental improvements, security improvements to communal areas, the introduction of security and cleaning teams to patrol the estates and community safety officers.

However, tackling economic and social deprivation were also priorities. The area includes some of the poorest electoral wards in the country, and estate populations are ethnically mixed, and in some areas race relations have been poor. There was a strong focus from the outset on community empowerment and the development of community capacity (although this did not feature as strongly in the offer to tenants as the physical and environmental regeneration programme). This focus is reflected in the organisation's mission statement as well as its approach to funding and delivering regeneration. The HARCA's 30 year business plan includes provision for community and economic regeneration through the life of the plan, with a core contribution from rents assumed to be match-funded from other sources. The association's Director of Community and Economic Regeneration considers that the entire programme is critical.

Poplar HARCA's Mission

To work with local people to create an environment where they want to live, and to work with them to define and achieve their own financial and social aims

Locally based community centres are central to the HARCA's community and economic regeneration programme, and aim to provide a focal point for each community. New centres have been developed with ERCF and SRB capital grants, and the HARCA has developed a partnership with the Bromley-by-Bow centre which operates as the centre for HARCA tenants in its area of operation (the HARCA provides revenue funding to Bromley-by-Bow to support this activity). Centres provide meeting, information technology and training facilities, and a base for nursery/crèche facilities, youth provision, and a wide range of community activities. The HARCA's community and economic development programme was developed following a universal household survey which explored residents' needs and aspirations, and helped establish a database for each community. Using the results of the survey, and ongoing consultation with residents through their estate boards and working groups, a community plan has been developed for each area addressing both physical/environmental and community/ economic development needs. This also describes arrangements for working with partners, involving local people in service delivery, and provides a basis for local fundraising.

A community and economic regeneration team, headed by an officer at director level, develops and delivers overall strategy and leads on fundraising. The profile of the staff team serving each estate is tailored to the requirements of the community, and is resourced partly through the business plan and partly through other funding streams.

The housing association has adopted an intensive approach to housing and estates management, with a strong focus on estates maintenance and cleaning (carried out by specialist teams) and on tackling anti-social behaviour (the estate ranger service provides a physical presence on the estate, and deals with reports from tenants directly or via a 24 hour freephone service). Vulnerable tenants receive enhanced service levels, for example on handling repairs and redecoration, and customer services officers maintain regular contact with elderly tenants. The HARCA centres provide a location for the delivery of other support services within each community, including housing advice, welfare rights and victim support, and centre staff provide support to new Bengali and Somali tenants. The association translates all key written documents into Bengali and Syllethi, and its telephone answering service provides information in English and Bengali. Customer service staff speak Bengali and Syllethi. Translation into other languages is available on request.

Like Partington HA, the HARCA's experience of community regeneration has led it towards new approaches to neighbourhood management, and the association is involved in discussions about the establishment of neighbourhood trusts (see below).

Optima
Birmingham City Council's ERCF bid was underpinned by the assumption that the transfer of the central area estates was only viable if part of a "strategic and comprehensive framework" for regeneration, "accompanied by community development involving social and economic renewal".[42] Further reversing the decline of the area was essential to the broader strategy for the regeneration of the city centre; the existence of concentrations of deprivation and poor quality housing at the city centre fringe would undermine wider regeneration.

Like Poplar, rebuilding social cohesion and developing community capacity were priorities. Health statistics revealed a considerable gap between the transferred estates

42 BCC ERCF Final Bid, 1997.

and the city as a whole; addressing this gap is a priority for the association. Similarly, crime, anti-social behaviour and a poor physical environment received a high profile in the offer to tenants. A committee involving local residents was established prior to transfer to shape the regeneration agenda, and the social and economic programme adopted by the association was developed in partnership with this committee.

Unlike the other case study areas, the combination of physical, social and economic regeneration was not judged to be sufficient to achieve sustainability. As noted above, the transferred area is dominated by social housing, much of which is of non-traditional construction (traditional houses and bungalows comprising less than 3% of the local authority stock). Less than 5% of the transferred housing was leasehold. The transfer involved plans for large scale demolition and redevelopment, involving restructuring of land use and tenure mix (to achieve a 50/50 social/private tenure mix in communities which are currently dominated by former council estates).

While Optima's vision of community regeneration was arguably the most developed of the three case study areas at the point of transfer, with the offer describing a range of initiatives that were being developed on a pilot basis, the social and economic programme was originally scheduled to end in March 2004.[43] The service is funded directly from the ERCF regeneration allocation, which the association has ring-fenced to fund the programme, supplemented by external grant awards. However, the association has taken the decision to extend the programme, at least in part because of the scale of the redevelopment programme which will not be completed until 2008 at the earliest. It was felt that the community would continue to need support throughout this period. There is also an acknowledgement that the need for non-housing community regeneration activities will continue beyond the life of the redevelopment programme, and that the association needs to put in place a succession strategy for its existing programme. This is particularly the case because the association is currently, and wishes to remain, the principal regeneration agency operating in the area.

The association employs a core team of six, including the Head of Regeneration who is a member of the corporate management team. The programme has seven key elements:

- employment
- enterprise
- crime and fear of crime
- education
- health
- youth
- community empowerment.

In addition to its community and economic development activities, intensive housing management is a feature of Optima's approach. The association provides an integrated estate management service, using one contractor to provide caretaking, cleaning and grounds maintenance. Supporting residents affected by Optima's substantial demolition programme is also a key work area, as is dealing with nuisance, anti-social behaviour and crime. Optima's neighbourhood warden scheme involving four wardens has been cited as a good practice example by the Home Office, and has been a model for other initiatives in the West Midlands.

43 ERCF Delivery Plan, 2001/02.

Funding the non-housing elements of the programme

The funding arrangements for community, economic and social development vary in each of the case study areas; indeed, arrangements also vary between the two ERCF funded organisations:

- **Partington HA** has not had a specialist/dedicated community and economic development resource, but has established a generic approach in which senior staff oversee community regeneration and partnership activities alongside the housing management function. The cost to the association of partnership and community regeneration activities is estimated at £50,000 per annum; the association is dependent on its ability (and that of its partners) to generate funding from external sources in order to deliver regeneration initiatives. The association contributes match-funding and in-kind support to the neighbourhood warden scheme, and part funded community development staff in the SRB team for a fixed period. It has overseen the delivery of SRB funded environmental improvements in areas of Partington other than those owned by the association. Other external funding has been obtained to support partnership activities in the area which directly benefit Partington residents, although Partington is not in these cases the delivery agency. However, compared to Optima and Poplar, Partington is at a significant disadvantage: the size of the in house staff team dealing with partnership and regeneration activities is small by comparison with the ERCF funded organisations; such funding as is available comes from a patchwork of sources, often with specific spending and output requirements, so that some identified needs cannot be readily addressed; and while Optima and Poplar are now able to access NRF funding, Trafford MBC is not an NRF funded authority.

- **Poplar HARCA** was involved in the first two phases of the ERCF programme, and its bid included sums of £0.34m and £1.2m earmarked for regeneration. These sums were used to develop some of the organisation's community centres. In addition, the association structured its business plan to provide a sum of £2 per week per tenancy to support community regeneration activities on the estates in years 1-3, reducing to £1 per week in years 4-30. This was made possible by the valuation agreed with the Government at the time of transfer, and was in effect supported by the wider ERCF allocation. This contribution from rents provided a core budget for the community centres of just under £0.5m per annum for the first three years, which will reduce to just under £0.25m per annum. The HARCA is however committed to maintaining spending at around £1m per annum by raising match-funding from external sources to finance its programme. In 2001 income from external funding sources was £0.498m, which included grants from SRB, the European Social Fund, the Home Office and a variety of other public and private sources. The HARCA is located in an NRF funded authority, and has already attracted NRF support. The core budget is divided between the seven community centres (including the Bromley-by-Bow Centre which is independent of the HARCA) on a pro rata basis according to the number of tenancies in each area. Additional funding is supporting the HARCA's involvement in a neighbourhood partnership initiative and a neighbourhood management pilot.

- **Optima Community Association** has applied its ERCF grant differently to the HARCA, ring-fencing the £4.4m award for community regeneration activities to provide revenue funding for its social and economic programme, initially over a five year period to 2004 (but now extended to 2008). Like the HARCA, Optima has been active in seeking match-funding from external sources, and has been able to finance a range of programmes using funding from sources including SRB4, European Social Fund, the Home Office and the Neighbourhood Renewal Fund. Between 1999/00 and 2003/04 these will have contributed in excess of £0.6m. Optima is considering succession strategies for its programme. The funding options for this might include external funding sources, an endowment of the benefit of income from Optima owned assets, reliance on external grants/fundraising, and secondments of staff from local service providers.

Later in this chapter we examine the difficulties associated with the funding regime for community regeneration.

Providing comparisons of costs between areas is not straightforward, and has not been carried out for Partington which was outside the ERCF framework. We have, instead, focussed on examining how expenditure in Optima and Poplar compares. To assist comparability we have examined costs over the first five years of the programme (which therefore involves an element of projection in both cases), using a series of headings to describe different types of community regeneration activity (see figure 3). Care needs to be taken in the use of the data at figure 3, because it has not been possible in all cases to disaggregate spending on different types of activity, where for example, the activity is covered by a central regeneration budget, or in the HARCA's case, as part of a core community centre budget. As an example, HARCA centre staff may be engaged in facilitating services for children and young people which was not easily attributable to that activity heading, and is therefore shown as a regeneration team cost.

