THE LOCAL STATE AND HOUSING PRODUCTION PROGRAMMES: A STUDY OF CHANGE IN THE 1980s AND THE CASE OF HARINGEY COUNCIL IN NORTH LONDON

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ABSTRACT OF THESIS

THE LOCAL STATE AND HOUSING PRODUCTION PROGRAMMES: A STUDY OF CHANGE IN THE 1980s AND THE CASE OF HARINGEY COUNCIL IN NORTH LONDON

Under the impact of central government policy to reduce and restructure the role of council housing, important changes have taken place within local government and housing provision in Britain. In this study, the relations between a local government's Housing Investment Programmes and the agents of council housing production are examined through the changing scale and composition of financial flows within these programmes over a ten year period.

A model is developed which examines the structured position of a local council as a state institution with responsibilities for organising housing production, as well as its capacity as a local agent of production through its own sizeable direct labour organisation. One consequence of the changing scale and composition of local housing production programmes has been the collapse of the direct labour organisation as a major producer within Haringey's Housing Investment Programmes, and these events are examined in detail.

The relations between the agents of council housing production within the locality are set in the context of
major change in the relations between the central and local state. These changes are seen as more than a continuation of centralising trends in the 1970s; they amount to a major departure in central state policy.

In this study, a relational approach is adopted as a way of understanding both agency and the social and institutional structures within which agency is articulated. This focus may allow for complexity in the causes of events, while showing which features of the processes examined can be seen as determining longer term outcomes.
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<tr>
<td>AMA</td>
<td>Association of Metropolitan Authorities</td>
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<tr>
<td>DLO</td>
<td>direct labour organisation</td>
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<tr>
<td>DoE</td>
<td>Department of the Environment</td>
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<td>GDP</td>
<td>gross domestic product</td>
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<td>GLC</td>
<td>Greater London Council</td>
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<tr>
<td>HA</td>
<td>housing association</td>
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<tr>
<td>HBF</td>
<td>House Builders Federation</td>
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<td>HIP(s)</td>
<td>Housing Investment Programme(s)</td>
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<td>housing revenue account</td>
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ACKNOWLEDGEMENTS

This study has emerged from nearly fifteen years of working in local government in London. Much of that time has been spent as an official within the Housing Service and the Public Works Service of Haringey Council. While most of the material has been gathered during my work with the Council, the main body of the research has been developed and written after I had left Haringey's employment in 1989. As local governments go, Haringey Council has an unusual degree of openness. And while the interpretation of events is my own, I owe a great debt to many staff of the Council who were willing to give their time and practical support.

Special thanks are due to Henrik Chambert, David Green, Michael Jones, Andy Ludlow, Eamonn Meighan, Kathleen Morrison and Rasan Rasanasan with whom I discussed a number of the ideas within this study and who gave me their comments at various stages of my work.

Without the advice and support of Michael Edwards this study would never have been completed. During the period of major crisis within the Council, time would pass during which I would make little or no progress. Michael always managed to make contact at the right time and offer his special brand of encouragement. I am deeply grateful to him.
INTRODUCTION

"The importance of research into [housing] production is not so much to determine the problem of productivity or the quantitative contribution of house production to the value of labour power, but as a component of the political perspective on housing. The complex relationship between production and other aspects of housing is important to grasp, and must be studied in the context of different localities - something which is more or less taken for granted in struggles around the consumption of housing." (1)

This study sets out to examine the relations surrounding council housing production in one particular locality - the north London borough of Haringey - during the 1980s. The relations between this local council's Housing Investment Programmes and the agents of local council housing production are examined in the context of changing relations between the central and the local state. Since the 1970s and particularly during the 1980s, there have been strong moves by central government to control, centralise and restructure local public housing programmes. A changing financial regime, severe reductions in funding and new controls have brought about a number of shifts in the size and scope of local government housing provision. However, many decisions about the characteristics of these programmes still lie with local governments. Local
functions may have been lost or restructured, but what remains is still significant.

Much of the theoretical writing about the state and the production of the built environment, of which housing production is a major activity, is unsatisfactory. The state is either missing from the analysis, or brought in at a descriptive level only. No aspect of present-day housing production is exempt from the direct or indirect activity of the state. And in Britain, local state institutions, principally the system of local government, have been the key state agencies involved in the production of local public housing for more than seventy years. Yet, in most policy studies of council housing, little or no attention is paid to analysing the mechanisms which relate the activity of the agents of production to the institutions and practices of the state.

The case of Haringey Council is used as a focus for examining the relations between council housing production, local state and central state institutions. In developing the analysis, the work of a number of writers in differing, but related, fields in social science is drawn upon: the work of Bob Jessop in the use of a relational approach in understanding the capitalist state, Henrik Chambert in the construction of models of agency in the production of the built environment and Andrew Sayer on method in social science. To the extent that these writers adopt methods
of structural analysis and articulate these methods with a close examination of agency, they are related to marxist and critical traditions in social science.

The theoretical and methodological questions that inform this study are set out in Chapters One and Two. Chapter Three provides the structure for the study of Haringey Council's housing production programme, and also contains the framework which links together Chapters Four to Seven. In Chapter Four we examine the detail of Haringey Council's Housing Investment Programmes between 1978 and 1988. Chapter Five sets out a model for examining the agents of production in local council housing provision. In Chapter Six, we return to detailed events within Haringey Council and look at the history, growth, crisis and major closure of the Council's own building agency - the direct labour organisation. The complexity of relations between the central state, the local state and council housing provision are discussed in some detail in Chapter Seven. In this Chapter, an assessment is made of the centralising trends in the 1980s under the impact of the Thatcher Governments. In Chapter Eight, I set out some conclusions and raise questions about the future prospects for local government and council housing.
Introduction

References and Notes

CHAPTER ONE

THE STATE, THE BUILT ENVIRONMENT AND HOUSING

Introduction

Detailed analysis of the state in capitalist society and its relations with housing production presents a number of difficulties for marxists. The debate frequently polarises around two questions. First, to what extent and by what means does the state, particularly the welfare state in advanced capitalist societies, succeed in securing conditions for capital accumulation in the housebuilding and construction industries? Second, to what extent are the welfare state's social policies met by the housebuilding industry? Theoretical writing about the state and the built environment can range from the extremes of economic determinism to the extremes of autonomism (1). In the first case, the activities of the state are asserted to be more or less responses to the needs of capital, or, at the other extreme, the state is seen as having great autonomy from economic forces and is free to respond to political demands more or less independently of economic forces and in a pragmatic fashion directed to some extent by party political programmes. In other words, the state is either superstructural - reflecting 'the facts of production', or instrumental - there to be used (2).
Paradoxically, these approaches and the divergent politics that may be inferred from them may reveal a common perspective, which sees the state as an instrument of class rule. One direction leads towards economic reductionism, which subordinates political forces and the form of the state to an economic base, and the alternative direction, often leading to voluntarism, places class and political struggle to the fore in seeking to change the personnel, content and character of state policy and practice. One ironic commentary explains the latter polarisation by looking at the research process itself, where much 'applied' work or policy study is commissioned by and confirmed by the state itself, within which a historical understanding of the processes involved is not considered essential to explanation or practice (3).

The intervening state

Housing is a commodity, although an expensive, long-lasting and spatially fixed commodity, and a source of capital accumulation for certain forms of capital. It is also a special kind of commodity in that, being more than merely shelter, housing provides homes for individuals, households and families. It is a part of the necessary consumption of workers - an aspect of the reproduction of labour power, but also the place for many other social relations: sexual relations, marriage, the rearing of children, social identity, relationships in communities. The forms of
housing provision are interlinked with the reproduction of many of the social relations of capitalist society, and these forms are embedded in social, class and political conflicts. There are no aspects of present day housing production and distribution that are not directly or indirectly affected by the activity of the state.

In considering how the provision of housing is interconnected with the wider structures of society, Bassett and Short give some indications of the possibilities of these connections (4). The structure of housing provision they adopt is valuable in that it avoids reducing state housing activity to the needs of capital, while at the same time seeing the state within the context of social conflict. Narrowly functionalist explanations are avoided. But the difficulty with this approach is that the state is still seen as outside the housing system, intervening in the system as if it were an organisation or set of organisations on the outside arbitrating between conflicting forces in housing provision (5). The idea of the state intervening within a social system such as housing provision is an approach that is often implicit in many studies of housing policy, and can be seen even in the well known work of Merrett, Forrest, Murie, Malpass and others. It is as if the state is undifferentiated, not dynamic, uncontested and not embedded in social forces in society (6). It should be also be noted that in addition to the instrumentalist approach frequently encountered in
material about the state and housing policy, marxist writings which have sought to direct our attention to the production of the built environment, an area frequently neglected in housing policy studies, have explicitly or implicitly adopted an approach which sees the state as functional in one way or another for capital (7).

This model of a state intervening in processes of housing provision has been criticised by Bentivegna in his discussion of the historical context of post-1945 political struggles over redistribution policies pursued by the state and the effects of demands of workers' movements in western European countries on the activity of these states (8). In a discussion of urban rent, he argues that the capitalist state is inside the model of housing provision in that "it conditions the levels and types of urban rent in the light of the entire process of reproduction of the social system", and that this necessarily includes discussion of the relationships between the state and building production. Here, Bentivegna is concentrating his focus on the relations between the state and housing production, a theme which will be the main subject of this study.

A concern with the centrality of social relations of production within construction is also seen in the work of Ball, where he argues that the importance of a dynamic and integrated view of construction is best understood through an examination of the structures of housing provision (9).
The state is seen as connected with these social relations of production in the establishment of a legal framework for the contracting system, as a major client for the production of housing, schools, motorways etc. and as responding to pressure from interest groups and alliances of social forces within the construction industry (10). In this context, Ball would argue that a discussion of council housing provision should lead us into an examination of the social relations surrounding this particular category of housing production. While this is a compression of Ball's approach, there remains a lack of theoretical development of just what are these social relations; how are they created and maintained; how and why does their composition change; and what part does the state play in these sets of relations, their development and change?

The integrated state

In criticising studies which treat the state as an agency external to production and property relations, McMahon demonstrates that the state has been integral to the realisation of extensive suburban development in Britain and North America (11). The state, he argues, has been central in constituting rights in land - in the development of commodity relations surrounding land and development - and in responding to contradictions between land and capital. Historically, the state has constituted and reconstituted markets and the legal and other structures
necessary for property rights and planning to be exercised. In this analysis the state has "not intervened in an autonomous sphere of landed property", but should be seen as a force integral to the process of land and property market formation (12).

An approach that integrates the state in the social relations of the production of the built environment would argue that the state formulates and has formulated historically many of the pre-conditions for capitalist production, including the creation of the labour forces and the wage form (13). In following McMahon, we can see that property and land markets have been developed historically through a body of law and state administration, including modern planning systems (14). The rights of inheritance of land, property and housing, and the sexual division of property and housing rights are also constituted by the state, and analyses of these kinds of interaction should not be seen as subordinate to analyses concerned with the social relations of production (15). An integrated approach allows us to see the complexity and diversity of social relations of production; how these relations must themselves be radically changed and re-ordered through state, juridical and other social structures before new forces of production can be created and how new forces of production can be combined in shifts or changes within modes of production.
We also can see that the state itself is structured, created and differentiated historically by the actual material relationships concerning property ownership and use, the division of labour, class relations and the relations of production (16). Following Corrigan we can argue that the state is organised as a complex of social forms, so that it "inflects all relations and ideas about relations in such a way that capitalist production and all it entails becomes thought of and lived as natural" (17). State forms and state activity need to be analysed relationally rather than in their separateness from production relations or in mere measurement of the effectiveness of the institutions or policy instruments of the state.

A valuable relational approach to analysing the capitalist state has been developed by Jessop and I/to use this approach in analysing the changing nature of state housing production programmes in the 1980s (18). Integral to the study is an analysis of the housing activity of the north London borough of Haringey. This allows us to examine actual housing production programmes at the level of the local state, follow the activity of the agents of housing production and locate changes in the characteristics of housing production within the broader field of central-local state relations. Thus an attempt is made to respond to the call from Jessop and others for theoretical and
empirical work to be carried out for the further development of theories of the state and politics (19).

The remainder of this chapter is an elaboration of the approach and its implications.

A relational view of the state

No attempt is made here to establish a unitary, marxist theory of the state, nor is any attempt made to produce a systematic theoretical account of the state based on any one causal explanation of its practices and meaning (20). A comprehensive review made of the wide range of marxist approaches to the state is not made here. Reviews of this kind exist elsewhere, one of the most useful being Jessop's discussion of the influential marxist approaches of the past fifty years, where he looks at the main characteristics of state monopoly capitalist theses, the state derivation debate and neo-Gramscian developments in state theory. Having reviewed comprehensively these broad approaches and their many variants, Jessop has proceeded to develop a set of guidelines for analysis of the state in capitalist society. This study proceeds from these guidelines.

For Jessop, a marxist analysis of the state in capitalist society contains within it a number of levels of abstraction, which should be made explicit in analysis.
Thus an analysis of the capitalist state can be considered adequate at the appropriate levels of abstraction specified to the extent that:-

" a) it is founded on the specific qualities of capitalism as a mode of production and also allows for the effects of the articulation of the CMP [capitalist mode of production] with other social and/or private labour; b) it attributes a central role in the process of capital accumulation to the interaction between class forces; c) it establishes the relations between the political and economic features of society without reducing one to the other or treating them as totally independent and autonomous; d) it allows for historical and national differences in the forms and functions of the state in capitalist social formations; and, e) it allows not only for the influence of class forces rooted in and/or relevant to non-capitalist production relations but also for that of non-class forces. " (21)

These criteria do not operate as generalities. A specific historical context needs to be specified as well as an identification of the social formation or part of that formation which is being examined. A significant consequence of this approach entails the recognition of the contingency of the forms in which social relations and their political impacts interact, and an acceptance of...
multiple class and non-class influences on the state. In that sense, there is an acceptance of the plurality of causation and a rejection of a monolithic or all-purpose, marxist theory of the capitalist state (22).