Figure 3: Non-housing community regeneration costs, by type of activity – Years 1-5

	Poplar		Optima	
Type of activity	**£ (000)**	**%**	**£(000)**	**%**
Community empowerment*	3,310	35%	613	17%
Employment/training/economies	1,035	11%	240	7%
Crime/community safety**	660	7%	900	25%
Education/children/young people	57	1%	561	16%
Anti poverty	150	2%	222	6%
Health	21	–	69	2%
Regeneration team/overheads***	4,264	45%	990	28%
TOTAL	**9,497**	**100%**	**3,595**	**100%**

Figures presented on a cash basis.

* includes capital investment in community buildings

** includes HARCA estate rangers

*** includes HARCA centre core budgets

The costs attributed to community empowerment include investment in the construction/refurbishment of community buildings, which in the HARCA's case involved the construction of a number of new centres. Excluding this investment, the proportion of expenditure on community empowerment was 15% in Poplar, and 14% at Optima. Community empowerment spending covers community development and empowerment grants and activities, as well as social and cultural activities.

Over the same period spending on housing and environmental refurbishment, demolition and the physical environment was over £135 million in Poplar, and £57 million at Optima. In both cases, community regeneration spending represents some 6% of total expenditure on physical and community regeneration.

We have also examined the relative dependence of each ERCF project on external funding over the first five years of the programme. Figure 4 reflects the different approaches adopted by the two ERCF funded organisations to fund the programme; at the HARCA 50% of spending is financed through the business plan (rents and reserves), while at Optima, over three quarters of spending has been funded by ERCF. Just under a third of HARCA spending comes from external sources, compared with just under a quarter of Optima's spending.

Figure 4: Non-housing community regeneration costs by funding source – Years 1-5

	Poplar		Optima	
Funding Source	**£ (000)**	**%**	**£(000)**	**%**
ERCF	1,777	19%	2,771	77%
Rents/reserves	4,736	50%	30	1%
Other (external) sources	2,984	31%	794	22%
TOTAL	**9,497**	**100%**	**3595**	**100%**

Figures presented on a cash basis.

Total spending on the programme in years 1-5, per unit transferred, is as follows:

- Poplar – £2,213 (making no allowance for the phasing of transfers in 1998, and excluding the 2001 transfer of 196 homes).
- Optima – £1,278 (if homes due for demolition are excluded the unit cost rises to £1,903).

In Poplar, a substantial element of the cost of the programme is effectively reflected in the association's management costs, while in Optima this provision is considerably less. Management costs also reflect the provision for intensive housing management made in each area. In Poplar, the average yearly unit management cost for 2001/02 was £692. In Optima, the figure was £604 per unit. This compares with a national average figure of £536.12 in 2000/01.[44]

44 Housing Corporation (2002).

Monitoring and evaluation

As noted in chapter 2, it was not the purpose of this study to carry out an evaluation of the impact of the case study regeneration programmes. However, we have sought to understand the way in which each housing association is monitoring its programme, and whether there are lessons to be learnt.

Partington did not enter into transfer with the expectation of being able to deliver a community regeneration programme, and while it has subsequently become involved in a range of partnership initiatives that deliver community regeneration activities, it is not the 'responsible' body for the bulk of this activity. The association's monitoring activities have been shaped by this context, and involve a number of components, including:

- Monitoring housing management performance; the association's performance management framework is particularly focussed on issues of low demand, and housing management approaches are targeted at sustaining demand within the community. (For example, trends in turnover are monitored, and staff record the reasons for tenancy termination and examine any emerging trends. Vacancies are advertised and marketed, and the association is active in seeking to develop local waiting lists).
- Monitoring the association's performance in delivering its commitments to tenants and Manchester City Council at the time of transfer (which included commitments on use of local labour and the creation of employment opportunities); this element is now complete.
- Supplying information that relates to external funding applications, in order to meet funders' monitoring requirements.

Both Optima and Poplar recognise the need to monitor the effectiveness of social, community and economic development projects, and to measure the impact upon the community.[45] To date in both areas monitoring has focussed on the performance of individual projects against targets (often output based), and on factors such as take-up of programmes and initiatives (i.e. number of people completing training courses, number of people receiving employment support and advice, number of childcare places provided etc). These are clearly an important element of any monitoring framework.

However, neither association is yet actively involved in carrying out a broader evaluation of the impact of the programme, although both organisations are committed to establishing such a framework. We have not therefore been able to draw upon existing evaluation work in carrying out this research. Optima has commissioned research into the development of its evaluation framework, which is currently underway; Poplar has appointed a new member of staff who will develop and implement a new approach.[46]

While none of the case study organisations has been proactive in developing a systematic approach to examining the overall impact of its community regeneration programme, this is in part a reflection of the lack of focus on this issue from regulators and the patchwork of funders involved in supporting the associations' activities. The issue is likely to gain in prominence as local strategic partnerships become established, and begin to examine how national targets are being translated into local action. The limited focus on evaluation is also a reflection of the case study organisations' immediate priorities; which have been to identify community needs, seek funding from a range of

45 Optima CA, ERCF Delivery Plan Report – 2001/02, and Housing Corporation, Inspection of Poplar HARCA, October 2001.

46 *ibid*.

sources (which generally attach their own specific output requirements), get projects off the ground, and ensure take-up. These have been the focus of such monitoring activity that takes place. There are, however, lessons to be learnt here for any transfer related community regeneration activity that is conducted in the future (see chapter 5).

Outputs and outcomes to date

In chapter 2 we noted that definitions of community regeneration focus on initiatives concerned with the achievement of sustainable communities. Any evaluation of the outcome of investment in community regeneration will therefore need to consider the sustainability of that community.

However, defining sustainability is not easy; research carried out by the DETR in 2000 (which focussed on social housing estates) highlighted the difficulties involved in determining what makes a community sustainable.[47] The one factor that the DETR's case study participants agreed on was that sustainable communities are those which people want to live and remain in (a view very much echoed by our case study organisations). The research team categorised indicators of sustainability under four headings:

- durability of physical improvements
- stability of population
- popularity among actual and prospective residents
- manageability from the landlord's perspective.

Similarly, the definition provided within the Housing Corporation's toolkit of sustainability is:

> *People continuing to want to live in the same community and being able to, both now and in the future.*

The accompanying toolkit provides a set of indicators designed to assist in assessing sustainability (covering nine factors: reputation, current and future demand, crime and anti-social behaviour, quality of built and green environment, accessibility of facilities and work, social exclusion, housing quality and design, community mix, social cohesion).

A further (related) issue for evaluation is the extent to which regeneration projects are contributing to the national social exclusion targets, and specifically to narrowing the gap between the poorest areas and the rest of the country.

In the absence of established monitoring systems examining the full range of outputs from the community regeneration programme, there were limited information sources readily available for this research to examine either sustainability or progress in tackling social exclusion. Each of the landlords found it problematic to supply baseline information from the time of the transfer. Readily available information sources vary between case study organisations, but include the following:

- Housing management data, which cover issues of both manageability (and quality of management) and popularity:
  - void levels and turnover
  - levels of right to buy sales
  - the existence of a waiting list.

47 DETR (2000a) pages 10-12.

- Information from officers on housing market trends, such as local property prices, which are an indicator of current demand and reputation.
- Information from officers and available survey findings on levels of resident involvement, tenant satisfaction levels, and take-up of community activities.
- Data on reported crime and incidents of anti-social behaviour.
- Available information on the physical appearance of the estates.

Poplar and Optima have recently undertaken STATUS surveys which provide information both on satisfaction levels and perceptions of the neighbourhood. These provide a snap shot view only, and do not examine views on whether things have changed over time. However, they do provide a useful baseline against which the associations will be able to monitor performance in the future. It should be noted that satisfaction levels in the ERCF case study areas are below peer group averages; this may be in part a reflection of the inner city location and deprivation levels of residents in each of these communities (as noted by the researchers in each case). In both cases, peer group organisations do not generally serve communities with similar concentrations of deprivation, or a wholly inner city context. In the case of Optima, satisfaction levels may also reflect the impact of the ongoing works programme. While we report these findings below, care should be used in their interpretation.

More generally, we report the following data with the caveat that they present only a partial picture of the communities in question. As we noted in the introductory chapter, some aspects of the work of the case study organisations (including, for example, the impact on the health of the population, and on factors such as educational achievement and deprivation) cannot be expected to have an immediate effect; more generally there is an absence of data to permit the level of analysis required.

Partington HA

Housing management

- Void rates have been reduced significantly since transfer, from 10.7% in the year after transfer to 3.2% currently.
- Turnover, while relatively high at around 14% at the end of 2001, is considered to be within manageable levels by the association and compares well with the peer group average figure of 17.5% in 1999.
- The association reports that right to buy sales are now being received for areas which were considered very difficult to let at the time of transfer. Property prices generally are reported to have increased since transfer, which is a significant achievement in the regional context, although average right to buy valuations show a slight decrease since transfer (£30,000 currently, compared with £33,000 in the year before transfer).
- There is a waiting list for Partington HA property.
- The refurbishment and environmental improvements programmes have had an impact on the physical appearance of the estates, although there are still pockets of open space, local retail sites and derelict pubs that have to be tackled, and for which funding has not been readily available. The association and the local authority are continuing to seek funding solutions to address these problems.