In developing the above criteria as a broad framework, Jessop moves on to specify a set of guidelines in studying the state in capitalist societies. They are summarised as follows:

1. the state is a set of institutions that cannot exercise power merely as a combination of institutions;
2. political forces do not exist independently of the state, but are shaped in part through the forms of representation within the state, in its internal structure and through its practices;
3. state power is a complex social relation that reflects the changing balance of social forces in a determinate conjuncture; and,
4. state power in capitalist society is capitalist to the extent that it creates, maintains, or restores the conditions required for capital accumulation in a given society and in specific historical periods (23). It is non-capitalist to the extent that the activity of the state may fail in effecting these conditions or may operate against those conditions that are necessary, in particular circumstances, for the successful realisation of capital accumulation. The complete or partial successes and
failures of state activity are not necessarily predictable and can often only be assessed in historical analysis.

These guidelines will be used and elaborated upon to provide a framework for more concrete analysis of some aspects of state housing production. In this study which concentrates on the local state, on housing production within one such institution and on the interaction between central and local state institutions, considerable space is given to the implications of the first three guidelines. However, many of the arguments pursued assume that the social relations examined are located within a society where a regime of capital accumulation exists, and where the owners of capitalist building firms, for example, and other agents within housing production processes realise profits from this production. Moreover, in the discussion of central-local relations, which considers the restructuring of local state under the Thatcher Governments, it will be argued that this restructuring has taken place in the context of activity by the state to bring about a general alteration in the terms and relations across the whole of society under which the process of capital accumulation for profit takes place.

The guidelines elaborated

1. The state as a set of institutions
   
   As the state is neither to be considered as a simple or single instrument nor as merely functional for capital, in
the sense that the capitalist mode of production necessarily implies the capitalist character of the state apparatus, it is necessary to define the boundaries of the state and through institutional definitions establish their relationship to the social relations of capitalist society. It does not follow that the state form, institution or set of practices so defined is essentially capitalist, nor that these structures and practices will necessarily serve in turn to reproduce capitalist relations of production. There is no capital logic to the institutional make up of the state. The state forms are related to the social relations and conditions of the capitalist mode of production as it has developed historically and they are circumscribed, although not fully determined by the nature and course of capital accumulation. "The very complexity and contradictoriness of these conditions of existence [of capital accumulation] invalidate all attempts to suggest that the state in capitalist societies is unequivocally and universally beneficial to capital" (24).

Much of the debate about the state and the built environment assumes some kind of unity in performing functions pre-established as being essential to the reproduction of capitalist society, for instance, in establishing social cohesion in a class divided society. Yet the state comprises many varied institutions and practices, which do not necessarily operate as a unity. When we come to examine the local state, we shall see that
the differentiation between the central state and the local state is crucial to the contestation and negotiations that actually take place over local housing policies. And that the social relations of the locality play a major part in the choices available to political forces within the local state.

This is a particularly important argument in considering the nature of central-local government relations. When we focus on the changing nature of council house provision during the 1980s, it will be seen that there has been great conflict between central and local government over every aspect of housing policy. We shall also see that the major capitalist producers of local housing - private building contractors - have not necessarily benefitted from the policies of either central or local government institutions or from struggles between them.

State policies and practices on housing provision have neither been unified nor consistent in many respects. They have been the subject of long drawn out struggles within and between institutions. Bringing the institutional approach to the state to the forefront will reveal that the state is not essentially or necessarily unified, that there are hierarchies of influence among the institutions and that the internal organisation of these institutions plays a critical part in determining what actually happens. The forces lined up in these struggles contain great
disparities in political strength, and the outcome of contestation has not always been predictable. 

Internally, state institutions will show different forms of representation and forms of practice related to the various strengths of economic, social and political forces and their various combinations (25). At a more general level, Jessop has identified these to include representation in the Parliamentary and electoral sense, clientilism, corporatism and pluralism (26). However, the actual political, managerial and other practices within institutions will include practices which, knowingly or not, may be directed towards maintaining, restoring or undermining society-wide conditions of production; supporting or not the activities of particular capitals; establishing or destabilising forms of co-operation between capital and labour; imposing, directing or orchestrating changes in social relations. Within the case study, it will be seen that the political and managerial practices and systems of control (or lack of them) were crucial to the outcomes of the crises that dominated Haringey Council in the late 1980s.

In successive historical periods the balance of forms of representation may vary both within institutions and between them, and in the relative importance of one to another. For instance, during the period of the Thatcher governments, many long-established corporatist structures
between government, business and organised labour have been dismantled or re-organised. Thus it is important to establish the historically specific circumstances and the institutional levels at which particular aspects of the state are being examined, together with the articulation of forms of representation and practice.

2. **Political forces are not independent of the state**

The state should be investigated as a system of political domination whose structure, forms of institution, representation and practice have a definite effect on class and political conflict. The modern capitalist state comprises a set of relations constructed through complicated and extensive struggles over time by human beings grouped together by their differing relationships to the dominant mode of production (27). Yet these political forces are themselves constituted at least in part by the state, in the same way that society, knowledge, ideas and theories pre-date and so partly form individual men and women. Consequently, political forces are shaped through the state's institutional character, its internal structures and ways of operating.

Although classes are defined at the level of the relations of production, their political weight in society depends upon the forms of organisation and means of activity through which their economic, social and other interests are expressed. We cannot exclude the possibility that some
state institutions at various times and in various ways can be used for differing political aims. The conflicts over state power and how it is exercised may permit different class and political forces and combinations of these forces to occupy parts of the institutional structure and reorganise the state apparatuses to achieve certain aims. The political conflict over Haringey Council's housing production programmes and the use of its own direct labour organisation will furnish much of the material to illustrate the space, opportunities and constraints there are for political forces in central and local state institutions.

The state is not of itself a subject capable of exercising power, nor is it a neutral instrument. The structures of political representation within its institutions and the forms of practice involve differential access and opportunities for different classes and political forces to realise their objectives. These include forces not directly related to those of capital and labour.

When we come to examine the agents involved in housing production in a local government's programme, it will be possible to see how different parts of the processes of housing provision are occupied by different agents with differing access to parts of the institutional structures. We shall also see that in the relations surrounding local state housing production, the local state as institution
occupies parts of the structure of housing provision differentially.

3. **State power reflects changes in the balance of forces**

The exercise of state power and its outcomes reflects the balance of forces at any particular historical period or in any given set of social relations. This is because the state's institutions, forms of representation and practices are differentially occupied by combinations and forms of various class and political forces. Social forms and practices within state institutions are established through continuing intra and inter-class conflicts and struggles (28). The main point is that these forms and practices are contested. With this approach in mind, allowance can be made for conflict and struggle within the state organisations and how these relate to different levels within bureaucracies and the effectiveness of forces within a particular form of political representation. The state can be seen as an institutional complex conditioning and conditioned by economic and political processes.

The state is influenced by the effectiveness of class and political struggles as well as moulding or influencing the operation of the economic and political forces that occupy parts of its institutional structure. The state is not homogeneous in the exercise of power and it is important to distinguish between the various institutions of the state and the specific forms of activity they undertake. State
power should be seen in specific conjunctures, with specific relationships between the agents and the institutions involved, not as a fixed sum of resources and power which can be captured by any one set of social forces to the exclusion of others (29).

The effectiveness and limitations of political strategies in the field of housing provision - Thatcherism in the central state and a form of municipal socialism in the local state - is explored as a major theme in this study. The 1980s were a time of upheaval and change in state housing provision, and an examination is made of the attempts by central government to use new legislation and administrative directives to achieve radically altered objectives, command other parts of the state and modify the activity of agents involved in housing production. At the same time, Haringey Council, along with many other local governments, pursued its own local counter-strategy. This power struggle is examined in some detail.

4. The state is not a simple realisation of the purported needs of capital

State power should be seen as capitalist to the extent that it creates, maintains or restores the conditions required for capital accumulation in a given situation and during a particular period of time. In this context, it is necessary to specify which particular conditions are necessary for a given course of accumulation, in which
respect they are being secured, over which time period and to what extent. Within the study of local relations of housing production, we shall examine to what extent the local Council's housing production programme enabled capitalist building firms to benefit from the way production was organised; both as a total programme and the way different parts of this programme provided more or fewer opportunities for differing kinds of building firms to accumulate capital. However, to read off the central or the local state solely in terms of capital accumulation would reduce the state to the self-realisation of capital. Yet to treat the state as the only point of reference in analysis would permit it to have absolute autonomy in relation to capital: an explanation already established as being unsatisfactory.

We need to examine how state institutions, forms of representation and practice affect the state's ability to secure, maintain or restore the conditions of accumulation as well as how the course of accumulation conditions the state organisations and circumscribes, while not determining, the effects of state activity. In this way the state can be seen as an institutional formation, complex because of its separation from the specific qualities of the capitalist mode of production - the relations between capital and wage-labour and the processes of capital accumulation. Thus, the state in capitalist society is not operating as a unified mechanism dedicated
to the viability of capital accumulation, but is constituted by its institutional structure, the historical development of its institutions, their social bases of support, the social bases of resistance and conflict to them and the modifications made to the activity of these institutions by the variable effectiveness of political struggles within and against the state.

We also need to bear in mind that the concept of the capitalist mode of production is itself a highly abstract element within marxist theory, which seeks to explain the structured relationships within which competing capitals operate, where production for profit takes place and in which the whole process of capital accumulation is reliant on the production of surplus value. However, analysis of capitalist societies and historical change in these societies requires movement between highly abstract concepts and knowledge derived from empirical work. Theories of how social relations and state institutions are established and changed cannot be advanced purely on the basis of theoretical claims made at such high levels of abstraction.

There are other social relations which can be considered in a relational framework regarding the capitalist state. As Harrison and Mort argue, the state not only stands in particular economic, legal and ideological relations with capital and labour, but also in its legislative action and
practices can secure continuation and definition of specific forms of patriarchal relations, including the subordination of women and the regulation of sexuality (30). The state can be seen as drawing on, transforming and modifying sets of patriarchal relations and relations of sexuality, while, at the same time, it cannot be seen as creating these relations. Although this study does not set out to explore the patriarchal relations surrounding the local state's housing production programme, it is necessary to recognise explicitly that the approach adopted here will have excluded this avenue of analysis.

Summary

As McLennan argues, dissatisfaction with general instrumental, functional and determinist approaches to analysis of the state has led marxists in more recent times to move further in the direction of historical specificity and contingency (31). Other commentators have even complained of a surfeit of grand theory and lack of sufficient studies dealing with the internal history of state institutions. It is particularly clear that only in the most reductionist of approaches can history be considered synchronous with the developments in capitalist economic relations (32).

The guidelines put forward by Jessop and the relational approach considered as a theoretical framework for this
study, can be seen as part of this move in theoretical work. For an "adequate marxist approach" to the state, abstract concepts such as capital accumulation, reproduction of the mode of production, class conflict are required as central points of reference (33). They can be supported by analysis of modern society and are used as reference points in this study. But it is certainly apparent that such categories are problematic in relation to the complexity of causation of events within the state and within society as a whole. McLennan concludes that in analysing the state, marxist propositions can be defended, "but they must be relativised and integrated with other points of reference". The best bet for marxists, he suggests, is to "ensure that non-class factors at the lower levels of abstraction are given due credit as causally effective, while at the higher levels the possibility of other viable theoretical angles is endorsed" (34).

The next chapter looks at the relational approach in a little more detail, before we move to the chapters concerning the case study and central-local state relations.
Chapter One

The State, the Market, and Housing

References and Notes

1. The annual Proceedings of the Bartlett International Summer School, University College, London, contain many papers with current approaches to building and construction. Articles include discussions of the state often along instrumentalism or functionalist lines, although sometimes these problems are explicitly recognized.


5. Jessop, B. and Scott, A.J. (Eds.), 1981, Urbanization and Urban Planning in Capitalist Society, Methuen, contains essays by Dear and Harvey which reveal functionalist approaches of this kind to the state.

6. These authors are well known in the housing policy field. Works which tend to use the approach criticised include:

   - Bassett, J. 1979, State Housing in Britain, RKP.

7. Some of the state-monopoly-capitalist theories are apparent in the Proceedings of the Bartlett International Summer School, op cit.; state ownership theories are best represented in Holloway, J. and Proctor, S. (Eds.), 1978, State and Capital, a Marxist Debate, Arnold; and an example of concrete social analysis from a Gramscian or neo-Grasian perspective can be found in Hall, S., Critcher, C., Jefferson, T., Clarke, J., and Roberts, B. 1978, Policing the Crisis, Mugging the State and Order, Part Three, MacMillan.
Chapter One

The State, the Built Environment and Housing

References and Notes

1. The annual Proceedings of the Bartlett International Summer School, University College, London, contain many papers with marxist approaches to building and construction. Articles include discussions of the state often along instrumentalist or functionalist lines, although sometimes these problems are explicitly recognised.


5. Dear, M. and Scott, A.J. (Eds.), 1981, Urbanization and Urban Planning in Capitalist Society, Methuen, contains essays by Dear and Harvey which reveal functionalist approaches of this kind to the state.

6. These authors are well known in the housing policy field. Works which tend to use the approach criticised include: - Merrett, S. 1979, State Housing in Britain, RKP; Malpass, P. and Murie, A. 1982, Housing Policy and Practice, MacMillan; and Forrest, R. and Murie, A. 1988, Selling the Welfare State: the Privatisation of Public Housing, Routledge.

7. Some of the state-monopoly-capitalist theories are apparent in the Proceedings of the Bartlett International Summer School, op. cit.; state derivation theories are best represented in Holloway, J. and Picciotto, S. (Eds.), 1978, State and Capital: a Marxist Debate, Arnold; and an example of concrete social analysis from a Gramscian or neo-Gramscian perspective can be found in Hall, S., Critcher, C., Jefferson, T., Clarke J. and Roberts, B. 1978, Policing the Crisis: Mugging, the State and Law and Order, Part Three, MacMillan.

9 Ball, M. 1983(b), Housing Production: a New Type of Housing Research, Social Science Research Council, London.


21 ibid. p.221, op. cit.