Poplar HARCA

Housing management

- At the time of transfer, for all the round one estates, the average relet time was 9.6 weeks; for the round two estates it ranged from 7 – 18 weeks, depending on the estate (source: lettings turnaround report 23/3/97). For all HARCA properties relet time was 4.4 weeks in 2000/01 (Annual Report 2001/02).
- Right to buy sales have been increasing over the past year, with the current average valuation of right to buy sales £86,153.
- Demand for HARCA property is reported to be strong, and voids are less than 2% (although there are no published data on turnover).
- The HCH research team observed the change in the physical appearance of the estates, since the time of transfer, and the difference between the transferred estates and those remaining with the local authority. This view was confirmed by the Housing Corporation inspection team ("The estate cleaning service carried out by the estates services team provides a well kept and tidy environment in which community sustainability can succeed.").

Tenant satisfaction and involvement

- 57% of HARCA tenants are satisfied with their landlord; while 52% are satisfied with opportunities for participation. While there is no comparable longitudinal benchmark, these satisfaction levels are better than those recorded by the local authority, although worse than those of peer group associations (however, peer group associations do not have such concentrations of stock in areas of deprivation).
- 65% of tenants are satisfied with their home, 59% saying that the condition of the property is good or very good.
- Only 55% of tenants overall are satisfied with the area they live in. Satisfaction with area is highest among Bangladeshi tenants (65% of whom were satisfied); single parent households are the least satisfied (47%).
- The most serious problems identified by HARCA tenants are litter/rubbish, graffiti and vandalism/hooliganism (81% of tenants) with crime (68%) and drug dealing (66%) also perceived as serious problems.
- There are 92 resident members of the estate boards, who are in regular communication with association officers (although one estate board has been struggling to achieve a quorum, and there have been concerns about involvement overload).
- The association monitors usage of the centres and membership of group activities: 50% of HARCA tenants took part in community activities in 2001 (compared with 7% in 1999).
- Four of the current 18 board members are Bangladeshi (22% compared with an estimated 23% of all tenants).

Crime and anti-social behaviour

- Reports of ASB have significantly increased in recent years, which is attributed to increased reporting and awareness of the HARCA's proactive stance, and opportunities for reporting incidents out of office hours.

Optima HA

Housing management

- Average relet times from the time of transfer are not available, but the ERCF bid highlighted that turnover was between 50% and 70% higher on each of the transferred estates than the turnover rate for the city as a whole. Relet times have been reduced by Optima from 7.9 weeks in 2000/01 to 3.3 weeks in 2001/02.
- Demand for Optima vacancies is currently strong; there are few lettings opportunities, because priority is given to residents facing clearance, but demand from tenants wishing to stay in the area is high.
- The current average right to buy valuation is £50,000. The value of leasehold flats being sold on the open market has risen since transfer, from around £15,000 to anything up to £75,000 currently.

Tenant satisfaction and involvement

- 58% of tenants are satisfied with the overall service provided by Optima, and 52% are satisfied with opportunities for participation. The overall results are remarkably similar to those for Poplar HARCA. A higher proportion of tenants were satisfied on the Benmore estate (69%), where the refurbishment programme was near completion at the time of the survey; on estates where refurbishment had not yet commenced, or was in progress, satisfaction rates were lower.
- 72% of tenants overall are satisfied with their accommodation.
- 66% of Optima tenants are satisfied with the area they live in; higher than the overall levels recorded for Poplar HARCA tenants. Older tenants and Caribbean tenants are more satisfied than other groups with the area.
- The most serious problems identified by Optima tenants are litter and rubbish (41%), drugs (39%) and vandalism (37%).
- The housing association has reported in its delivery plan to the Housing Corporation that "residents and community associations continue to thrive even though the population of the area has substantially decreased."
- The association monitors take up of its programmes. The performance of the employment resource centre was judged to be poor, and take up inadequate, and a new performance monitoring regime has been established. A business bursary scheme did not have any take up, so work is being carried out to promote the scheme and support residents in developing business ideas.

Crime and anti-social behaviour

- Monitoring the impact of crime initiatives has been complicated by the fact that Optima's stock is covered by three broader areas used by West Midlands Police for reporting crime statistics. However, an evaluation of the available data for Optima in the last two years suggests that overall, recorded crime is on the decline, with 99 recorded incidents in May 2000, 73 in May 2001 and 68 in April 2002.
- The neighbourhood warden project has been cited as an example of good practice by the Home Office.

While limited in scope, the data provided above give an indication of the early successes of the transfer landlords, but also of the extent of work still to be done. In Optima and Poplar, while both landlords have made some progress in housing management terms, the impact of deprivation and social exclusion are still being felt. Anti-social behaviour and crime remain a significant problem, despite intervention to tackle both. In Partington, while the association is contributing to the manageability of the community, there is a need to be constantly vigilant to contain potential demand problems.

It should be noted that key outputs include the refurbishment and redevelopment programmes being delivered (or completed) in the case study areas. Details of these programmes are provided in the case study reports available on the CIH website (http://www.cih.org/cgi-bin/display.pl?db=policies&id=342).

Critical success factors

Resident involvement and empowerment

Community empowerment and the development of community capacity are viewed as key to the success of community regeneration in each case study area. As noted above, residents are involved in governance in each area. In each case, associations demonstrated how tenant board members had made a contribution to wider regeneration initiatives; in some cases by becoming involved in the governance of other regeneration agencies. Each organisation also has formal structures in place for involving residents, although it was emphasised that participation outside these structures, in community activities and events, was equally important, and indeed, reached a far wider range of people. Such involvement is perceived as important in developing social capital and community capacity, which in turn underpins the community regeneration agenda. Building links between residents, and between the resident community and officers, are critical activities. Social activities and celebrations feature in the activities of each case study landlord. The HARCA emphasised the importance of community regeneration staff at all levels of the organisation being prepared to work on the front line, to help develop these links. Poplar HARCA is carrying out research to examine the relative impact of formal consultation/involvement structures and active participation in community activities. The research is funded by Housing Corporation community training and enabling grant, and will result in the publication of a toolkit that can be shared with other organisations.

Each landlord also pointed to the importance of building and sustaining residents' confidence in the new organisation. Residents' involvement in shaping the offer, prior to the ballot, is obviously critical. However, officers emphasised that it had been important not just to demonstrate how the offer reflected tenants' preferences, but also to ensure that offer commitments were delivered post transfer and that the momentum of resident involvement was maintained. Maintaining tenant support and confidence was felt to be essential, both to the successful delivery of refurbishment and redevelopment programmes and in laying foundations for the development of community capacity.

Officers in all three areas commented on how important it had been to achieve a good spread of refurbishment activity across the transferred estates, and works were programmed to ensure that every community saw some works taking place at the earliest opportunity. In Partington, where one half of the transferred stock had tended to benefit from council works programmes before the other half (the money sometimes running out before the second half of the area was reached), a good spread of activity was particularly crucial to maintain confidence. In the early years, Partington concentrated resources on internal improvements to satisfy tenants' aspirations, although this is felt to have been to the detriment of the project overall, as there have been some lettability problems associated with continuing poor perceptions of the estate environment.

Optima placed great emphasis on ensuring that the works programme commenced immediately after transfer, and had contractors on site the day after the transfer took place. This was facilitated by ERCF support for pre-transfer preparations, and by additional financial support provided by the local authority. Optima focussed initially on refurbishment rather than redevelopment works to address residents' aspirations. This has had some negative consequences, in that some estates programmed for decanting later in the programme have not proved viable in the short-term, and early decant programmes were introduced, leaving some estates empty until their programmed demolition date, with a consequent impact on the business plan. There have also been changes to the balance of refurbishment and demolition, to meet tenants' requirements, but these changes have added to the complexity and costs of the programme. The constraints of the ERCF framework, which fixed the programme at the bid approval stage, have limited the association's room for manoeuvre. However, Optima reported that partnering had helped to mitigate the problem of higher costs, and has provided an environment in which residents can be effectively involved in works procurement. All these factors are perceived as critical to foster confidence in the organisation, and the successful continuation of the programme.

ERCF has enabled both Optima and Poplar to invest heavily in community development activities. At the HARCA, community centre staff have a key role in supporting individual community activists, and supporting individual residents in accessing the range of training, employment, social, leisure and cultural activities that are available. At Optima, community development staff work with residents' associations to develop involvement and take up available initiatives and grants. More generally, in both organisations there is a focus on improving links between residents and other agencies operating in the area (such as the police and primary health care providers), and a focus on helping residents to get the most out of other service providers.

Poplar HARCA's Director of Community and Economic Regeneration said that "everything we do" is focussed on the development of community capacity; this is very much reflected in the organisation's mission statement (see above in this chapter).

Serving the whole community

Beyond the traditional customer base

Each of our case study organisations has a vision of involvement that extends beyond the community of tenants which represent their immediate customer base. This raises some practical issues about remit and funding, particularly where rents are involved in financing aspects of community regeneration activity (as is the case for certain aspects of the programme in each area). The extension of association activities to the wider community is only tenable if supported by tenants; and in each of the areas we visited the vision of officers was at least to a degree said to be supported by the vision of active tenants. Similarly, the case study organisations have sought to work in partnership with and in many cases provide financial support to, existing community services and facilities.

In Poplar, for example, community activities and resources are open to tenants from estates that have remained with the local authority (although for core funded programmes HARCA tenants are given priority). The HARCA also sought to establish a partnership arrangement with an established independent community facility, the Bromley-by-Bow centre, which was already well established in its area of operation. The Bromley-by-Bow centre now operates as the community centre for the HARCA estates in the area, as well as the broader community, with the HARCA providing substantial funding. The HARCA also contributes resources to a range of smaller community groups and organisations that provide services within the community.

In Partington, the association supports a range of initiatives and agencies that have been established to benefit the community, including the transport co-op. In both Partington and Optima staff serve on school governing bodies in the area, and help with a mentoring project for young people.

The wider community focus can represent a pragmatic approach to attracting funding from external (non-housing) sources. It may be a condition of grant that initiatives are open to all local people. However while the leverage applied by the housing association may benefit the wider community, it may also add value to the services received by tenants. By accepting that their landlord also has a regeneration role within the wider community, tenants are able to access funds that might not otherwise find their way into the community. However, the issues raised are interesting ones for the stock transfer valuation process, and community regeneration funding, which we return to below.

The needs of particular groups within the community

The case study organisations have also sought to identify the needs of particular sections of the community, and to develop strategies to meet these.

A key issue in each area is the provision of pre-school childcare to help parents take up training, employment and leisure opportunities; and each case study organisation has had a role in ensuring that crèche and pre-school provision is made available within the community. Training in childcare and babysitting has also featured in the training programmes on offer, and there is a strong emphasis on encouraging and supporting residents to take the lead in running crèche and nursery facilities.

Similarly youth provision has had a high priority in each area; addressing leisure needs (with clubs and trips, theatre and arts groups and sports activities), schoolwork support (through homework clubs and mentoring), drug prevention work and building links with the police.

Poplar HARCA has been active in using its community regeneration programme to promote good race relations, and has been praised for the development of networks to support Bangladeshi and Somali residents.[48] It is also reviewing its strategy to ensure that the needs of black and minority ethnic communities are fully addressed. For example, it is working actively to increase the representation of black and minority ethnic people in its workforce by providing work experience and training on applying for jobs within the local community, and by actively encouraging applications from black and minority ethnic groups. As noted above, it has been active in ensuring that language needs are addressed through all its communications and all contractors and consultations are required to have an equal opportunities policy that meets its minimum standards (this is made a contractual condition).

As noted above, the HARCA also has a policy of providing active support to elderly tenants on the estates, using its customer care teams to keep in regular contact with

48 Housing Corporation Inspection Report, 2001.

elderly residents. Exercise and leisure classes for older people are a feature of many of estates' activity programmes (and are also a feature of the Optima programme).

At Optima, the association identified a gap in health care provision for its younger more transient tenants, and gay and lesbian residents within the community, and is working in partnership with the Primary Health Care Trust to address these (see below).

These are just some examples of the ways in which case study organisations have sought to ensure that the needs of specific groups within the community are addressed. Clearly this is critical; community regeneration initiatives must be targeted at actual needs, and in each area, programmes have been developed through detailed consultation with the community and are overseen by committees and boards with a strong resident presence.

Partnership working

Each of the transferred landlords views partnership working as central to the success of the transfer, and in particular the delivery of community regeneration programmes. Arguably, Partington has been most dependent upon the success of its partnerships, given the absence of a dedicated community regeneration fund. However, both Poplar and Optima have actively pursued partnership working with a range of key agencies, in order to add value to the core funding provided through ERCF and as a way of ensuring that the community receives services that are appropriate to its needs.

Examples of critical partnerships include:

- At Optima, the success of the regeneration programme is dependent upon the sale of land (both by Optima and the city council) and its successful redevelopment. Both Optima and Birmingham City Council have taken steps to ensure that the redevelopment process is carried out in accordance with their vision for the community. The association has worked closely with the city council to establish a development framework for the area, which has the status of supplementary planning guidance. Effective use of planning powers is central to ensuring that the programme is delivered successfully; the association has therefore funded a post within the planning department at the city council, to provide a dedicated staff resource to support planning applications related to the 'Attwood Green' redevelopment. The association recently received outline planning permission for the 1,400 home development within three months from submission of the application.
- At Optima, the association has actively developed its approach to partnering in construction with its four main contractors, with high levels of tenant involvement, and a focus on customer care. The association has developed a performance monitoring framework for its work with contractors, with the objective of maintaining high performance standards. The association's work at Cleveland and Clydesdale Towers was chosen by the Housing Forum as a demonstration project under the Respect for People category.
- Poplar HARCA has worked closely with the London Borough of Tower Hamlets youth service, to customise and develop youth services for the HARCA's area of operation as successful engagement of young people is seen as central to sustainability. Increasingly, the HARCA has developed its role as deliverer of youth services, with funding from the local authority youth services and youth offending teams, and other sources including the youth justice board. Building upon this experience, the HARCA recently won a contract to provide youth services for the council in parts of its area of operation, demonstrating the extent to which it is operating beyond the traditional housing association remit.

- The HARCA has used East Thames Housing Group as its development agent and regards this as a highly successful partnership which has enabled it to build up its in house technical capacity more gradually, and to focus on resident involvement in regeneration.
- Partington HA has worked closely with the regeneration team at Trafford MBC, initially in supporting the SRB4 bid, but subsequently on a range of activities, including other joint bids for funding. Together they deliver a neighbourhood warden service. The authority and the association are now examining the scope for establishing neighbourhood management arrangements for the community as a whole.
- In each of the case study areas, associations have sought to establish effective partnerships with the health care sector, to address gaps in provision. As noted above, Optima and the local Primary Health Care Trust are jointly funding two workers to deliver a project aimed at improving the sexual health of the area's transient young population. Both ERCF funded organisations directly deliver a range of health related activities in collaboration with other agencies, including information sessions and open days, health related training and exercise classes targeted at particular sections of the community.
- Partnerships with local schools are a high priority in each of the case study areas. While local heads have not always been immediately receptive to approaches made by case study organisations, there are examples of successful partnerships in each case study area. Initiatives include mentoring schemes, initiatives to support vulnerable young people, dual use facilities, after school club activities and the provision of ERCF funding for trips, school equipment and projects.
- Partnerships have also been central to the delivery of training and employment services. Both Poplar HARCA and Partington HA have established effective partnership arrangements with local colleges, to develop customised training provision for residents on the transferred estates. Similarly, each of the associations has established partnership arrangements with the local authority and training and employment support projects to provide employment advice and support services, either as outreach services, or from permanent bases on the estates. As noted, South Trafford College has been praised in its inspection report for this partnership; the college is justifiably pleased that they have gained recognition for their creativity. However, Harvest Housing Group commented that it has not been able to repeat this successful training partnership in other areas, suggesting that the commitment and vision of the key players in Partington are not easily replicable. This illustrates the importance of providing incentives to other partners within their own regulatory regimes to develop their partnership activities, and to contribute to the community regeneration agenda.

The details of each housing association's community regeneration programmes (available on the CIH website http://www.cih.org/cgi-bin/display.pl?db=policies&id=342) provide an indication of the range of partnerships that have been established. What is clear is that in many cases these partnerships have moved beyond the 'discussion forum' stage, and involve joint working to bring key services closer to the estate communities, as well as pooling of resources and expertise.

While each of the transfer organisations felt that much had been achieved through successful partnership working, there were also difficulties. These are addressed below.

Beyond partnership to new delivery vehicles

In Partington and Poplar, where refurbishment programmes are near completion, the agenda is moving on. Both organisations are focussed on the way forward for the communities they serve; both are committed to a long-term focus on community regeneration. Both have sought to establish permanent staffing arrangements to deliver a 'core' community development resource, although the nature and extent of this resource varies considerably between the two areas, reflecting the very different levels of financial provision that could be made within the stock transfer business plans.

However, both organisations are also exploring the possibility of involvement in neighbourhood management, and are involved with other partners in examining the viability of community development trust/neighbourhood trust initiatives. These initiatives may involve the transfer of responsibility for a wider range of community services, or service co-ordination, to the stock transfer organisation or indeed to an alternative agency. Community development/neighbourhood trusts would operate as successor bodies to existing regeneration partnerships, enabling the community to take ownership of available assets, and establish long-term plans and provision for community and economic regeneration activity.

These developments reflect a changing perspective on the best way of delivering services within the community; and in particular, they reflect:

- an acknowledgement of the central importance of co-ordinating the input of the various agencies that provide services to any given community;
- an acknowledgement of the importance of being able to make long term, planned provision to meet community needs, rather than continue to depend upon short-term funding sources with all the attached strings, and to give the community greater control over resource allocation;
- a desire to free up available staff resources for community support, planning and service delivery, rather than focus energy on fundraising.