22 McLennan, G. 1989, Marxism, Pluralism and Beyond, pp.118-119, Polity Press.


31 McLennan, G. 1989, op. cit.
34 ibid. p.120.
CHAPTER TWO

QUESTIONS OF THEORY AND METHOD

Introduction

In Chapter One we looked at a framework for analysis of the capitalist state which is a marxist account, but one which seeks to integrate both historical contingency and the necessity to specify the connections between social structures and agents. It is a strongly relational approach (1). In this chapter, an overview is made of these concepts, the methods of research associated with them and how these relate to the case study.

A relational approach

A relational approach is adopted in this study as a way of constructing a sound explanation of events and longer term trends with particular qualities. It offers the possibilities of specifying how social structures and agents within those structures have interacted, in particular historical circumstances, to produce change. In this study, it is change in the scale and scope, and in the production, ownership and use of local state housing provision that will be examined through a relational approach. It is the identification of the structures and agents and how they have operated, which will provide the
first steps in understanding the processes involved and their social and political significance. And it is anticipated that a full account will bring together the necessary and contingent conditions within which social structures and agents have operated. Thus, explanation in a relational approach is engaged in analysing the many determinations that are combined in a concrete conjuncture and shows how they are inter-related as necessary and/or sufficient conditions in a structure of causation (2).

Explanations can be established at various levels of abstraction and complexity. The adequacy of the explanation should be assessed in relation to the kinds of phenomena being explained and should not be over-extended to the totality of social relations without further qualification. The level or levels of abstraction should be specified and analysed in a manner consistent with the material being examined and their relationship with each other discussed explicitly (3).

An illustration of this approach to explanation - strata of abstraction and their connections with social structures and agents - is well demonstrated by Topalov in his study of the changing composition of profits in housing development in France (4). The structure and systems which form the relations between the agents of production within housing provision are examined at one level within the totality of capitalist production in France: the prevailing
rates of profit, the realisation of surplus, the accumulation process overall and its crises. At the level of the whole society and the processes of capital accumulation, he is working at a high level of abstraction within a framework of marxist value theory. However, to examine the structural changes in the system over time, he has also found it necessary to work at an empirical level within a particular sector of production - in this case housing construction, looking at a given set of agents - mainly the developers of new housing projects - and working in terms of costs and prices to examine the structural changes in the system over time. Although at this level, we cannot make a rigorous transition from the determination of profit to the determination of surplus value, relative shifts in the proportions of profits can be used in the estimation of the realisation of value. These are shifts in profits for the individual agents involved in the processes of production of new residential developments. They can be taken as "indicators of structural changes at the heart of the system of agents being examined" (5). These changes in the relations of agents can be seen to be taking place, even when the social relations within which these shifts of profits and realisation of value remain partially obscure to the participants themselves. Topalov develops an explanation at the concrete level of changes in the prices of new dwelling, which is articulated with an explanation at a different level of abstraction, namely the competition.
between capitals and various agents of production in the accumulation processes in the production of new dwellings. The accumulation processes in the building sector of production overall are related more broadly to other social relations such as the costs and distribution of housing in society as a whole.

Topalov has provided an analysis of housing production which is very useful. And while the study here of local state housing production programmes does not seek to replicate Topalov's work, an attempt is made to move between levels of abstraction, identification of structures and historical assessment of agency to provide an adequate explanation of social change.

Movement between levels of analysis should not be arbitrary, but must be theorised, and explanations at one level need to be able to be extended and be appropriate at lower or higher levels of abstraction (6). The greater the degree of abstraction, the more indeterminate the actual events, and conversely, the greater degree of concreteness, where combinations of diverse elements and forces are at work, the less the degree of correspondence between concrete events and high levels of abstraction, even though these other levels may be integrated into the overall analysis.
Similar distinctions in theory formation are put forward by Massey and Meegan, who argue through the example of changes in the labour processes in manufacturing, that explanations about changes in the labour process, at the level of these processes, should be resisted if they simply refer to tendencies resulting from the inexorable logic of capital accumulation. The processes of capital accumulation must themselves be analysed in a manner consistent with the lower level analysis. They argue that, in research, the different nature and levels of explanation need to be specified; expectations from these explanations need to be clarified; and how these levels are to be linked and limited need to be set out (7).

These points made by Massey and Meegan are of particular weight in the critique of state-derivation theories, where the attempt to derive state form and function from the categories of marxist value analysis runs the risk of reducing the state to a simple concretisation and spatialisation of the abstract categories of the capitalist mode of production (8). These kinds of analyses lead to an over-deterministic view of social development and create real problems for interpreting history and change.

A relational approach and realism

Jessop's relational perspective is a development of Marx’s notion of real-concrete; that is that a coherent,
consistent account or explanation of a situation or events can be found in a complex synthesis of many different determinations (9). But Jessop also draws substantially from the approach of Bhaskar and others, known as realism, scientific realism or critical realism (10).

As McLennan observes, the concepts of realism have been used in combination with those of marxism by a number of social theorists (11). Such combinations have great potential in anti-reductionist approaches in which explanations are sought which allow movement between the abstract and the concrete, while emphasising the tendential characteristics of ‘laws’ of social development (12). Social relations can be seen as structured interrelationships with real causal processes, thus allowing a ‘depth’ explanation of how human and social events are generated, without the pluralist dangers of only focusing on the political, discursive or symbolic meaning of decisions made by individuals or groups involved in the processes as events unfolded. It can be seen that in an examination of the state and class conflict, for example, the realist approach would see both the state and class relations as having real causal powers as social structures, but that these could only be seen within “mutually interactive chains of determination” (13).

In his critique of realism and its relationship with marxism, McLennan, observes that many marxists have found
that realism has made little difference to the substance of ideological and theoretical debate (14). Furthermore, its attempts to underpin social theory with a systematic philosophy of science is "deceptive" in that, in practice, the adequacy of any explanation of articulation between levels of abstraction and empirical complexity can only be judged within its own terms (15).

Social structure and agency

Of major concern within the realist approach to social science are the persistent relations between individuals and groups and the interactions between these relations and the nature and products of these relations: in other words how social relations are structured. While accepting points made by McLennan and others about the limitations of realism, some of the methods adopted in relation to structure and agency within realism are useful for this study. The realist approach in this context provides some important clarifications about how to analyse, in practice, the relations between events and phenomena and establish explanations about the real mechanisms which actually generate them (16). This study has been informed by the need to discuss and explain in this way the events and the actions of individuals and groups in the local state and in housing production. Thus, at the same time as an assessment is made of the changes brought about in the local state, the structural relations are set out which
surround both housing production and state institutions. It is within these social structures of production and government that the actions of individuals and groups of people takes place.

One of the strengths of the realist approach which is compatible with marxism, is the notion that the social relations and structures into which people enter, pre-exist the individuals who enter them. Even though the actions of people reproduces or transforms these social relations and structures, these relations are themselves structured (17). It is these social structures, of which the state is one, which depend upon or presuppose social relations. Society and structures like the state pre-exist us, but are only reproduced, destroyed, transformed or modified by our every day activities: they are not self-perpetuating. Human beings - agents - enter into social relations in the process of practically producing their lives, the changes that result being conditioned by structural factors (18). We shall see when it comes to assessing the nature of central and local state relations, that political will, the desire to change social relationships, operated within structural constraints that had not necessarily been built by the participants in the political processes; structural constraints of which, they were often unaware.

Structuralist analyses, marxist or otherwise, draw much of their explanatory strength from the view that social
processes are not reducible to the apparently unconstrained action of individuals. Nevertheless, it is necessary to incorporate the dimension of the activity of agents if a dehumanised social science is not to result (19). After all, social structures are altered, re-created by their reproduction or otherwise destroyed, or allowed to dissolve by human actions. The most durable social structures are those which lock their occupants into situations which they cannot unilaterally change, and yet in which it is possible to change existing positions or, for a given agent or set of agents, to alter their position or practices, or the position and practices of other agents (20). The changing positions and practices of agents in the structures of local state housing production programmes will be the focus for discussion in Chapter Five.

A social structure contains both positions and practices in which people regularly engage (21). In this context it should be possible to compare the potential power of different agents to effect change in terms of the relative strength or weakness of structural position and practices which constrain them and the possibilities for agents to move beyond those constraints in specific situations (22). Power can be defined as the production of effects within the limits set by the structural constraints confronting different agents. Yet the exercise of power is not the unconditional outcome of a mechanical clash of wills, but has definite social and material conditions of existence.
and is circumscribed through its links with other determinations in society (23). The questions of relative power between the central and local state institutions and how power is exercised are questions which arise throughout this study. It will become clear that the scope for change is seriously constrained, whether looked at from the central state or local state. And when change is effected, the consequences are not always those intended. In everyday life and activity, the social relations and how they are structured may be opaque to the social agents upon whose activity the structure depends. In addition, differing activities may require or involve unacknowledged conditions, unintended consequences, the exercise of tacit skills or unconscious motivations (24). It follows that a historical account of the specific combination of social forces, actions and how they are structured is required to make sense of the events.

Structure, agency and empirical research

In returning to the relationships between theoretical and empirical research, it is necessary to acknowledge Sayer’s warnings about the possibilities of over-extending concrete research of a particular conjuncture in the system (25). In the case discussed in this study, the danger would be that the circumstances surrounding a particular local government’s housing production programme, Haringey Council’s programme, would be made to stand as an
explanation of change in the whole system of council housing provision in the 1980s. Within Sayer's classification of research projects, the one presented here would be considered as an intensive study. That is, it is concerned with how some causal processes work out in an individual case or limited number of cases (26). While it is necessary to state that the study presented here may not be representative of all cases, it is intended to identify structures into which the agents concerned are positioned, the possibilities for their powers and practices identified, and these are combined with an attempt to construct some abstract knowledge about them. Within this study the collapse of a local government's direct labour organisation provides an unusual set of events which may reveal more about the structures and processes at work more generally than just an account of these singular events might suggest.

Summary

In this brief chapter we have considered a number of theoretical questions which have a direct contribution to make in developing some of the methods of explanation adopted in this study. Some theoretical context has been given to the research approach derived from Jessop's work on the capitalist state. The relational approach is located theoretically in a synthesis between marxism and critical realism, which incorporates valid insights and,
indeed, convergence from each tradition in an interpretation which avoids being eclectic (27).

The nature of causation has been touched upon with a view to establishing a multi-determination of events. And the articulation of explanations of events with other levels of abstraction in social theory has been illustrated. Social relations are considered to be structured and structural analysis has claims to be able to lay bare the processes at work. At the same time, the story of the events in question cannot be explicable only in terms of structural constraints, but must also be seen through the actions of the agents concerned. The case study examined in the next four chapters is a piece of intensive research, through which it is intended to gain some knowledge of the relationships between state institutions and state housing production programmes.
Chapter Two

Questions of Theory and Method

References and Notes


2  ibid. p.213.

3  ibid. p.214.


5  ibid. p.27.


11  McLennan, G. 1989, Marxism, Pluralism and Beyond, p.193, Polity Press.

12  Sayer, A. 1984, Method in Social Science, Hutchinson, for a discussion of the relationship between marxism and realism in social science,

17 Bhaskar, R. 1989, Chapter One, op.cit.
24 Bhaskar, R. 1989, Chapter One, op.cit.
26 ibid. p.222.
CHAPTER THREE

STRUCTURE AND AGENCY: A FRAMEWORK

Introduction

In this chapter, we move from a discussion of theoretical concerns surrounding an analysis of the capitalist state and its institutions to address a particular set of structures and agents involved in local state housing provision. The study of Haringey Council’s housing investment programmes (HIPs) is used to illustrate the relations between a local government, its housing production programme and the agents of that production programme. The HIP system provides the principal framework within which funding for local housing production takes place. Different kinds of housing production and their agents can be identified within the flows of funds that take place. Because the HIP system involves both central and local institutions of the state in a highly defined set of relationships, it also provides a good indicator of the nature of these central-local relations in the sphere of housing provision. The history and events concerning the HIP in Haringey during the 1980s, the changing nature of the relations of production and the fate of the Council’s own building organisation are examined in detail in the following three chapters. Set out here is a framework for
STRUCTURE OF RELATIONS SURROUNDING LOCAL HOUSING INVESTMENT PROGRAMME

Figure: 3.1

Key:
- H: Central-local boundary
- P: Housing production programme boundary
- D: Direct labour organisation (DLO) boundary
- £s to production
- £s to transfers of stock

Diagram details:
- Central government
- Local council
- Private Housing Stock
- Public Housing Stock
- Tax relief / tax privilege
- Package deals
- Clearance
- Improvement grants
- Mortgages/loans
- Acquisitions
- HIP Allocation
- DLO
- New building
- Major renovation
- Minor renovation
- Housing associations
- Council house sales
- Long term finance to HIP
- Financial Institutions
consideration of structure and agency in local state housing production.

Structure of interaction

Figure 3.1 is a diagram which sets out the structure for analysing the relations surrounding Haringey Council's housing investment programme (1).

The allocation of HIP funds is the system whereby central government permits a local council, through the use of its own money and borrowing powers, to spend a cash limited annual sum of money on a variety of forms of housing production and spending on land and property acquisition. This funding of investment in buildings and infra-structure is usually known as capital spending within the accounting systems of central and local government. A brief definition for council housing production is that, the local council can use money and borrow funds from financial institutions, up to a certain limit in any given year, to spend on housing production: new building, repair and maintenance programmes, grants to owner-occupiers etc. The local council is shown at the centre of the set of relations P...P as the institution responsible for allocating, directing and controlling the flows of money into the different categories of housing production: Figure 3.1. There is a broader but direct relationship between the financial structures of a local council and the
financial institutions of the capital market with which the
council negotiates its borrowing and repayments of debt.

Within each year's HIP, the production that has been funded
is classified into broad types, and the money flowing into
the particular types of production is identified in outturn
prices. Production is defined widely to include the
creation of new or additional units of accommodation,
renovation of all or parts of dwellings and repair and
maintenance. Outturn prices for production also include
the production of designs and specifications for the work
undertaken. Each type of production output is partly based
on distinctions between type of product and partly on the
end user of housing provision. The distinctions used in
classifying output are established by convention and
regulation within the legal framework that establishes the
HIP system. These definitions also correspond to
classifications used more widely in housing and building
production in Britain.

Within the structure set out, new building, renovation and
repair are two broad categories of production, which either
add to the existing stock of council housing or improve,
modernise and repair public housing stock. These two
categories of production in Haringey account for the bulk
of HIP spending. Package deals, clearance and acquisitions
represent, with some exceptions, transfers of stock from
private owners, producers or developers to the local
council. Improvement grants, mortgages and loans for improvement represent funds flowing from the local council to the private housing stock: dwellings in owner-occupation and those owned by private landlords. Improvement grants are flows of money directly for conversion, renovation and repair of older, privately owned housing. Council house sales, while not representing housing production, are shown in the structure of money flows through the system, as local governments are permitted to add a proportion of the proceeds of sales (capital receipts) to the base HIP allocation, and thus use them for financing other housing production (2). Housing association activity represents the additions to the local housing stock of new housing association dwellings, or the acquisition of dwellings from private ownership, and the renovation and repair of housing association stock. Because of their heavy dependence upon central and local government financial support and regulation, the housing production activity of housing associations is considered as a contribution to the size, composition and condition of public sector housing.

Public and private interaction

A distinction is made between the flows of money to the public housing stock and the private housing stock. The housing stock in Britain is very strongly differentiated between public and private. In one sense this is a legal differentiation concerning property rights and ownership,
which are sets of relations established through central state institutions rather than at local level. And, as we saw in Chapter One, the historical establishment of property rights, ownership and exchange through the state are also the objects of public administration through modern town planning and regulation, where the local state may have a significant role to play in the production of the built environment.

Public/private differentiation also carries social meanings beyond legal definitions. The significance of the public/private distinction in political and ideological debates and in popular consciousness concerning public housing Britain, has frequently been associated with it being council housing rather than just state or social housing. Council housing has a high profile within the institutional structure of local government, the political and electoral contestation of that structure and the tensions there have always been between local provision, its high cost and consequently, its requirement for substantial central government financial support.

Since the early years of this century, the production of public housing has been organised and the tenants of public housing have been managed by local government (3). The physical and spatial features of public housing and the social characteristics of its occupants are locally distinctive and vary considerably between locations, both
within a local government's boundaries and between one local government and another. There are also large regional and national variations, much of the variation attributable to local political and cultural forces represented historically within local governments (4). Marked differences have existed historically and persist today in the degree of political commitment of local governments to public housing. During the nineteenth century and in this century, the built form, design and lay-out of municipal housing have usually been purposely different, whether inspired by the garden city movement or the modern movement (5).

The distinctiveness of public housing and local housing conditions

A local council encompasses a defined territory (Figure 3.1), although periodic restructuring of local government and the boundaries of its institutions have changed over time. This is not intended to suggest that a local government operates in a closed or wholly autonomous system, but that there are strong internal dependent relations between the elements of public housing production and the local state institution. Generally speaking, a local government can only build housing within its own boundary, which will usually have local distinctiveness in its social and political traditions. The land upon which council housing has been built or the
HARINGEY COUNCIL: LOCATED WITHIN THE LOCAL GOVERNMENT BOUNDARIES OF GREATER LONDON.

Reproduced by courtesy of Haringey Council, Town Planning Service.
kinds of existing buildings that may have been acquired or modified, have a high degree of identity both with a locality and with a local, political administration and the actions it has taken over time. The building and construction firms used to carry out production may also have strong identification with the locality, the type and design of building undertaken and, on occasions corrupt identifications, with the politicians and officials who administer the local state.

Local distributions of public housing and the local state institution with which it is so intimately connected have specific spatial as well as social relations, strikingly visible in every-day life and in local popular awareness. The way in which public housing has been developed institutionally and spatially in Britain, means that in most localities most of the public housing stock is known to be in the ownership of the local government and almost all aspects of its management, development and control lie within this local state institution. There are relatively small pockets of other kinds of public housing that may be owned and controlled by other state organisations, for example the Ministry of Defence, but these are not seen as public housing in the same way. Additionally, housing associations usually own and manage their own housing stock, even though they are almost wholly dependent on local government and central government for funds and permissions for most aspects of housing production. Again
this sector of public housing provision does not have the same spatial, social and political relations as council housing. With these qualifications, the structure in Figure 3.1 indicates that the local government encompasses the whole stock of public housing within its territory.

In Haringey, some 23,500 dwellings are council owned, representing 28% of the total housing stock of some 84,000 dwellings. 7% of the stock is in housing association ownership and the great majority of dwellings - more than 54,000 (65%) - are in private ownership (6). The total housing stock accommodates a population of just under 200,000 people in a borough with a west-east axis some six miles north of central London: Figure 3.2. There is a strong contrast between areas of high quality housing in parts of the west of the borough - Highgate, Hornsey and Muswell Hill, and poorer quality housing in parts of the east and south - Tottenham and Harringay. Much of the housing was built in the nineteenth and early twentieth centuries ranging from large, Victorian and Edwardian villas to streets of standardised, brick-built terraced housing, constructed for the burgeoning working class populations of nineteenth century London. Some of the earliest council housing in Britain exists in the model cottage estates in north Tottenham, which contrasts strongly with the late 1960s systems-built estate of Broadwater Farm and the stock of older, terraced housing, acquired by the Council and converted and modernised in
the 1970s and 1980s. Overall, housing conditions in Haringey are very much like those of inner London, with one of the highest levels of disrepair in the privately owned housing stock (7). Yet house prices in the private market are high with an average house price of a little under £100,000 in late 1989 (8).

Private housing and the local state

The proportion of the stock of privately owned housing in a local government area (Figure 3.1), which has a direct relationship to flows of funds through the local council's HIP is very small. In Haringey, which has had well-developed area renewal policies in recent years to encourage improvement and repair of the older private housing stock, only around 500-700 private dwellings would be improved and/or repaired each year with local council funding (9). In the 1980s, mortgage lending by local government has shrunk generally as the deregulation of mortgage lending institutions has proceeded since 1986, and this is no longer a significant part of local HIPs.

State financial support to the privately owned housing stock is principally through mortgage tax relief to owner-occupation, administered nationally through the Inland Revenue and the mortgage lending financial institutions. At any one time, only a proportion of owner-occupiers can be expected to have loans outstanding and be in receipt of
tax relief for interest payments, although the proportion of owners in any given locality who are not mortgaged must depend on local market factors and the social composition of local populations (10). In the structure considered here, where the flows of money to housing production through the HIP system is the object of study, this boundary P...P (Figure 3.1) only intersects diagrammatically with a proportion of the private housing stock. The financial relationship through the tax relief system is shown as a central state subsidy. In 1989/1990, the central state subsidy to UK owner-occupation through mortgage income tax relief was expected to amount to £5,500 million (11). In addition, owner-occupation has a privileged tax status for taxes on capital gains and capital transfers (12).

It should be noted that the private housing stock and private housing production in Haringey, as elsewhere, is affected by certain relationships with the local council through the planning system and the framework of public health and environmental regulations; and through the local administration of national building regulations and standards which are not directly related to the system of funding of local state housing production. Compared with the production activity of the local state, speculative private production of housing in Haringey has been much less significant. Between the early 1970s and the mid-1980s, the average output of speculative builders in
Haringey was about 100 dwellings per year; about one-fifth of the local council’s output during this period (13). However the relations between the local council and speculative house-building lie outside the scope of this study, and it has not been possible to estimate the considerable amount of local expenditure by private owners on improvements and repairs that are carried out without grant aid from the local council.

**Agents of housing production**

Within the structure set out, P...P (Figure 3.1) represents the set of relations surrounding the output of Haringey’s HIP. While the council is the institution through which the funds for production flow, actual production of various kinds is carried out by agents of production, usually capitalist building firms contracting to the council, or the council’s own building workforce in the direct labour organisation.

In Chapter Five, a model of agency for Haringey’s housing production is developed drawing substantially from the work of Chambert (14). What he calls the model of "municipalization of construction" is developed and modified to form part of the interpretation of the structures of agency within Haringey’s HIP over the ten year period 1978 to 1988. A principal aim is to show how the structure and balance of the interactions of agents in
the housing production programme have changed over that period. It is a consequence of the structure outlined above that we shall be looking at the processes in a concentrated way through the institution of the local council which articulates the agents of production as well as containing within its own structure one such agent itself.

The council as direct producer

The council's direct labour organisation (DLO) is the local state's building firm. It is the agent of housing production which has been set up and managed and controlled within the local council's own institutional structure. Only a proportion of the output funded by HIP is carried out by the DLO, other work is carried out by privately owned building firms. The role of the DLO in Haringey and its history during the 1980s, which has led to a major close-down of its operations, is discussed in Chapters Four and Six. It is shown in the structure as an institutional subset within the local council's structure. However, a relationship with central government is also indicated; this relationship lying within the boundary of central-local relations H...H (Figure 3.1).

Direct labour organisations have become much more subject to central government controls in recent years. Within the first year of the Thatcher government elected in 1979, the
Local Government Planning and Land Act, 1980 was introduced, by which central government implemented a complex of measures, bringing substantial centralisation of financial controls over local government, the creation of new non-elected institutions to operate central government's local economic policies - the Urban Development Corporations - and imposed new constraints on the operation of direct labour organisations. A local government which failed to achieve a specified rate of return on "capital" in any of its DLO trading accounts over a given period would be required to submit a special report to the Department of the Environment. The Secretary of State was given the discretionary powers under the 1980 Act to direct that trading should cease under any trading account, where it was considered that performance did not meet the criteria laid down. In other words, central government took new powers to close all or any part of a local government's DLO. The exercise of these powers in Haringey was to have a major impact on the recurring crises that took place in its DLO in the late 1980s; and contributed to the Council eventually losing the DLO as the major single agent in the production of public housing during 1989. As we shall be examining the role of the DLO as a local, public agent of housing production, it is necessary to show in the structure both the relationship with the local council and the relationship with central government: D...D (Figure 3.1).
Central-local relations

The boundary H...H (Figure 3.1), representing central-local relations and Haringey as a locality, crosses through the position representing the central state. This indicates that although local government in Britain is dependent upon central government statute, and only has powers through mandation or permissive powers, its actions historically have arisen from a creative tension around these powers rather than resulting from central command and local subordination (15). Since 1919, there has been an unbroken, although modified, pattern of central state financial support to the production programmes of local government. This relationship of dependency, autonomy and tension is examined in Chapter Seven.

The time frame

The structure as outlined is set in a particular time period: the late 1970's to the late 1980's. Since 1979 and the election of the first Thatcher government, relations between central and local government have gone through a turbulent period, which could not have been predicted ten years earlier. Major changes have taken place that amount to a restructuring of central-local relations and a radical shift in the extent and character of local welfare services, including housing provision. The internal relations within individual local governments have been
hit by budget crises, uncertainty of aims, instability of service delivery and loss of functions. Seven local authorities have been abolished - the six metropolitan county councils and the Greater London Council. It is this period of unprecedented crisis and restructuring that provides the time frame for examining what happened to a local government's housing production programme and what happened to its own building operations.

**Summary**

The structure as set out is like a map which allows us to integrate an understanding of structural position as well as change at the level of political and social events and agency. It will be used to differentiate relationships, identify the causes of change and interpret the actions of agents in the processes discussed. The contextual definitions of this model have been set out in the discussion above, and the matrices which are used to show the interactions of the agents during phases and functions of the different kinds of housing production will be elaborated in Chapter Five. We proceed to that discussion by looking first at the course of change in Haringey's HIPs in the 1980s.
Chapter Three

Structure and Agency: a Framework

References and Notes

1 The diagram derives some features from Bassett, K. and Short, J. 1980, Housing and Residential Structure - Alternative Approaches, p.103, RKP.

2 Capital receipts have been the subject of many changes in central government regulations regarding the proportion of receipts that can be used to add to the basic HIP allocation; what kind of work they can be used for; and, more recently, since the 1988 Housing Act, their use in reducing local government debt.

3 see Gray, F. 1979, in Merrett, S. 1979, State Housing in Britain, 1979, Chapter eight, RKP.

4 Merrett, S. 1979, State Housing in Britain, p.61, RKP.


10 See Merrett, S. with Gray, F. 1982, Owner Occupation, Chapter Six, RKP, for a discussion of the significance of mortgage interest tax relief.


Chapter Three

Structure and Agency: a Framework

List of Figures and Tables with Sources

Figures

3.1 Structure of relations surrounding local Housing Investment Programme.

3.2 Haringey Council: Located within the Local Government Boundaries of Greater London.

Source: Haringey Council, Town Planning Service.
CHAPTER FOUR

HOUSING INVESTMENT PROGRAMME IN HARINGEY, 1978 - 1988:
TEN YEARS REVIEWED

Introduction

In this chapter, consideration is given to Haringey Council's housing investment programmes (HIPs). An examination is made of the major events and characteristics of the programmes between 1978 and 1988. This examination corresponds to the complex of relations P...P in Figure 3.1. In this period, the HIPs provided the focus for the decisions of the Council in its overall strategy towards a broad range of housing production, as well as being the mechanism by which choices in the mix of activity became apparent. Decisions about the production content of the programme also provided the major basis for the workload and consequently the size and stability of the direct labour organisation and other parts of the Council's technical, architectural and related services. The agents of production within this programme are further dealt with in the following chapter, with a particular emphasis on the Council's direct labour organisation.

Following a brief description of the introduction of the HIP system, an analysis of which is developed in greater detail in the discussion of central-local state relations.
in Chapter Seven, the ten years considered are divided into three distinct periods. Then the changing composition of the programme of production is looked at in the context of wider changes in council house building programmes.

National controls on local housing investment

From the mid-1970s onwards, central government control over local government spending on investment programmes (by convention known as capital programmes) has been tightened enabling central government to affect individual local governments more directly in the size and shape of their programmes.

Between 1974 and 1976 some piecemeal measures were introduced by central government to control housing investment expenditure through the use of cash limits and the restriction of new building to areas which were agreed mutually by central and local governments to be areas of social stress, usually in inner city locations. These processes by which central government began increasingly to determine the shape of building programmes are examined in Chapter Seven. However, at this point we can say that by the mid-1970s, creeping centralisation of decisions was part of a process within the central state and elsewhere to control public spending in much greater detail. This centralisation became steadily more apparent during a period of increasing economic crisis and the break down of
established governmental structures and relationships developed during the management of the economy and society in the previous two decades.