They raise the question of whether regeneration should necessarily be delivered by stock transfer landlords, and alternatively, whether the conventional housing association model is suited to the neighbourhood management agenda. These are issues that we consider further in chapter 5.

Staff and organisation

In order to deliver the community regeneration agenda in the case study areas, officers emphasised the importance of securing radical change in the culture of the organisation. It needs to be borne in mind that the challenges faced by newly established housing associations are considerable, even without the additional challenge presented by seeking to achieve change in some of the country's poorest and most socially excluded communities.

The range of skills required to deliver effective housing management in deprived areas has been documented by the SEU and others.[49] In each case study area, transfer involved a series of expectations that would present a considerable challenge to the most committed of housing management, community development and technical housing staff:

- The delivery of high quality housing and estate management services in areas that are among the most challenging in housing management terms. In each case it was

49 SEU (1999).

emphasised that this involves maintaining a high officer profile on the estates, with staff expected to maintain regular and close contact with the communities they serve.

- Proactive intervention to tackle anti-social behaviour.
- Responsiveness to residents' views, but beyond this, a commitment to support the personal development of individual residents and to the development of community capacity.
- An understanding of the importance of partnership working, and an ability to develop entrepreneurial approaches to generate funds and launch initiatives.

In each case, senior officers emphasised the significance of the contribution made by newly appointed staff in responding to these expectations. There have been some difficulties, particularly in recruiting staff to fill community regeneration/neighbourhood management posts, and technical positions. Some staff have moved on quickly (a fact which is likely to be linked to the relatively high stress environment in which officers have to work, as well as the organisation's expectations of individual performance). But generally speaking, each association says it has benefited from the commitment of staff, which sometimes extends beyond the normal parameters of the job description. Examples of this include staff willingness to become involved as school governors, and as mentors for local young people, and to embrace the challenges of partnership working.

It is notable, however, that, Partington and Optima carried no TUPE obligations, and that at the HARCA, TUPE obligations were limited (some posts were directly transferable, others were ring-fenced to a pool of candidates, but senior management positions were all filled by open advertisement). In Partington and Optima, and to a degree in Poplar, this has meant that, by and large, the staff now working on the projects have chosen to be there rather than having to transfer. While TUPE exists to protect staff, it also can mean that individuals have no choice and therefore lack commitment to what they are asked to do. Again, this is an area where the 'one-off' nature of the case study projects meant that a problem was avoided (i.e. the local authority did not necessarily have to press for or create TUPE rights in order to avoid redundancy costs). But this is clearly not an approach which is feasible for a large scale or national programme.

Because of this, it is likely that the need for organisational and staff development within the three case study organisations is not as intense as might be the case in the wider context. This suggests that pre-ballot resourcing for staff development may be a critical issue even though not illustrated by these examples.

It is also clear that each case study organisation has displayed a vision and commitment to develop the community regeneration agenda that is not necessarily typical of social housing organisations. A key factor has been the leadership provided by senior officers who have a strong commitment to and interest in the areas they serve, and this has undoubtedly contributed to their early successes (for example, in attracting grant, sustaining successful partnerships and supporting the development of tenant involvement). It is also notable that the two newly formed associations (Optima and Poplar HARCA) were driven forward by dynamic individuals who were able to secure support (at member and officer level) within their councils to a creative approach to addressing the needs of their areas. Both were subsequently appointed by their organisations as chief executive.

It is unlikely that this level of commitment and expertise will be readily replicated across the country; our case study areas may to a degree be exceptional. This strengthens the case for developing a dedicated funding resource for community regeneration, firmly linked to monitoring of regeneration activities. It also supports the case for providing pre-application/approval support to local authorities as they address staff training and organisational development needs, so that funding for regeneration is effectively used.

Making transfer viable

The Poplar and Optima transfers have benefited from the existence of the following resources that are not currently available to landlords considering involvement in urban stock transfer:

- dowry
- funding for pre-transfer master planning and works
- funding for community regeneration.

While the focus of this study has been investment in community regeneration, it is also relevant to note that these transfers would not have been viable without dowry and assistance with pre-transfer costs. Interestingly, both Partington Housing Association and the HARCA are among those organisations that have been involved in urban stock transfer without grant assistance. While the Partington transfer was ostensibly a positive value transfer (with a valuation of around £7,000 per unit), this did not fully reflect the investment needs of the transferred estates, particularly in respect of environmental works, and Harvest Housing Group was prepared to use its financial strength to make the transfer viable. The HARCA has also received a further small-scale transfer (of fewer than 200 units) at nil value. However, while both associations have been willing in specific circumstances to subsidise the costs of negative and low value transfers, the overview of stock transfer activity presented above demonstrates that such involvement has been on a very small scale. The reality is that few urban authorities have been able to deliver negative or low value stock transfer outside the ERCF framework.

Harvest officers indicated that the risks of such involvement have grown since the Partington transfer; the condition of local authority housing has continued to decline, increasing the costs of transfer; rent restructuring has created a significant constraint on business plan flexibility; and low demand presents an added risk in some communities. Without Government intervention to support transfer in such areas, there is unlikely to be any increased transfer activity.

The use of ERCF to cushion the impact of refurbishment for leaseholders should also not be overlooked. Leaseholder support for transfer was an area of particular concern in Birmingham. The majority of leaseholders rejected transfer at ballot, and they were expected to challenge charging arrangements for the leaseholder contribution to works. Under the ERCF formula, leaseholders were normally expected to contribute no more that £10,000 to the cost of works; but this cap was perceived as excessive. Optima therefore went back to DTLR to request additional funding, allowing leaseholder contributions to be capped at £3,000; the bid was successful. This was viewed as a critical factor in winning leaseholder acquiescence to the scheme, and allowing works to proceed unchallenged.

In Poplar, the support of leaseholders was (and continues to be) a critical issue. Lack of leaseholder support, creating a negative atmosphere for the tenants' ballot, may well have been one factor in the HARCA's one negative ballot result. The capping of leaseholder recharges as in the ERCF is, in the HARCA's view, an essential.

Key constraints in the case study areas

The case studies have revealed three key areas of difficulty in the delivery of community regeneration:

- funding difficulties;
- ability to establish and sustain partnerships;
- staffing community regeneration.

We examine each in turn.

Funding difficulties

Each of our case study associations is convinced that provision for community regeneration is an essential component of stock transfer in their respective areas of operation, to address the long-term needs of the communities they serve. The case for ensuring that in such cases stock transfer attracts specific funding for community regeneration is strong.

In the Poplar and Optima case study areas, ERCF has provided a pump-priming mechanism, enabling stock transfer landlords to employ staff and become actively involved in identifying local needs, establishing and sustaining partnerships, directly delivering some regeneration initiatives, and fundraising to supplement core programmes. ERCF provided a highly flexible funding source, which unlike many other sources of grant assistance was non-hypothecated and could be rolled over from year to year according to the requirements of the community and agencies' capacity to deliver. However, while in Poplar, provision for community regeneration activities exists over the life of the business plan, in Optima, it has a fixed-term life, and succession strategies are now being considered (and could potentially involve the use of the organisation's assets to endow long-term funds for community regeneration).

Even with ERCF, all is not straightforward. The ERCF funded associations are engaged in a permanent campaign to raise funds from an array of potential sources, in order to preserve existing services and develop new ones. Provision is often, of necessity, short-term, and may depend on a patchwork of partnerships and funding streams.

Partington was at a clear disadvantage when compared with the ERCF funded transfers. Manchester & District HA entered into the transfer knowing that funding for community regeneration was not guaranteed, but having reached a judgement that the level of risk was acceptable. As noted above, Harvest has subsequently been unwilling to enter into similar transfers, because the level of risk has grown.

Even with the addition of SRB funding, the partners at Partington have been constrained in what they could achieve by the requirements and limitations of SRB; they do not have access to the pump-priming resource of NRF because of the relative wealth of the local authority. There has therefore been less freedom for the association and its partners in directing resources to meet expressed needs than is the case in Optima and Poplar. As in the other case study areas, considerable time and energy is devoted to putting together the patchwork of funding that is often required to deliver any particular initiative, but the staff resource for fundraising is smaller. The association is dependent on other agencies to bring their own resources to bear. While such staff resources may be willingly committed by some agencies, other organisations may be less willing to provide the time and flexibility of approach needed to make initiatives fundable.

This can result in gaps in provision. In Partington, particular problems areas have been meeting the expressed needs of young people (for example, in providing a suitable meeting place and IT resource), providing support services to vulnerable school children and tackling the problem of run down local and town centre shopping facilities that are critical to the success of this isolated community. For the association, it would undoubtedly have been advantageous to have access to a dedicated funding source that could be directed to meet locally identified needs. Experience suggests that without such funding, the range of activity achieved in Partington will not easily be repeated elsewhere.

At Optima and Partington, and to a lesser degree in Poplar, the long term, funded business plan for the maintenance and management of the housing stock stands in stark contrast to the short-term, fragmented nature of the funding for other regeneration activities. One of the often-quoted advantages of stock transfer is that the pledges to residents are underpinned by a 30 year business plan. Where wider regeneration is needed, this is only true in a limited sense.