A centralised control system was one structure by which more detailed supervision of council housing programmes could be brought about within, what seemed at the time, some sense of mutually agreed goals for the future of council housing and corporatist structures for decision making. The system that was developed became known as Housing Investment Programmes (HIPs). They began in a limited form in 1974 following the Housing Act of that year. On paper at least, the HIP system was to be a planning system of mutual benefit to the central and the local state. Constraints on central resources and the careful use of these resources were given proper recognition locally, and negotiations over allocations could be seen as moving towards more rational planning of further developments of council house building programmes and support for other local government initiatives such as area housing renewal and private sector improvement. In 1975, Crosland, the Labour Minister then responsible for housing, inaugurated a massive review of housing policy which, when published in 1977, advocated a central state strategy of promotion of owner-occupation and private housebuilding, while relegating council housing to meeting special needs and small scale local difficulties (1). This strategic perspective had in effect been consolidated in
advance, because following the agreements between the then Labour Government and the International Monetary Fund in 1976, new public spending controls and cash limited budgeting ensured that a more systematic approach to central control over local government housing expenditure had already been imposed. By 1978/1979, the HIP system covered all investment (capital) spending on housing and had completely replaced the mixture of control systems that had accumulated since 1945.

Rather than setting overall targets or ceilings in the numbers of dwellings to be built or approved each year, or making changes in the subsidy arrangements, control over HIPs is exercised by using cash limits to fix the maximum level of spending for each council and the total amount available for all local government. These cash limits restrict the total annual expenditure of a council in using borrowing powers to make payments for housing contracts and other housing investment spending. The interest payments charged to local governments by the lending organisations attract specified levels of subsidy from central government. Each year a local council prepares an investment programme based on assessments of housing need and makes a bid for an allocation of permitted expenditure to carry out that programme. The Department of the Environment decides the total amount available for all local government and decides the share for each council. Local councils are more or less free to organise different
kinds of housing activity - new construction, improvement grants, renovation programmes - within their programme allocation. However, throughout the 1980s, central government has retained a system of project controls on individual housing schemes, requiring local councils to submit costings of these schemes for Department of the Environment approval, before construction can commence. This system of scheme and cost control greatly modifies the ability of councils to spend freely within their HIP allocations. The steep reduction in new council house building throughout the UK has been achieved partly through the enforcement of central project controls. Permissions for schemes of new building have generally been much harder for councils to achieve than permissions for renovation of the existing stock.

In reality, central government's use of the HIP system and the associated methods of project control have been chiefly concerned with tightening central control over total local spending and squeezing costs on individual schemes to ensure that no significant extension of council house building could take place. While the original proposals for the HIP system were to allow for planning of investment over a number of years - perhaps three or four years, the system has actually imposed the making of long-term investment programmes match annually announced budgets. The system has not brought about the more rational planning of resources that had been hoped for when the system was
first set out in the late 1970s. In addition, there has been little room for encouraging local discretion to meet local needs in a planned way, as the allocations have been decided according to central cash limits rather than the needs indicators presented by each council in their submissions (2).

The Conservative Government first elected in 1979, found in the HIP system a ready-made tool to pursue longer-term aims other than just planning housing investment. A drastic reduction in capital investment in housing by local governments was brought about and, in the first years of office, it became clear that the housing needs assessment components of the system were being largely ignored (3). The reductions in public expenditure in the early 1980s relied heavily on the plan to cut housing expenditure by 48% in four years (4). Enquiring into the implications of the Government's plans, the House of Commons Environment Committee noted that 92% of the immediate cut in public expenditure was being found from reductions in spending on housing (5).

**Haringey's ten year decline**

Large reductions in national expenditure on public housing investment naturally brought about significant changes for local councils.
Haringey Council's housing investment programme has suffered dramatic decline over a ten year period. The programme allocation has fallen from £34.4M in 1978/1979, the first year of the fully developed HIP system, to £23.3M in 1987/1988. When adjusted to 1985 prices this represents a 67% cut in real terms in the investment allocation within direct central government control over the ten year period (6). However, this ten year decline has not been linear nor uniform and the data available form Haringey's HIPs are examined in the following ways:

1. the relationship between central government HIP allocation and local expenditure;

2. distinct periods and events within the ten years;

3. the changing internal composition of Haringey's housing investment activity;

Central government allocation and local expenditure

The steep downward path of central allocation is unmistakable. Table 4.1 shows Haringey's HIP allocation at current prices from 1978/1979 to 1987/1988. Figure 4.1 shows the trend in the Council's allocations and in local expenditure. Figure 4.2 shows the same data on allocations and expenditure, but at 1985 prices using the implied deflators from government national statistics. This gives
Table: 4.1


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<th>£'000 (1985 prices)</th>
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<td>1986/1987</td>
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<td>1987/1988</td>
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</tbody>
</table>

Haringey HIP Allocation & Expenditure

1978–1988 (current prices)

- HIP Allocation
- Total expenditure

Figure: 4.1
Haringey HIP Allocation & Expenditure


- HIP Allocation
- Total expenditure
a closer guide to the severity of decline in allocations and expenditure by translating the current price data into real terms, taking into account inflation in new dwelling construction and housing repair and maintenance (7). Local expenditure followed national trends in reduced allocations and reduced expenditure in real terms: Figures 4.3 and 4.4.

The downward trend in Haringey shows some significant divergences from the decline nationally. In real terms, Haringey's decline at 67% is a less steep decline than the 81% drop represented by the national trend. In the late 1970s following the introduction of the full HIP system, Haringey's investment programme tended to underspend compared with the allocation. These adjustment difficulties were also experienced as a national trend. But from 1979 to 1982 there was a closer match between central allocation and local expenditure. However, this apparent consistency disguises major upheavals both in central government's control over approvals for individual housing projects and local crisis management to accommodate the programme to centrally imposed cuts and changes in emphasis such as the boosts to improvement grants to private owners. Instability in the annually announced HIP allocations made local programmes difficult to achieve. It was also necessary to develop local coping mechanisms, adaptations and manipulations to respond to the often unexplicit directions taken by the project control system as central
UK: HIP allocations & gross expenditure

1978–1988 (current prices)

£'000m

(gross = allocation + capital receipts)

Figure: 4.3

Central allocation

Gross HIP spend
UK: HIP Allocations & gross expenditure


(gross = allocation + capital receipts)

- Central allocation
+ Gross HIP spend
decisions were made over permissions for local, individual schemes.

From 1983 onwards, significant divergence developed between allocation and expenditure. Expenditure exceeded allocation every year and there were two separate periods in 1983/1984 and in 1987/1988 where expenditure was respectively 30% and 100% above HIP allocation. In 1983/1984 great use was made of accumulated capital receipts from the sale of council houses to supplement the programme, following changes in rules governing these receipts. In 1987/1988 expenditure was almost doubled by the use of enhanced borrowing arranged through deferred purchase agreements with financial institutions to supplement the borrowing permitted under HIP arrangements.

The relations between central government policy and the local programme went through major changes during this ten year period within the overarching framework of the most far reaching and enduring cuts in public spending on housing investment since the Second World War (8). These changes in the central-local relationship for Haringey Council can be broken down into different periods reflecting changing events.

**Periods and events**

Mid 1970's to 1979: *housing investment crisis emerges*
This is a period when both central government and local councils were adjusting to a new regime of cash limits in housing investment and the implementation of the HIP system as the mechanism by which new controls over council house building and other housing production were to be implemented. Haringey Council along with other local governments moved to a more corporate and centralised approach to its building programmes and a higher profile was developed by the Housing Service in programme management and in its relationships with those other parts of the Council - the architectural, engineering and building services - involved in carrying out the programme. The HIP system required more effective ways at a local level of controlling cash flows within a local council's programme, particularly as it soon became clear in Haringey and elsewhere that HIP allocations were much more clearly related to previous bids and success in spending to meet the previous year's targets than in meeting identified housing need (9).

A longer term national trend, further accentuated by the 1974 Housing Act, was the switch in focus of housing programmes from new building and slum clearance to renewal programmes, rehabilitation of the existing stock and housing association development (10). Haringey embarked on an ambitious, small area housing renewal programme at this time and considerable difficulties were experienced in...
managing both this change and the changes imposed by central government through the HIP system. One result was that the 1978/1979 programme did not achieve its planned expenditure.

1979 - 1982: severe public spending cuts in housing

The Conservative Government of Margaret Thatcher was elected in May 1979 and within a few weeks implemented a 20% mid-year cut in the previously-agreed HIP programmes, ended acquisition and municipalization programmes and delayed approvals on individual projects. During October 1979, DoE officers indicated to Haringey Council that there were doubts about the Council's policies on land acquisition, purchase of 'package deals' of completed or part completed houses from private builders and about the commitment to provide enough work to maintain the direct labour organisation. Also during October, the National Federation of Building Trades Employers (NFBTE) wrote to the Council indicating its concern that land be released for private sector builders building for sale, and that the construction employers organisation was monitoring the HIP process (11).

Pressure on HIPs intensified in November 1980 when the Government imposed a moratorium on all local housing investment programmes following Chancellor Howe's autumn 1980 monetarist budget, in which £69 million was cut from...
the national budget for housing (12). The moratorium lasted five months. Uncertainty over the rules governing capital receipts meant that there was very little opportunity to mitigate major reductions in Haringey’s programme. The new building programme was suspended, the design programme cut, the Council withdrew from some negotiations on ‘package deals’ with private builders, and the emphasis of the remaining programme shifted to smaller scale renovation programmes of the Council’s stock of older, cottage estates and to planned maintenance projects and heating improvement schemes. These schemes could be tailored more easily and more rapidly to meet the reduced budget. Delays in DoE approvals of rehabilitation schemes affected Haringey’s programme and the number of vacant properties awaiting works grew.

Haringey’s architectural and building services experienced great difficulties in responding to the reductions, delays and changes in their workloads. The consequent underperformances were the subject of difficult discussions amongst officers and councillors (13). Within the Housing Service there was an intense debate and disagreement about the direction of the housing capital programme and how to respond to the changes demanded by central government.

During 1980 the Government abolished Parker Morris standards for council housing schemes, although, in Haringey, these standards were retained within the agreed
briefs used by architects and technicians. At the same time, the DoE was encouraging councils to sell their existing housing stock and land and liberalise the arrangements for paying grants towards private sector improvements. In April 1981, the Director of the House Builders Federation wrote to the London Boroughs Association drawing their attention to the Government's plans to cut public spending on housing and the need for councils to consider making land available for private building for sale and using receipts from council house sales to promote private sector improvement programmes (14).

Despite the moratorium, Haringey's programme was adjusted in ways that maintained parts of its programme, and the reduced total programme that resulted was overspent by a little over £1 million. Conversely, the national tendency was for capital programmes to be underspent. As a consequence of this small overspend in the 1981/1982 programme year, the DoE penalised Haringey and the allocation from central government was reduced to £28.3 million from £34.7 million in the previous year - a cut of 38% in real terms. Haringey was thus forced to suspend most of the new build programme and design work was cut and re-organised to reflect a shift in priorities towards smaller maintenance and repair programmes. Other internal organisational changes were made between the departments having responsibilities for the capital programme, giving
greater co-ordinating and management powers to the Housing Service and centralising the reporting mechanisms to councillors.

1982 - 1984 : counter-slump measures

The sharp recession of the first years of the Thatcher government deepened the trough in output of the construction industry as a whole. By the early 1980s new construction output in real terms was barely half that of a decade earlier (15). Central and local government experienced strong lobbying from representatives of the construction industry to expand public spending on housing to boost the industry's workload. At the same time, as a result of the 1980/1981 moratorium, the cuts in local HIPs had been so deep and abrupt that recovery was slow and councils understandably cautious. Evidence began to accumulate during 1981 and 1982 that local government programmes were likely to underspend.

Pressure mounted on local governments to spend HIP allocations and maximise the use of capital receipts from sales. Speaking at the British Constructional Steelwork Association in early March 1982, Michael Heseltine, the then Secretary of State for the Environment, announced a package of £170 million of additional expenditure by local authorities to assist the building industry (16). In April 1982, local councils were authorised to increase their
allocations for spending on private sector improvement grants and in support of housing association schemes.

By October 1982, discussions had taken place between the DoE, the NFBTE and HBF to consider what measures could be taken to boost local authority spending (17). In early November 1982, the Prime Minister wrote to the Chairman of the AMA expressing her concern that local councils should maximise their spending programmes to absorb spare capacity in the construction industry (18). These measures amounted to a counter-cyclical boost to a construction industry in severe recession and was a temporary U-turn in monetarist policy towards local government spending on housing. This was also the period leading up to the 1983 General Election.

Central government's overall hostility to renewed investment in council house building remained largely unchanged as supplementary allocations were directed mainly at boosting local council grant aid to private owners. Figures 4.1 to 4.4 show the financial effect of central government counter-slump measures on allocations and expenditure nationally and in Haringey. In re-enforcing this pressure to boost local spending, Haringey's Chief Executive was also urged directly by Sir Monty Finniston, Chairman of the Building Economic Development Council, to increase the Council's housing programme within, of course, the permitted limits of central government policy (19).
The crisis in the construction industry was widely known and commented upon, and as well as being a public focus of attention for leading construction employers, became the subject of public campaigning by the trade union movement for improved employment opportunities in the industry and meeting social need (20).

Additional HIP allocations were made to Haringey in December 1982 for spending on home improvement grants as the DoE responded to the supplementary requests from the Council that had been encouraged.

It was central government's intention that these extra allocations and the funds released from liberalising of the rules for using capital receipts should be spent within the financial year: in fact, in less than twelve months. However, most local councils had great difficulty in responding rapidly to central government's concern to boost the construction industry. Consequently, many councils were unable to achieve the levels of spend expected. However Haringey Council was able to match the extra allocations with increased spending and made great use of capital receipts to add to its HIP allocation, as can be seen in the gap between allocation and expenditure in Figures 4.1 and 4.2 for the period 1982 to 1984. The use of these capital receipts peaked in 1983.
To help secure a turn-round for the construction industry, allocations for spending on improvement grants received a further uplift from central government in 1983/1984.