Ability to establish and sustain partnerships

Partnership working has been critical to the success of community regeneration in the case study areas, both to attract new sources of funding into the area and to redirect existing resources so that they better suit the needs of the community. Indeed, the success of the neighbourhood renewal agenda is predicated on the achievement of effective partnership working, whether at community, local authority, sub-regional, regional or national level. However, while case study organisations were able to point to successful partnerships, there have also been difficulties.

These arose particularly where key agencies were reluctant or unable to develop their involvement in partnership working, possibly because of a lack of resources. Securing the support needed from social services departments was cited as a particular difficulty, mirroring the findings of recent Audit Commission research.[50] The extent of youth service provision in some areas is also less than adequate, leaving associations attempting to bridge the gap.

There has been a growing acknowledgement that the success of the neighbourhood renewal agenda depends upon the ability of public sector professionals to develop the skills needed to work together, pool resources, and develop common targets and objectives. However, these skills may not be readily learnt. Further, partnership working is not dependent solely upon the skills of individuals; it is also influenced by the vision and culture of an organisation, and its ability to embrace the neighbourhood renewal agenda (and targets), even where this does not conform with traditional operational practices, objectives or funding frameworks.

As noted above, it cannot be assumed that the successes of the case study associations, and their partners, will be easily replicated.

Attention needs to focus on the incentives required to encourage partnership working, support key staff in developing the appropriate skills and to persuade potentially reluctant partners to bring available resources and energy to bear on the community regeneration agenda.

50 Audit Commission (2002).

Staffing community regeneration

Each of the case study organisations has had to address difficulties with the recruitment of suitably skilled staff to deliver the community regeneration function. Again these difficulties are well documented, and similar difficulties have been reported in recruiting staff for neighbourhood management.[51]

At both Poplar and Optima, senior community regeneration posts have been regraded (upwards) after an initial failed recruitment round, in order to obtain staff with an appropriate range of skills and expertise. Poplar reported difficulties recruiting to their 'community area director' posts even after they had been regraded; the pool of individuals prepared to consider working on the front line in such a challenging environment and who possess the range of skills (and in particular, the entrepreneurial approach) required, is limited.

At Partington, the association found that staff recruited from a traditional housing management background, however effective as housing officers, were not well equipped to carry out the role that was required in Partington. The association has become more explicit about the community development focus of the housing management role in areas of deprivation.

While recruiting community regeneration staff is one area of concern, there have also been difficulties recruiting suitably skilled technical staff to deliver refurbishment programmes involving high levels of community involvement and partnering based contractual arrangements.

If stock transfer organisations are to be equipped to embrace the neighbourhood renewal agenda, these crucial skills shortages will need to be addressed.

51 See for example SEU (2000) and Duncan and Thomas (2001).

5 Lessons for current transfers

The case study evidence

Each case study organisation can demonstrate real achievements, including:

- the delivery of holistic community regeneration programmes, despite varying difficulties with funding that include dependence on short-term, fragmented grant assistance;
- the establishment of working partnerships that are delivering initiatives on the ground;
- securing match-funding from a range of sources;
- involving residents in the governance of the organisation, and building community capacity; and
- early indications of increased lettability and manageability in each area.

While there is much good practice to be shared, the achievements of the case study organisations are not easily replicable. This is partly due to the particular financial context in which the case study areas delivered stock transfer, partly due to the one-off nature of the transfers and therefore the level of resourcing and officer/member commitment that they received, and partly due to the vision and leadership of the senior officers involved in delivering transfer.

In this chapter of the report we look at the case for developing holistic approaches to stock transfer and community regeneration and consider the changes that would be needed to facilitate similar approaches today.

Why link community regeneration and stock transfer?

There is a strong case for linking community regeneration and stock transfer.

First, there are financial reasons. Urban stock transfer brings millions of pounds of investment into deprived urban estates, targeted at the physical improvement of the stock and environment. Once initial refurbishment and development programmes are complete, associations are able to make ongoing provision for the maintenance and improvement of the stock, in accordance with Housing Corporation asset management requirements.

The Government's neighbourhood renewal agenda has emphasised that physical regeneration should be one element of a wider regeneration package; investment in bricks and mortar alone is not enough. While the ERCF programme did not provide a systematic formula for tackling the whole needs of the community, the ERCF case study associations have demonstrated how a holistic approach to regeneration can be achieved with pump-priming funding linked to stock transfer. Overall levels of investment in community regeneration have been relatively modest by comparison with spending on physical regeneration. In Optima and Poplar, investment from all sources in the non-housing elements of community regeneration represented 6% of total investment over the same period, relatively modest sums. Indeed, arguably, the value of the 94% investment in bricks and mortar is dependent on the 6% investment in community regeneration.

Each of the case study associations is convinced that its investment in community regeneration is essential to business plan viability, and was important in obtaining private sector funding. While it is not possible at this stage to evaluate the broader outcomes of this investment, case study organisations have focussed on the importance of their programmes to sustain social cohesion, develop social capital and support a potentially vulnerable community through a period of change. In each case also, this investment has assisted associations in improving the lettability and manageability of the stock; a critical issue for business plan viability and therefore for funders. The significance of provision for community regeneration is likely to be even greater in areas which are not as geographically well-favoured as Optima and Poplar; where underlying demand is weak and property values are low and are likely to remain so. This is likely to be the case for many of the estates with significant investment needs remaining in council ownership.

A second important issue is the suitability of stock transfer landlords to take on the role of community regeneration agent. As the SEU report *Learning Lessons* acknowledges "the housing service has a pivotal role to play in neighbourhood renewal. Of all public services it tends to have the strongest link with the deprived communities in social housing".[52]

For stock transfer landlords, this is particularly the case. Stock transfer housing associations become major asset holders in transferred areas. Choices about the design and layout of housing and the environment can have a major impact on community sustainability. Local management and governance arrangements are usually a pre-requisite for transfer (and could become a pre-requisite where funding for community regeneration is involved), as are meaningful local consultation and involvement arrangements, underpinning work on community empowerment. Even without the resources to provide a dedicated community regeneration function, housing associations have substantial spending power, which is capable of generating jobs and business opportunities, and each of our case study organisations has focussed on mechanisms for using that power to create wealth within the transferred community.

Beyond this, housing associations have a track record of involvement in community regeneration. Moving on from the housing plus agenda, many associations have been reviewing their strategic approach in much the same way as Harvest Housing Group, to find better ways of supporting socially excluded communities and to free up resources to support community sustainability. Stock transfer landlords are therefore well placed to deliver community regeneration (although as we note below there are questions about the monitoring and regulation of community regeneration activity that need to be addressed).

Having said this, the findings of this study also suggest that while there is a strong case for ensuring that community regeneration funding reaches transferred estates, and that the risks faced by housing associations can be offset by such investment, associations may not necessarily be the agency best suited to deliver or co-ordinate regeneration activity.

Are stock transfer landlords the right delivery agency?

When stock transfer proposals were put together in Partington, Poplar and Optima the neighbourhood renewal agenda was far less well-developed than it is currently. In each case, stock transfer landlords offered a potential vehicle to deliver community regeneration activity, and to varying degrees, were able to contribute resources for non-housing regeneration.

52 SEU (2000).

However, since the late 1990s, the agenda has moved on. As part of the national neighbourhood renewal strategy, new approaches to the delivery of local services are being piloted. Neighbourhood management is one such approach. The pilot studies are still at an early stage, and approaches vary, but the key features of neighbourhood management are:

- someone has overall responsibility at neighbourhood level;
- community involvement;
- the tools to get things done;
- a systematic and planned approach to tackling local problems;
- effective delivery mechanisms;
- a commitment from service providers.[53]

In both Poplar and Partington, where refurbishment programmes are near completion, attention is turning to the long-term management needs of the community. Both organisations are likely to become involved in a neighbourhood management approach, although it is too early to say precisely what role each would have in any delivery vehicle. It is possible to envisage a situation in which stock transfer organisations would become the delivery vehicle for neighbourhood based approaches, using the resources made available through stock transfer to pump-prime community regeneration and co-ordinate input from other key agencies. However, there may be circumstances in which delivery vehicles for certain aspects of the local service are established at arms length from the stock transfer landlord, in which case funding for elements of the community regeneration programme would need to be made available to the delivery vehicle.

Given the range of new vehicles being developed, housing associations may not always be the right delivery vehicle for wider regeneration in the future. Local authorities and housing associations considering stock transfer should examine the range of service delivery and investment options available, and develop solutions that fit the needs of the local community. For example, where a regeneration agency already exists within a community, a stock transfer association could work in partnership with this body to ensure that non-housing issues are addressed. Alternatively, agencies serving a community may judge it appropriate to create a new, neighbourhood focussed body to co-ordinate and/or deliver particular services. Such an agency could be a subsidiary of the stock transfer landlord, or a stand alone company formed as a joint venture between partners.

The various options for delivering community regeneration, and the differing roles that housing associations could play, raise questions about the regulation of these activities. If associations are to devote any significant resources to community regeneration activities, the Housing Corporation will have to monitor these under its Regulatory Code. This will be even more important if associations directly or through group structures take a lead role. The Corporation's policy towards associations undertaking diverse activities has become increasingly flexible, and recognises the appropriateness of a wider role for the sector.[54] As evidence from the case study areas shows, the Corporation on the ground is supportive of associations taking on a diverse role where this helps deliver the latter's objectives. However, the implications of increasing diversity, and especially of associations taking on a neighbourhood management role, are that the Corporation may need to broaden its internal skills.

53 DTLR Neighbourhood Management Pathfinder bidding guidance.
54 Housing Corporation (2000).

As noted, other agencies may take the lead regeneration role, with associations as contributors. At present, the monitoring and regulation of these activities will depend on, first, the funding sources and, second, on the type of organisation. Regeneration funded from (for example) the NDC, SRB or EU will be regulated under the relevant funding regime. If the lead agency is a local authority, normal internal council scrutiny processes will apply and the Audit Commission will have a remit via the Best Value system. If the lead agency is an independent, not-for-profit body which is not Housing Corporation registered (a typical structure for an NDC or SRB delivery body) there will be no regulator specifically for the organisation (as opposed to the funding) except possibly the Charity Commission whose focus will be more on legal compliance rather than effectiveness. This complex and inconsistent network of regulation will need to be addressed by central government as community regeneration and neighbourhood management initiatives grow.

Funding

This study has sought to identify the range of issues that help stock transfer associations play an effective role in community regeneration. These are clearly not just about funding. However, it is also clear that the funding arrangements underpinning the three case study associations have, on the one hand, helped them contribute substantially to creating sustainable communities but, on the other, have limited what they can achieve. Many features of the funding of all three associations were the product of funding that no longer exists (ERCF for Optima and Poplar HARCA), informal support that is no longer feasible (subsidy to Partington from Harvest) or specific deals that may not be easily replicable (the land sale proceeds arrangements agreed for Optima by Birmingham City Council). As noted above, Poplar and Optima have benefited from the flexibility of ERCF as a funding source; the fact that the grant was non-hypothecated and could be carried over from year to year has assisted both organisations in tailoring their approach to meet community needs.

All three associations have pieced together funds beyond what was available from the core stock transfer funding. While their initiative is commendable, all are concerned that these funding streams are not sustainable and that projects that have been carefully developed with the community will fall when revenue funding commitments (e.g. from SRB) end. None was able to give commitments on non-housing regeneration in their original offer to tenants of comparable firmness to those on physical improvements. Thus, the lack of firm funding meant tenants had to take these intentions on trust; ballots in all three areas were positive (although Poplar HARCA had a negative ballot result in one phase of its proposed transfers). It is not possible to say the extent to which the lack of certainty on wider regeneration commitments affects tenants' views on transfer proposals. However, there is no obvious logic in government expecting tenants to receive firm assurances on (say) rents, works and repairs performance standards, but vaguer statements of intention on wider regeneration issues.

The experience from the case study associations suggests that the solutions to these funding problems are as follows:

- The Poplar and Optima transfers benefited from pre-ballot funding through ERCF that is no longer available. A similar pre-ballot and pre-transfer funding system should be introduced. This should be available for all regeneration based transfers whether positive or negative value.

- The remit of this funding should be wide and include:
  - demonstration capital works on both dwellings and community and environmental projects;
  - capacity building and training for residents;
  - staff development and training;
  - master planning and other project development related costs;
  - land purchase where site assembly is critical to projects.
- A central government fund for dowries should be established to allow authorities with limited capital resources to bid for funding for negative value transfers.
- Leaseholder contributions in schemes approved under this new funding regime should be capped as in (for example) NDC schemes, to help facilitate regeneration.
- ODPM should allow costs of funding community regeneration, similar to the model used by Poplar HARCA, into the stock transfer valuation. It should be willing to consider incorporating both one-off costs (e.g. for refurbishing or building resident resource centres) and continuing revenue streams (e.g. to fund community development staff).
- ODPM should encourage the use of core stock transfer funding (i.e. available through the valuation or the new funding described above) to attract matched funding (not necessarily on a pound for pound basis) from its other programmes such as NDC, the Regional Development Agencies' single funding pot, NRF and English Partnerships. Local authorities should be encouraged to prepare 'cross programme regeneration funding bids' for stock transfers as part of the application process for a place on the stock transfer programme. Such programmes should be consistent with the local strategic partnership's broader programme, and receive its endorsement. Where successful, the authority could potentially be granted funding from several sources additional to core transfer funding, but all of these would be incorporated within the transfer valuation and would thus be part of the association's 30 year business plan. Thus, all aspects of the regeneration proposals by, or involving, the association could be given equal weight in the offer to tenants.
  A community focussed long-term planned approach to funding is also important to provide the flexibility that newly established regeneration agencies need to plan and deliver spending. The focus should be on delivering value for money approaches to meet demonstrable community needs, rather than spending money within a fixed time to meet funding agencies' grant requirements.
- Similarly, ODPM should allow authorities to include within their transfer proposals bids for Housing Corporation social housing grant for demolition and new building by or for the transfer association where these are essential to the regeneration of an area. This funding, where agreed, would be prioritised within the Housing Corporation's allocation for the relevant year. Thus, new building, and especially rehousing, proposals could similarly be given equal weight with the normal stock transfer commitments in the offer to tenants.
- ODPM should also ensure that funding to support private sector intervention (such as the Housing Market Renewal Fund and mainstream financial assistance to homeowners and private landlords) can similarly be incorporated within stock transfer proposals. This will be particularly relevant in areas where the quality of private sector housing will have a major effect on the sustainability of investment in social housing and wider community provision.
- The funding proposals above would require ODPM to substantially increase the funding to the stock transfer programme. Further work is needed to quantify this.
- However, any bid for additional funding prompts questions on value for money. Thus, in developing new approaches to transfer and regeneration, ODPM should

consider how the value for money of transfer can be increased. One approach would be for ODPM and other Government departments to run a pilot scheme for cross-departmental regeneration funding bids linked to stock transfer. A key objective of this approach would be to examine how service providers from each sector can contribute to the achievement of the whole range of Public Service Agreement (PSA) targets. Service providers would also need to identify where social exclusion targets clash with sectoral objectives and find ways of resolving these conflicts. The Department for Education and Skills (for example, for youth services, training and partnerships with further education colleges), the Home Office (for example, for crime and security initiatives) and the Department of Health (for example, for healthy living projects) would appear to be appropriate partners with ODPM for such a pilot.

More certainty of funding for wider regeneration should also build greater confidence among private funders whose principal concern is sustainability of demand, and also increase the scope for developing bond issues and borrowing clubs and other potentially cheaper forms of loan finance for urban transfers.

Towards a new approach

This research suggests that there is a need for a new, and more systematic approach to planning, funding and delivering stock transfer in areas where community regeneration is important. This needs to capitalise on approaches that have been used in the community regeneration field, and are emerging in relation to housing stock transfer, and which would enhance the community regeneration contribution of transfer.

For example, in its 1997 guidance on housing plus, the Housing Corporation recommended the use of 'community action plans' to provide a holistic, business planning approach to address the needs of the community. Similarly, as part of proposals for the development of the Community Gateway Model, a new type of community owned transfer organisation which is being promoted by the Co-operative Union, the use of 'community option studies' has been suggested.[55] An initial whole stock transfer would be followed by community option studies across the stock, to put in place localised community empowerment strategies that would enable residents to play as a much of a role in management and governance as they want, while at the same time addressing stock condition needs.

Something akin to the community options study is already being used by local authorities and housing associations across the country in the context of low demand to evaluate community sustainability, and the prospects of any given neighbourhood.

It could equally become a critical tool to underpin transfer proposals, and would be undertaken prior to transfer, ensuring that proposals take account of but look beyond housing issues to address the wider needs and prospects of the community, examining factors such as the contribution that is required from other key agencies, and the scope for generating meaningful community involvement, and ultimately community control. Such appraisals would need to be developed in partnership with residents and the wider community, with residents determining their favoured options. Community ownership would thus be built into the business plan from the outset.

55 Mutuo (2001). A more detailed report on this idea will be published by CIH in late 2002.

The community options study would:

- in partnership with all relevant agencies and the community, examine potential community sustainability, taking account of the full range of factors impacting on community success;
- examine community capacity and community focussed governance options, taking account of existing levels of community involvement and the strategy needed to deliver community empowerment;
- identify needs, both in terms of services and the physical infrastructure, and evaluate service delivery and investment options (including for example the relative merits of the new landlord leading on community regeneration and/or placing this function with an alternative neighbourhood focussed regeneration agency);
- provide the basis for the development of a community business plan, incorporating a business plan for the housing service, and if applicable, stock transfer proposals.

The community level review of options and the local authority's broader neighbourhood renewal plans need to be developed in a co-ordinated way and complement each other. Local strategic partnerships and regional development agencies should identify the scope for using stock transfer to deliver and add value to local and regional regeneration plans. The Government has recently announced that English Partnerships will play an increased role in delivering housing regeneration[56]; again it is essential that this role complements and supports neighbourhood focussed community planning, taking account of the potential for using stock transfer to enhance regeneration.