Following pressure from local governments through their national associations and as a consequence of the difficult experience of three years of stop-go on housing programmes with its deleterious effects on the construction industry, the DoE agreed in late 1982 to a measure of forward planning on HIPs: a measure first agreed by the then Labour Secretary of State in 1978 and in keeping with the original planning aims of the HIP system. Local councils could plan for future years by calculating their programmes on a declining percentage, so that one year ahead, the programme could be planned at 80% of the current year.

1984 - 1986: return to public spending cuts

By September 1983, private housebuilders were expected to complete the highest total of homes for a decade, "helped in part by government measures" (21). Figure 4.5 compares the construction industry's completions of dwellings for private sale with completions for local government and housing associations. From 1983 onwards, house building for sale grew steeply, whilst the public sector continued to decline to very low levels indeed. Public expenditure on housing overall had been squeezed despite the brief counter-slump boost, which in itself had negligible
effects on the construction of new public housing. Now, the building industry began to move into the private sector housing boom of the late 1980s and HIPs need no longer be tailored to modify the building industry's recession.

The 1983 Autumn Statement of the Chancellor of the Exchequer 1983 confirmed that public expenditure on housing was to be reduced by over 20% in 1984/1985 and as part of this policy the rules on the use of capital receipts were tightened with retrospective effect on investment programmes. Central government's view was that the private sector could now meet general housing needs and that local government's programmes should be limited to meeting special needs and maintaining their own stock (22).

The second DoE moratorium in four years was imposed on housing investment programmes in July 1984. Once again the issue of how local councils should spend their capital receipts to boost investment programmes was central. In 1981/1982 and 1982/1983 the issue was unspent capital receipts; this time it was the Government's view that councils were using capital receipts, under the slightly more liberal counter-slump rules, to prop up parts of their declining investment programmes. Not only might maintaining housing activity in this way keep public house building programmes alive, but it was also likely to result in the cash limit in force for 1984/1985 being exceeded (23).
The moratorium also applied to contracts with direct labour organisations. But advance press speculation on the possibility of a moratorium had alerted Haringey to take pre-emptive measures and ensure schemes with both their DLO and with other builders had been contractually committed where possible. Some programmes and workload were secured, but the new-build programme was adversely affected as lead-in times were so much longer than with other projects and these projects could not be accelerated easily. Haringey's programme had also been reduced to some extent in advance, following an internal review of contractual commitments and workload within the architectural and building services in the light of the 1983 Autumn Statement. Thus the Council was able to adjust to these cuts without the consequent disruption of the programme resulting in underspending. However, officers and councillors were becoming very concerned about their ability to sustain employment in the DLO and the architectural and technical services as the Council's investment programme was under renewed downward pressure.

1986 - 1989 : local counter strategy and local crisis

Central government's long term policy of restructuring public spending on housing had been an enduring and central feature of local government throughout the 1980s. But
during the early years of the Thatcher government, central government policy towards HIPs appeared to be highly opportunistic and unstable when seen from local government. There were sharp falls in allocations, partial restorations of some funding for particular kinds of investment activity and frequent chopping and changing in the use of regulations regarding capital receipts, project controls and other matters. It often appeared that the rules were being made up and then changed as their operation was revealed to be faulty. Indeed, much of the framework of new legislation such as the 1980 Local Government, Planning and Land Act was deliberately designed to give maximum room for discretion to the Secretary of State to change the rules of the game as events proceeded. It was in this context that a local counter-strategy emerged.

In one sense the local counter-strategy was a collection of coping mechanisms, damage limitation exercises and avoidance of major risk to the housing programme. In this sense, it was not essentially a highly politicised set of measures. In another sense, the local counter-strategy could be seen as a highly political policy of challenging the Thatcher Government by maintaining as much as possible of an alternative local model of aims and practices in council housing production. This was coupled with a political assessment commonly held in the Labour Party within the Council and in its leadership group that the Thatcher Government would not survive the next general
election. This mistaken assessment meant that the time horizon expected for local counter-strategy was essentially short-term. The Conservatives went on to win the General Elections of 1983 and 1987 and were able to secure longer term housing policy aims and the restructuring of HIPs. However, the local counter-strategy did survive for a longer period of time than might have been expected before major financial crisis right across the Council’s budgets became overwhelming.

The annual allocation of HIP resources was crucial to the operations of the Council’s direct labour organisation (the Public Works Service) and its architectural and technical services, since the income to run these 'in house' services derived from the completion of major building projects, principally housing projects, and an increasing allocation from capital funds to carry out day-to-day repairs to council housing. Even if the HIP was no longer a planning tool in relations with central government, it was certainly the basis for planning within the Council.

The introduction of ratecapping, which affected Haringey Council from 1985 onwards, further reduced revenue available for housing repairs and other day-to-day building services. As Council policy sought to maintain these services rather than see them deteriorate, further pressure on capital resources developed, as borrowing powers were
### Table 4.2


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increasingly used to fund day-to-day repair and maintenance rather than funding this activity from the Housing Revenue Account, with its serious consequences for housing rents. This process is known as capitalising repairs funding, and Table 4.2 shows the growth in capitalised repairs during the 1980s. When deferred purchase funding became available for major projects, this allowed a larger proportion of conventional HIP allocation funds to be used for capitalised repairs (24).

Late 1985 and early 1986 were crisis months for the Council. In the previous two years, the Labour leadership had taken a distinct shift to the left in declaring its opposition to government policy and the effects this policy was having on the Council's own programmes. The Council was also determined to maintain its alternative model of a significant council housing production programme and the use of 'in house' building and other services. In addition to ratecapping in 1985, the HIP allocation was the lowest for eight years and the Secretary of State for the Environment used powers under the Local Government Planning and Land Act 1980 to direct that no further works of new construction of any significant contract value be undertaken by the Public Works Service.

In order to avoid major cuts in the HIP, the Council sought ways to counteract the immediate implications of sharply reduced resources. The steep downward trend in HIP
allocations from central government was mitigated by the addition to the basic HIP allocation of extra funds through financial devices relatively new to local government: deferred purchase and leasing. The principle of deferred purchase is that the Council enters into contracts with financial institutions for them to incur expenditure. It then undertakes to reimburse the institutions (plus a profit element) after an initial deferment of payments for three years. The cost to the Council is held off over the short-term and then spread over a number of subsequent years, as with other long-term debts. The initial advantage is that the charge to the HIP in the current year is reduced and can permit growth in the programme for a short time. Leasing is another device arranged with financial institutions whereby the Council can spread the full payment on items of equipment and services over a number of years and not incur all the expenditure immediately. These accounting devices may relieve pressure in the short term, but the long-term effect is to increase the scale of debt charges to the Council in later years.

Following the re-election of Labour to control of the Council in 1986, two deferred purchase agreements totalling £118 million were entered into with the merchant bankers Guiness Mahon to augment the HIP allocation. These agreements amounted to £88 million for building projects (not repairs and maintenance) and the design and other fees associated with them. Leasing agreements totalling
### Table: 4.3

**Haringey deferred purchase and leasing supplements to HIP allocations 1986 - 1988**

<table>
<thead>
<tr>
<th></th>
<th>1985/86</th>
<th>1986/87</th>
<th>1987/88</th>
</tr>
</thead>
<tbody>
<tr>
<td>HIP allocation</td>
<td>27,002</td>
<td>27,607</td>
<td>23,284</td>
</tr>
<tr>
<td>Available capital receipts</td>
<td>3,682</td>
<td>4,000</td>
<td>4,500</td>
</tr>
<tr>
<td>Transfers from previous years</td>
<td>-733</td>
<td>2,574</td>
<td>-</td>
</tr>
<tr>
<td><strong>DPA &amp; leasing supplements</strong></td>
<td>-</td>
<td>16,170</td>
<td>18,701</td>
</tr>
<tr>
<td>Total expenditure</td>
<td>29,951</td>
<td>50,351</td>
<td>46,485</td>
</tr>
</tbody>
</table>

(£'000 current prices)

£32 million were to provide resources for spending on equipment often associated with building work such as lifts, central heating and demountable buildings. These items are shown as supplementary resources in Table 4.3.

In parallel with this injection of additional finance to fund building production, a backlog of signed contracts ensured that central government's directive to close down work on major building projects, with potentially serious job losses in PWS, had little immediate impact on the DLO's operations (25). The workload of the DLO and design services was secured through major contracts for repair, upgrading and improvement of the Council's existing housing stock and other buildings, many of these projects being funded by deferred purchase.

The Conservative Government was re-elected in June 1987. Labour councillors in Haringey who had hoped for a change in government and an end to confrontation over their spending programmes and political priorities, were faced with a serious dilemma. Decisions taken in the previous twelve months had created a position where lawful and balanced budgets, within the constraints set by central government, were increasingly unlikely to be feasible both during 1987 and in the following years.

In September 1987, a dramatic change of leadership took place within the Labour Group and the new leadership
decided to set a balanced and lawful budget. They decided to implement a programme of major cuts in revenue expenditure of £15 million in 1987/1988 and almost £46 million in 1988/1989 - representing in 1988/1989 a 25% cut in spending compared with the 1987/1988 budget (26). The local political opposition to the Council's proposals to reach a balanced budget was considerable. The Council was not able to reach its final decisions until early January 1988. The final cuts package was to result in the loss of over 2,000 jobs from the Council's total workforce of around 12,000 through voluntary redundancy and early retirement.

Meanwhile, central government had enacted the Local Government Act 1987 in May of that year, with retrospective effect, restricting local governments in their use of deferred purchase agreements and setting very strict limits to the use of such agreements in the future. Circular guidance was issued in September (27). However, these facts did not come to light during these major budget reviews and senior Council officers were under the misapprehension that the way in which the deferred purchase agreements had been entered into in 1986, meant that the Council's position was safeguarded. This turned out not to be the case and the Council was forced to reconsider its investment programmes for a second time in as many months. The effect was to reduce resources available from deferred purchase to £85 million over a
three year period. Shortly thereafter the Chief Executive and the Borough Solicitor were to leave the Council’s service creating major gaps in the Council’s top management which were to persist through 1988 and into 1989.

At the time of the leadership change in the autumn of 1987 an internal moratorium and review of all contracts funded by HIP and other resources were adopted in September. As no new contracts or phases in contracts could be commenced, there was an immediate effect on the stream of work available to the DLO. As contracts were being completed, parts of the workforce could not move onto other projects, resulting in a rapid growth of under-utilisation of labour.

The budget cuts required during early 1988 were of such huge proportions and required within such a short timescale that many of the Council services were disrupted beyond easy recovery. The job losses occurred in unplanned distributions as vacancies occurred dependent upon the attractiveness of the voluntary redundancy and early retirement packages to the individual circumstances of employees. Many departments lost their ranks of middle management almost entirely and some of their most senior technically qualified staff. Departments were also required to review and cut their building programmes upon which the DLO was dependent.
By the end of 1989/1990, the deferred purchase arrangements to enhance Haringey's HIP came to an end. The three year peak of expenditure above central government allocation will have ceased and Haringey's expenditure will conform closely to the steadily declining path of central government allocation. New projects are likely to be limited to those that can be funded from capital receipts.

**Changing internal composition of HIP**

The composition of Haringey’s HIP changed considerably over the ten year period and six major elements of the programmes are shown in Figure 4.6. Figure 4.7 provides information on the composition of HIPs nationally over the same period. The categories of activity in the two graphs are not strictly identical, as central government statistics give only a very compressed classification of activity. But it is possible to demonstrate the kind of production funded by national HIPs in a broadly similar fashion to the local statistics, so that references can be made between the two.

In 1978, in Haringey, spending on new building at 28% of the programme slightly exceeded spending on major renovation programmes of the Council’s own stock. Ten years later, new building had diminished to a minor contribution to the programme, despite some growth through deferred purchase funding.
Figure: 4.6

Haringey: HILP Mix of housing production
1978–1988 (current prices)

Legend:
- New build
- Improvement grants
- Package deals
- Minor renovation
- Hsg assoc. activity
- (six mainstream activities considered)
UK: HIP — Mix of housing production

1978 - 1988 (current prices)

Figure 4.7
Figure 4.8 shows the decline in the programmes of adding new dwellings to the stock of public housing in Haringey. New building by the Council shows a very steep decline in the first years of the Thatcher Government. A slight boost in 1982 represents the effects of the partial relaxation in spending cuts associated with central assistance to the building industry. From 1983 onwards, steady decline is mitigated for a brief period by the use of deferred purchase funding for new housing construction. Major cuts were made in the Council’s programme of funding new building by housing associations during the early 1980s and this activity was never to recover. The two peaks in expenditure on package deals represent the use of funding in the counter-slump period to purchase dwellings from private builders and the purchase of some small developments through deferred purchase funding between 1986 and 1988.

Figure 4.9 shows how seriously Haringey Council was affected by the Right to Buy legislation of 1980 coupled with the drastic cuts in spending on the construction of new council housing. In the space of four years between 1979 and 1983, the number of completions fell by 83% and in the last three years of the period examined, completions were running at a little over 50 dwellings per year. Meanwhile sales of council dwellings under the Right to Buy began to exceed the number of additions to the stock in 1981 and have exceeded completions in every year since
Haringey HIP: new additions to stock

1978 - 1988 (current prices)

Council new build
Hsg.assoc.new build
Package deals

(excludes purchase of land & clearance)
Haringey: completions & sales compared
1978 - 1988

(right-to-buy sales shown)

- Dwellings completed
+ Dwellings sold

Numbers of dwellings
then. The Council has been losing dwellings at a rate three times greater than it has been able to replace them. Between 1980 and 1988, Haringey Council lost 13% of its stock through sales under the Right to Buy (28).

Figure 4.10 shows the decline in completions of dwellings in Haringey in comparison with the trend in Greater London and in Great Britain. All three trends are broadly similar with a slight flattening out of decline between 1982 and 1984, and in Haringey's case, the use of deferred purchase funding to buck the trend between 1986 and 1988.

By the late 1980s, major renovation work occupying more than a third of the programme had become the mainstream activity with more than four times the expenditure of new building. The national trend has been broadly similar, with new building declining steadily from just less than half of national programmes to under one quarter of expenditure. By contrast, renovation has been growing in significance. At the end of the 1980s, renovation had become the predominant activity, commanding more than half of expenditure. This development reflects central government strategy which has been to restrict severely the opportunities for local governments to expand council housing provision and to concentrate allocations on the maintenance of a diminishing council housing stock.

Haringey, Greater London, Great Britain

Numbers of dwellings

/pub.sector includes hsg.assoc.

- Haringey Council
- London councils
- GB local councils
- GB public sector
Distinctions between Haringey's major and minor renovation activity are rather blurred and reflect categorisations of the value of building contracts rather than the nature of the work. However, the development of minor renovation programmes did provide the Council with greater flexibility in coping with the stop-go nature of central government policy. Two distinct peaks of activity can be seen, corresponding to the short term use of accumulated capital receipts in the counter-slump period and deferred purchase monies in the later years. These programmes usually have short lead-in times and can be expanded or reduced quite flexibly over brief periods. Usually they do not have long production timescales and do not commit resources far into the future. Consequently, the share of the programme taken by minor renovation work has risen considerably to around 10% of activity. More importantly, when this activity is combined with major renovation, the total share of Haringey's HIP attributable to planned renovation work amounts consistently to around one half of the total programme from the early 1980s onwards.

Package deal purchases of completed or near completed dwellings from private sector builders peaked twice during this period. First, during the counter-slump period and second, quite briefly, during the early part of the deferred purchase arrangements.
The Council's spending on private sector improvement grants shows a sharp rise in the early 1980s reflecting both changed programme priorities of the Council in its area renewal policies, and the peak period of spending consistent with central government's relaxation of the regulations and the extra funds made available during the counter-slump period. Funding of improvements by private owners has declined since then, but takes a much greater share of the programme at the end of the ten year period than at the beginning. Again, this trend is consistent with developments nationally, although at its peak, the proportion of the programme taken by this activity was considerably lower in Haringey than nationally.

The funding of housing association building has been a major casualty of the Council's retrenchment. From a high point in the late 1970s, the Council has more or less withdrawn from supporting housing association production activity as it has sought to concentrate declining resources on its own programmes. The national trend has also seen a reduction in local government support to housing association production activity, but the withdrawal of support in Haringey has been much more marked. Generally, housing associations have seen a growing proportion of their production programmes receiving central government support at the expense of local government.
Acquisition of land and buildings for the future development of programmes (not shown in Figure 4.6) declined from around 2% of the programme in 1978/1979, and by 1986 had almost ceased. A small growth in acquisition of buildings in the 1986 to 1988 period is accounted for by the purchase of hostel and other similar accommodation to deal with Haringey's growing homelessness crisis.

Figure 4.11 shows how the proportions of investment activity, grouped according to additions to, improvements of and transfers of stock have altered over the ten year period. Adding to stock has been in almost inexorable decline, improvement of stock has grown fourfold as a proportion, and transfers of stock (housing association activity, acquisitions etc) has been squeezed steadily. The growth in transfers of stock as a proportion of activity in 1987/1988 is related, as previously noted, to purchases of hostels and similar accommodation for the homeless.

Summary

Over a ten year period, Haringey's HIP has declined by 67% in real terms. This decline has not been uniform throughout the period, but the end result is clear. On the one hand decline has been affected by counter-slump measures taken by central government in an effort to boost workloads for the construction industry and, on the other
hand, Haringey Council has modified the long term trend with its own counter-measures. Where possible, the Council has maximised the use of the receipts from council house sales, and in the late 1980s entered into a novel method of borrowing (deferred purchase) by which it was able to delay for a further three years the long term pressures from central government. While the local counter-measures were informed by a mistaken belief that the Thatcher Government might be defeated in the two General Elections of 1983 and 1987, many of the damage limitation exercises were successful in staving off the crisis in local HIPs for a considerable period of time. Ultimately, local room for manoeuvre became more and more restricted as the internal budgetary process collapsed in crisis, as central government progressively closed down the options for budgetary manipulation, as central government squeezed HIPs consistently and steadily from 1984 onwards, and as the conditions for the Council's DLO became more and more unfavourable.

During the 1980s, central government found it possible to use the HIP system, developed in the mid-1970s as a planning and control mechanism, as a means to carry out drastic cuts in public spending on council housing programmes and also a mechanism with which to force restructuring of programmes and impose difficult choices upon local governments. Coupled with other controls over permissions for individual projects and changes in subsidy
rules, the HIP system has been a vehicle to change the composition of the declining expenditures available to local councils.

Haringey Council was able only to make relatively small modifications to this centrally determined process. The decline in Haringey’s HIP has been broadly in line with the national picture, although not quite so severe, and the changing composition of activity has also followed the broad national trend, with only a small amount of local modification. The Haringey pattern of loss of new building activity, redirection of expenditure into renovation programmes, increasing support for private sector improvement and the balance of funding of local housing association activity moving away from local government to central government is a pattern seen nationally.

The counter-measures taken by Haringey against the impact of central government policy have enabled it to secure major parts of its investment programme over the short term, particularly when central government policy has been inconsistent or when financial loop-holes were still available. Many of the local coping strategies and damage limitation exercises did have some effect in delaying the full implementation of central policy. But over the longer term, these counter-measures have had other serious consequences for the financial stability of the Council, for its employment strategy towards its DLO and
architectural services and for the mix of production activity that has resulted. Some of these consequences, many of which were not foreseen, are examined in Chapter Six. But before we move to these events, a model for analysing the agents of production within the HIP will be developed in the next chapter.
Chapter Four

Housing Investment Programme in Haringey, 1978 - 1988

References and Notes


3 ibid.


- The implied deflators have been drawn from construction output statistics for public sector new housing and housing repair and maintenance for all sectors, using the 1985 price data. A combined deflator index has been applied to the Haringey and national data with a weighting reflecting the balance between new construction and repair and maintenance.

7 ibid.


10 Merrett, S. 1979, State Housing in Britain, RKP.

11 Correspondence between National Federation of Building Trades Employers and Haringey Council, October 1980.

12 Circular 19/80, Action to correct overspend on HIPs 1980/1981, Department of the Environment.

13 Reports to Housing Committee, Haringey Council, October 1980.
Correspondence between the House Builders Federation and the London Boroughs Association, April 1981.


Correspondence between Association of Metropolitan Authorities and Metropolitan Districts, London Boroughs and Greater London Council, November 1982.

Correspondence between Prime Minister and Association of Metropolitan Authorities, November 1982.

Correspondence between the Building Economic Development Committee and Haringey Council, November 1982.

South East Region of the TUC, 1983, *We want to build*, SERTUC (Construction Committee), and National Association of Local Government Officers, *Save Construction Rebuild Britain*, 1983, NALGO.


Statement of Secretary of State for the Environment, 13 July 1984.

During the period of this study, capitalisation of day-to-day repairs was essentially an accounting device to use the HIPs (capital budgets) to relieve pressure on revenue budgets, in this case the Housing Revenue Account. Variation between years is largely arbitrary as the Council sought to manage fluctuating pressures on revenue and 'capital' budgets. There were two other important considerations: policies to modify rises in council house rents by reducing the impact of repairs funding on the HRA and the provision of stable workloads for the DLO's repair and maintenance division.


Chapter Four

Housing Investment Programme in Haringey, 1978 - 1988

List of Figures and Tables with Sources

Figures


  Source: Cm 609, Chapter 19.


  Source: Cm 609, Chapter 19, Cm 9143-II.


Tables


CHAPTER FIVE

A MODEL OF AGENCY FOR HOUSING PRODUCTION IN LOCAL GOVERNMENT

Introduction

In this chapter some of the concepts that were developed in earlier chapters about the interaction of structures and agency in analysing the state are used to create a model of agency for Haringey's HIP.

This model of agency for Haringey Council's housing production draws substantially from the work of Chambert at the Nordic Institute of Studies in Urban & Regional Planning. The principal direction of Chambert's work is to develop an understanding of the whole structure of interactions of individual capitals, state institutions, public organisations and urban populations in the ownership of land and property, the development and production of buildings and the financing and use of urban built environments (1). Chambert constructs a model which specifies different modes of interaction between agents involved in ownership, production and use based on general patterns of these interactions within a specific society and time period. For instance, the first of a number of modes which he specifies is that of the interactions between large scale private construction firms and
development or promotion capital (2). Socially constructed relations between agents are set out within the context of European societies, in particular the four Nordic countries, and the establishment of these interactions through the course of economic and social developments since the end of the Second World War. One of a series of modes or sub-sets within this model is characterised by Chambert as the "municipalization of construction". This is a variant of interactions within a welfare state where public agencies are active within the processes of production of the built environment, and it is this variant that is further developed in this chapter.

While the overall model of agency and its variants contain necessary generalisations concerning the definitions of agents and their activity and cannot be expected to cover every permutation amongst the interactions, the relationships are grounded in observable, socially structured patterns. They are not of an absolute character, but are related to changing social and historical circumstances and are developed from empirical analysis.

A strongly relational approach has been adopted in the development of this model of agency. It offers an understanding of how social structures and agents interact and how, in particular circumstances, they can produce change. However, the interactions, as they are analysed
here, do not operate independently of other social relations. The agents of ownership, production and use are also located in a society where capital accumulation processes operate within the construction industry, where land and property exchange takes place generally within markets and where the state stands in particular economic, legal and ideological relations with capital and labour. This applies particularly to the "municipalization of construction" model, where the local council as an institution of the state plays a part in the social relations of a locality, which is quite different from that of a local construction firm or land owner.

Chambert has pointed out that empirical research into the understanding of agency in the process of production, finance and ownership in the built environment is greatly neglected (3). In this study, an analysis is made of a particular set of relations surrounding one local government's housing production programme as a contribution to this field of enquiry. By its nature it has a particular focus in looking at the processes of change within municipalized construction through one social agency - a London local council - over a ten year period. The model of "municipalization of construction" is developed and adapted to form part of an interpretation of the structures of agency within Haringey's HIP during the 1980s. A principal aim is to show how the structure and balance of the interaction of agents and the financial
flows within Haringey’s housebuilding programme have changed over this period, revealing shifts in the scale and scope, and in the production, ownership and use of local state housing provision, many of which have implications for our understanding of the political processes at work. Moreover, it is intended that the approach adopted here should be applicable to other local councils and perhaps other state institutions or quasi-governmental institutions which organise building production.

The municipalization of construction model

As we have seen, within Chambert’s overall approach, the municipalization of construction model has a particular application in the historical context of western European, post-1945, societies. In many of these countries central and local governments have entered into new, or developed and transformed existing, relations between state institutions, capitalist building firms and local, predominantly working class populations, for the production, organisation and management of public housing for rent, as well as for other aspects of social reproduction (4). This provides some generalised contextual definition within which this particular model has been used.

Haringey Council’s housing investment programme between 1978 and 1988 is the historical and locational context for
this study. As we saw in Chapter Three and Figure 3.1, this context, indicated by the housing production boundary P...P, locates a spatial definition and a time period within which the model can be used. While the structure of local social relations and housing provision would need to include owner-occupation and private renting for an overall picture, the processes of production for owner-occupation and building for private renting are not included for discussion here. The main focus is on how the local state has responded to change in the size and scope of funding for production processes for which it has held the main institutional responsibility. It is also important to emphasise again that this territory and time period is not a closed system in the strict since (although a sense of a closed system may operate within the perceptions of actors within the processes), but is characterised by strong internal dependent relationships between ownership, production and use and the agents of production and the structure of the Council's programme as a whole.

The matrices mapping the relations between agents in different types of housing production focus on the type of housing production or combinations of various kinds of production to which HIP funds are directed. The matrices shown here are adapted from Chambert's single model of municipalized construction to differentiate the types of construction output classified within the HIP system. Several matrices (Figures 5.1 to 5.6) have been suggested
for different kinds of housing production: new building, major renovation, minor renovation and planned maintenance, package deal purchases, housing association activity and private sector improvements. While particular types of output are associated with each matrix, it is possible for a building or group of buildings or other kind of production to pass through more than one of the matrices. Thus a housing estate may be subject to minor planned maintenance, followed by a comprehensive renovation scheme, or part of it may be demolished and redeveloped for a different type or mix of housing provision.

The categories of production are broadly consistent with the definitions used by central and local government within the HIP system and they have provided the definitions used in the changing composition of HIPs in Chapter Four. In practice, there can be variations around the definitions of production types. This is particularly true for the categorisation of works of repair and maintenance. For instance, the boundary between major and minor renovation is not cut and dried and can vary according to the value of contracts or the scale of work, or may reflect changing use of categories as a local council adapts to changing rules from central government, or seeks to negotiate increased funds or distribute funds in a different way. However, the categories do correspond generally to definitions used widely throughout the construction industry in its relations with public institutions.
For each type of production a matrix of the main individual or institutional agents is characterised around production, ownership and use. These characteristics are capable of establishing the relationships between the physical form of the construction product and the social relations of how it is owned, produced and used, and the various transactions that are necessary in these relations of ownership, production and use. In addition, these characteristics enable us to relate the physical and social structures of housing provision to wider social structures of production, ownership and use in a capitalist society such as Britain.

As the financing of production is part of the definition of the type of production, financiers or financial agents also enter the matrices. Within some of the matrices the local council is shown as financing production and purchases of land and property, and this does reflect the direct relationship between the activity of the council and the type of production that is funded. However, financial institutions are also a necessary part of the HIP system, whereby the local council can allocate monies to different categories of production. The HIP system provides central government permissions for the local council to use its general powers to borrow money over the long-term to finance housing production. As represented in Figure 3.1, financial institutions ultimately lie behind the ability of local councils to finance almost all housing production through HIPs. But this general dependency on financial
institutions for long-term credit, does not usually channel funds from the institution directly to what is produced.

Units of production, or types of units of production can be seen to pass through four sectors of the matrix as the processes of their production proceed. Existing buildings, for example, intended for renovation or conversion works, may pass through a mediating ownership between the original owner and the owner of final use, through a production process on site, and on completion of the production process to user or users.