Where stock transfer becomes an option, the community options study provides a way of developing a business plan that addresses housing and wider community and economic issues. Again, this should fit with, and receive financial support from, local and regional regeneration programmes, as proposed later in this chapter. This is not to suggest that stock transfer communities should take precedence over other areas in need of regeneration; merely, that where deprived neighbourhoods decide to progress stock transfer proposals, their non-housing regeneration needs should be systematically addressed alongside physical refurbishment needs.

Preparing for transfer

As we have noted above, many of the critical success factors observed in the case study areas may not be easily replicated in other areas considering transfer. The key agencies and individuals involved in Partington, Poplar and Optima did not follow a rule book, or set of guidance, in developing their programmes; innovation, vision and an element of trial and error, have in each case helped them to develop their approach to community regeneration. They have been assisted along the way by some willing and enthusiastic partners; to a greater or lesser degree they have been able to gain access to dedicated regeneration funding.

It cannot be assumed that these factors will easily be replicated. If the Government is to promote community regeneration through stock transfer, further consideration will need to be given to the pre-transfer guidance offered to local authorities, and to the requirements that the Government will make of organisations wishing to acquire a place on the stock transfer programme to provide both housing investment and community regeneration.

56 English Partnerships Press Release 24/7/02. English Partnerships Outlines New Role.

The Community Housing Task Force has recently issued guidance on training and staff development, and managing change, which are a useful starting point, and the Housing Corporation has recently established a bank of good practice which includes information for prospective stock transfer organisations. However, further consideration needs to be given specifically to the community regeneration function, and the way in which prospective landlords need to plan for this role. There is a range of available guidance to draw on, which should become part of the toolkit for stock transfer in areas of social exclusion.

Key issues to address within guidance are:

- community regeneration focussed business planning, and the use of existing regeneration funding sources to enhance stock transfer business plans;
- resourcing and skilling up for intensive housing management and community involvement;
- developing staff commitment and skills, and considering recruitment needs;
- preparing to partner, and developing partnerships.

If community options studies become a feature of partial stock transfer in urban areas, these would provide a useful point for examining each of the above factors, and also in demonstrating to ministers that transfer proposals are based upon a robust strategy.

Lessons for national policy

The achievement of Government targets for decent homes is dependent upon the choices that tenants and local authorities make for the future management and ownership if their homes. The scale of the task is illustrated by figures on the extent to which authorities expect to meet the decent homes target within ten years.[57] For example, in their initial HRA business plans, of the 30 metropolitan councils with housing stock, 20 had set a target for decent homes by 2010; of these, 17 expected to meet it. Among the 30 London boroughs with housing stock, 12 had set a target for 2010; nine expect to meet it. Finally, of unitary authorities (many of which cover large urban areas), 38 have housing stock; of these, 17 had set a 2010 target and 12 expect to meet it. While these figures should be approached with caution because they are based on early business plans, they illustrate how far urban authorities have still to go. The Government's target for 2010 is unlikely to be achieved unless tenants in more urban authorities opt for stock transfer.

Stock transfer can contribute to meeting Public Service Agreement (PSA) targets beyond those for housing and the physical environment (see figure 5). As our case studies have shown, it can operate as a catalyst for initiatives to tackle all aspects of the social exclusion agenda, including worklessness, crime, educational achievement and health. Case study organisations are actively supporting children and young people, the elderly, black, Asian and other minority ethnic groups, parents, and vulnerable groups within their communities. Stock transfer has provided a platform for community engagement and empowerment, an essential feature of the neighbourhood renewal agenda. Government needs to act to tie the urban stock transfer agenda more firmly to the neighbourhood renewal agenda. If it does not, valuable opportunities will continue to be lost.

57 Figures supplied by ODPM.

Figure 5: How stock transfer can contribute to deprivation-related PSA targets

Issue	Deprivation related PSA targets 2000*	Examples of relevant case study initiatives
Jobs	Increase the employment rates of the 30 LA districts with poorest initial labour market position, and reduce difference between their rate and the overall rate.	• Various apprenticeship schemes and employment initiatives linked to associations' physical works programmes. • Business and employment opportunities arising from community development/ management programmes (e.g. residents running crèches/becoming neighbourhood wardens). • Referrals to small business agencies. • Crèche facilities and transport initiatives linked to training and employment opportunities. • Estate-based employment and training advice/personal skills training/access to IT facilities/support for residents to obtain grants and bursaries.
	Generate more sustainable enterprise in disadvantaged communities.	
	Increase the employment rates of people with disabilities, lone parents, ethnic minorities and over 50s, and narrow the gap between those rates and overall rates.	
	Improve the economic performance of all regions.	
Crime	Reduce domestic burglary by 25%, with no LA having a rate more than 3 x national average by 2005.	• Concierge and CCTV monitoring for tower blocks. Other CCTV initiatives. • Estate ranger service/neighbourhood warden services. • Community safety officers/burglary reduction workers. • Youth-focussed drugs and crime initiatives.
Education	Increase the % of pupils obtaining specified number of GCSEs, and 11 year olds obtaining level 4 or above in specified subjects.	**Direct relevance to target:** • Wide range of educational and child-support initiatives, including home work clubs, 'out of hours' provision (before/after school/holiday clubs), mentoring for individual students, drugs awareness and youth crime initiatives. **Indirect relevance to target:** • Social, cultural and artistic initiatives; community empowerment initiatives; employment and health related initiatives.
Health	By 2010, reduce by at least 10% the gap between the quintile of areas with the lowest life expectancy at birth and the population as a whole.	**Direct relevance to target:** • Partnerships with health agencies and social services to increase access to primary health care services/address shortages of key workers (including provision of new health centres). • Ageing well programmes. • Child care/babysitting/first aid courses. • Swimming lessons. • Sexual good health programmes. • Drugs related programmes. **Indirect relevance to target:** • Housing, environmental, employment, and community empowerment projects.
	By 2010, reduce the conception rate among under 18s in the worst quintile of wards by at least 60%, thereby reducing the level of inequality between the worst quintile and the average by at least 26%.	
Housing	Ensure that all social housing meets set standards of decency by 2010, by reducing the number of social housing that does not meet these standards by a third between 2001 and 2004, with most of the improvements taking place in the most deprived local authority areas as part of a comprehensive regeneration strategy.	• Core element of stock transfer proposals.
Environment	Improve air quality in the most deprived areas by meeting national Air Quality Strategy targets.	*Not examined in case study areas*
	Increase recycling and composting of household waste to 17% of all household waste by 2004.	

*Table provides a summary of the PSA targets. A full description of each target is available from the NRU Website (www.neighbourhood.gov.uk).

As noted above, the current funding mechanism underpinning stock transfer does not provide for investment in regeneration; where authorities seek to pursue stock transfer in deprived areas, their ability to deliver wider community regeneration depends upon their ability to access funding from dedicated regeneration funding sources.

While the Neighbourhood Renewal Fund and regional development agencies' funds offer such funding mechanisms, there is no guarantee that they will be used to support stock transfer proposals in any given area (and as already noted, a proportion of deprived estates fall outside the NRF framework).

There is a lack of synergy between programmes for neighbourhood renewal and housing regeneration that needs to be addressed. While Government ostensibly supports the link between stock transfer and regeneration, in practice, funding, inspection, and regulatory regimes do not reflect that link.

Earlier in this chapter we set out proposals which would address the funding issue, ensuring that stock transfer in deprived areas is backed by core funding for community regeneration, and providing a platform for transfer organisations to access supplementary funding from mainstream regeneration programmes. However, the synergy needs to extend beyond the issue of finance to the following areas:

- Providing incentives to all public sector agencies to 'partner' and work towards the objective of bending the mainstream, so that long-term funding strategies can be put in place which support the core provision made available through stock transfer. To achieve this, there needs to be a focus on social exclusion targets from all regulatory and inspection bodies, whether dealing with health, education, social services, housing, local authorities generally or the police. This needs to be reflected specifically in the performance monitoring frameworks adopted by each sector, to ensure that the achievement of social exclusion targets and other sectoral targets are not in conflict.
- Monitoring and evaluation of stock transfer related community regeneration programmes. Programmes are currently subject to a range of monitoring requirements, depending on funding source. The evaluation of housing association-led involvement in regeneration has not been systematic, and as the approach of our case study organisations demonstrates, it has not been considered a high priority area. ERCF was set up without an evaluation framework for the community regeneration element of the programme, so landlords have been left to determine the approach they should adopt. If the Government accepts the proposal that community regeneration should be built into stock transfer proposals in areas that need it, this should be accompanied by clearer guidance on monitoring and evaluation. The work that is being carried out in relation to the New Deal programme and neighbourhood management should assist in this respect.
- The work of the SEU noted that Government and other agencies involved in regeneration have tended to be poor at learning the lessons of past successes and failures, and at sharing experience, both within and between sectors. This is equally true of regeneration activity within the housing sector. There is now a considerable amount of work being carried out by the Neighbourhood Renewal Unit and others to examine what works and what does not in the regeneration context (including the work referred to above to develop frameworks for evaluation). It is essential that housing associations involved in regeneration gain access to this research, and are supported in delivering best practice and developing appropriate frameworks for measuring their own performance (as well as the impact on the community).

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