The structures of interaction, transaction or exchange are characterised as forms of stable, mutually defined types of relations between certain types of agents and between major individual agents. Examples of such transactions are the form of contractual relations operating between a council and a building and construction firm, or the rent relations between a council and its users of housing, the tenants. Building firms contracting with local governments to build council housing are a good example of what is meant by relations of interaction, transaction or exchange in this model. While relations of transaction or exchange may be stable as between types of agents, for instance between contracting firms and local governments, the form and content of transactions may change over time. In the case of contracting firms in building and construction, elaborate legal frameworks and forms of contract have
developed in the exchange relations of local council as client and contracting firms as producers, and these are subject to change. As Ball notes in his analysis of the "contracting system", there are complex procedures in relation to tender prices, completion times, quality and the final price in a set of exchange relations between the client, the contractor and sub-contractors, which can be described as the social relations associated with contracting (5). These relations have been established historically, usually have particular local features, and can be seen to have shifted over time. In recent years, for instance, management control in contracting firms is increasingly asserted through new forms of contract and sub-contracting at the expense of direct management control of the labour process on site by the principal contractor (6). And local governments, as clients, have had to adapt their internal practices in relation to the changing form of contracting. Interest in contractual relations on the part of the central and local state and other organisations is long standing and has been the subject of numerous central government enquiries over the years (7). Thus local state institutions and the central state have modified the nature of the contractual relations within private building firms. In fact, state institutions have always played a major part in the development of the contracting system both as major clients and as the institutions which establish and operate the legal framework for contracting in building. This is just one
example of a persistent form of interaction between state institutions and producers that can be included within the model.

Chambert identifies three basic "points of state intervention" for the model for municipalized construction - the provision of land, the provision of finance and the provision of organisational structures for valorization - the realisation of profit from production (8). In this study, a fourth characteristic of state activity, the local state's own building activity through its direct labour organisation, is added to these three and included within the matrices where appropriate. Haringey Council's direct labour organisation - a municipal agent of production - is given detailed treatment in Chapter Six.

The matrices described

New building - Matrix 1. Figure 5.1

This is the production of new dwellings to add to the existing stock of council housing. The local council is a significant agent in all parts of the matrix. Frequently the land may be already in council ownership and in some use other than housing, or the council may have developed a land bank over the years. A council may carry out its own land development through the creation of infrastructure, access roads, services and design work. In many of
MATRIX 1

NEW BUILDING: Agents in the production, ownership and use of new council housing

Production of new dwellings to add to existing stock

<table>
<thead>
<tr>
<th>Phase function</th>
<th>Previous Land use</th>
<th>Mediating Land ownership</th>
<th>Production</th>
<th>Ownership/Use/Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance/Credit</td>
<td>Financier</td>
<td>Financier</td>
<td>Local council</td>
<td>Local council</td>
</tr>
<tr>
<td>Production</td>
<td></td>
<td></td>
<td>Local council</td>
<td>Local council</td>
</tr>
<tr>
<td>Land ownership/Promotion/Development/Property-ownership</td>
<td>Previous owner</td>
<td>Mediating owner</td>
<td>Local council</td>
<td>Local council</td>
</tr>
<tr>
<td>Use</td>
<td>User</td>
<td>Local council</td>
<td></td>
<td>User</td>
</tr>
</tbody>
</table>

Forms of Interaction/Transaction/Exchange

1. Mediating land/property purchase
2. Credit for mediating land/property purchase
3. Purchase of land/property by local council
4. Contracts for development/promotion/design
5, 6, 7. Contracts/sub-contracts for construction
8. Rent & local council/tenant relations
Haringey's schemes, the Council conducted its own building operations on site through the DLO, with some production being carried out by private sub-contractors. In end use, a local government would generally finance its own ownership costs, any future development costs and the management of its occupation by local council tenants.

If a local council carries out production itself, in addition to the land assembly and other activities, it can be seen, in many respects, as a leading or dominant agent in the process. Land ownership and use, past and present, has been consolidated within the local government institution. Decisions to develop have been taken within the institution and based on perceived local need, rather than opportunity for profit. Design and production have been commissioned and organised to meet the council's requirements, and if production is carried out by the council's own building organisation (even if parts of that production may have been sub-contracted to private firms), then this process will have been organised almost entirely within a municipal rather than a market framework. End use is characterised by the historically developed, but local variant of council landlord and council tenant relations.

However, the financing of this production, as with all other types of production examined in these matrices, is by a mixture of local government borrowing from central government and private financial institutions. Borrowing
from central government organisations is essentially the same as borrowing from private financial institutions, only with an intermediary stage, and this particular method of borrowing now accounts for a declining proportion of borrowing by local governments. Thus the local state is required to pay interest to private financial institutions for the funds it chooses to direct into housing production. A high proportion of a local government's housing costs can be represented by interest charges (9).

During the ten year period examined, Haringey's new building activity has shrunk from over a third of the programme to about one tenth in real terms: Figure 5.7. In addition, the Council's own building organisation can no longer engage in new building production, and we shall see how this came about in the next chapter. Thus the Council no longer has the financial capacity through the HIP programme or the productive capacity through the maintenance of an appropriately structured DLO to carry out a new house building programme within which it can be the dominant organising and productive agency.

Major works of renovation - Matrix 2, Figure 5.2

These works comprise major modernisation, rehabilitation and repair of purpose built, older council housing, or older housing acquired from private owners during periods when the Council was able to operate policies of
**MATRIX 2**

**MAJOR RENOVATION**: Agents in the production, ownership and use of renovated council housing

**Major works of repair/modernisation/rehabilitation to improve existing stock**

<table>
<thead>
<tr>
<th>Phase Function</th>
<th>Previous Land use</th>
<th>Mediating Land Ownership</th>
<th>Production</th>
<th>Ownership/Use/Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance/Credit</td>
<td></td>
<td></td>
<td>Local council</td>
<td>Local council</td>
</tr>
<tr>
<td>Production</td>
<td></td>
<td></td>
<td>7</td>
<td>Local council/DLO/PROD</td>
</tr>
<tr>
<td>Land ownership/ Promotion/ Development/ Property-ownership</td>
<td>Local council</td>
<td>4</td>
<td>Local council</td>
<td>Local council</td>
</tr>
<tr>
<td>Use</td>
<td>User</td>
<td></td>
<td>User</td>
<td>User</td>
</tr>
</tbody>
</table>

**Forms of Interaction/Transaction/Exchange**

1. Rent & local council/tenant relations
2, 3. Agreements for improvement/development/promotion/design
4. Contracts for improvements/development/promotion/design
5, 6, 7. Contracts/sub-contracts for construction
8. Rent & local council/tenant relations
municipalization of housing stock in housing renewal areas, slum clearance or compulsory purchase.

Haringey's programme of major renovation has grown steadily as a proportion of its total programme, although, as can be seen in Figure 5.7, there has also been a reduction in total expenditure in real terms for this type of production. Considered in the overall context of a declining programme, the Council has been able to sustain its commitment to improvement of its own housing stock as a high proportion of its expenditure.

Most of the interactive relations in the matrix are within the institutional make-up of the Council itself. This is particularly the case where site production is carried out by the Council's DLO and in this respect, is similar in its relationships to new building processes. Growth has been particularly dependent upon relatively short lead-in times to production compared with new building, allowing the Council to switch into this type of production during the two periods when financial resources have been significantly above the basic HIP allocation - the counter slump period and the period of deferred purchase monies, 1986 to 1989.

While it is still theoretically possible for Haringey to carry out this kind of production itself, in reality the DLO no longer has the capacity to carry out large
renovation or modernisation schemes. In the future, private contractors will be the principal agency within this matrix of production. However, the diminishing trend of HIP allocations, expected after the end of the period of deferred purchase supplements to the programme, is likely to mean an end to large scale schemes of this kind for the foreseeable future, whether or not they are produced by private contractors.

Minor works of renovation and planned maintenance - Matrix 3. Figure 5.3

This matrix shows relationships almost identical to those for major works. Over the ten year period, this type of production has grown in significance as the Council has been forced through stop-go central government policies and other uncertainties to be more flexible and develop programmes of reduced scope with short lead-in times, shorter production programmes and reduced call on financial resources in subsequent financial years. This usually means cheaper, less comprehensive schemes, although for the tenants themselves and the Council, this does not necessarily mean reduced quality: these works may still be worthwhile improvements.

Again the capacity of the Council to use its DLO for the vast majority of this work is greatly limited, although the limitations are not as severe as with new building or major
### MATRIX 3

**MINOR RENOVATION:** Agents in the production, ownership and use of council housing subject to repair to improve existing stock

<table>
<thead>
<tr>
<th>Phase Function</th>
<th>Previous Land Use</th>
<th>Mediating Land Ownership</th>
<th>Production</th>
<th>Ownership/Use/Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance/Credit</td>
<td></td>
<td></td>
<td>Local council</td>
<td>Local council</td>
</tr>
<tr>
<td>Production</td>
<td></td>
<td></td>
<td>Local council</td>
<td>Local council</td>
</tr>
<tr>
<td>Local council</td>
<td></td>
<td></td>
<td>Producer</td>
<td></td>
</tr>
<tr>
<td>Use</td>
<td></td>
<td></td>
<td>User</td>
<td>User</td>
</tr>
<tr>
<td>Land ownership/Promotion/Development/Property-ownership</td>
<td>Local council</td>
<td>Local council</td>
<td>Local council</td>
<td></td>
</tr>
</tbody>
</table>

**Forms of Interaction/Transaction/Exchange**

1. Rent & local council/tenant relations
2, 3. Agreements for repair schemes
4. Contracts for development/promotion/design
5, 6, 7. Contracts/sub-contracts for construction
8. Rent & local/council tenant relations
renovation. In the near future, the trend will be for more and more of this type of production to be carried out by private contractors. While it is not possible to show that contracts for minor renovation works are carried out by contractors other than those which carry out major renovation programmes, anecdotal evidence would suggest that the private contractors do differ between matrices for major renovation and minor renovation: Figures 5.2 and 5.3.

Package deals - Matrix 4, Figure 5.4

Package deals are completed or part-completed private sector developments purchased by the Council from the developers or builders, even though they may not have been built with the intention of selling to the local state. In most cases, the matrix resembles the relationships that would exist in an entirely non-municipal set of relations. The Council is the financial agent for final purchase with funding from its borrowing powers, and it is the Council which enables its own tenants to become the end users. The Council may have played a part in the financing of production if it has, through advanced payments, assisted the builder or developer to complete the development, where this has been jeopardised through a break down in relations with the original private sector financier. A number of circumstances can surround the purchase of housing through package deals. The speculative developer/builder may have
Figure: 5.4

**MATRIX 4**

**PACKAGE DEALS:** Agents in the production, ownership and use of dwellings acquired through package deals

Purchase by local council of completed/part-completed units, assembled/built/organised by private builder/developer/promoter

<table>
<thead>
<tr>
<th>phase</th>
<th>Previous Land use</th>
<th>Mediating Land ownership</th>
<th>Production</th>
<th>Ownership/Use/Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance/Credit</td>
<td>Financier</td>
<td>Financier</td>
<td>Local council</td>
<td>Local council</td>
</tr>
<tr>
<td>Production</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land ownership/Promotion/Development/Property-ownship</td>
<td>Previous owner</td>
<td>Mediating owner</td>
<td>Promoter</td>
<td>Local council</td>
</tr>
<tr>
<td>Use</td>
<td>User</td>
<td></td>
<td></td>
<td>User</td>
</tr>
</tbody>
</table>

**Forms of Interaction/Transaction/Exchange**

1. Mediating land/property purchase
2. Credit for mediating land/property purchase
3. Land/property purchase for production
4. Contracts for promotion/development
5. Contracts/sub-contracts for construction
6. Purchase of production
7. Rent & local council/tenant relations
targeted a council or local housing associations as potential purchasers and negotiations commenced at an early stage in the development, or the developer or builder may have faced bankruptcy and could not complete or sell the scheme easily, or market conditions for sale to owner-occupiers were poor and a deal could be struck with a local council.

Package deal arrangements have achieved small peaks during the counter-slump period and the period of deferred purchase supplements to Haringey's basic HIP programme.

**Housing association developments - Matrix 5, Figure 5.5**

In this type of housing production, local government has a mediating relationship to other agents. While the a local council facilitates housing production for rent in this process, it does not have the leading role or dominant organisational position that would apply with the production of new building or major renovation: especially if these types of production were carried out with the council's own agent of production. This matrix represents a weakening of the municipal model of construction from the local government point of view, even though housing association provision cannot be characterised as a form of housing distributed through the market.
### Matrix 5

**Housing Associations:** Agents in the production, ownership and use of housing association dwellings  

**Co-operation between local council and housing associations in land/property assembly, finance and production to develop housing association stock**

<table>
<thead>
<tr>
<th>Phase Function</th>
<th>Previous Land Use</th>
<th>Mediating Land Ownership</th>
<th>Production</th>
<th>Ownership/Use Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Finance/Credit</strong></td>
<td>Financier</td>
<td>Financier</td>
<td>Financier</td>
<td>Financier</td>
</tr>
<tr>
<td></td>
<td>Local council</td>
<td>Local council</td>
<td>Local council</td>
<td>Local council</td>
</tr>
<tr>
<td><strong>Production</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Producer</td>
<td></td>
</tr>
<tr>
<td><strong>Land Ownership/Promotion/Development/Property Ownership</strong></td>
<td>Previous owner</td>
<td>Mediating owner</td>
<td>Hsg. assoc.</td>
<td>Hsg. assoc.</td>
</tr>
<tr>
<td></td>
<td>Local council</td>
<td>Local council</td>
<td>Local council</td>
<td></td>
</tr>
<tr>
<td><strong>Use</strong></td>
<td>User</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Local council</td>
<td>Hsg. assoc.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Forms of Interaction/Transaction/Exchange**

1. Mediating land/property purchase  
2. Credit for mediating land/property purchase  
3, 4. Land/property purchase for production  
5. Agreements for joint/part local council/housing association ownership/development/promotion/design  
6. Contracts for promotion/development  
7, 8, 9. Credit/finance for production  
10, 11. Contracts/sub-contracts for construction  
12. Long-term credit/finance for use/consumption  
13. Agreements on use/consumption  
14. Rent & housing association/tenant relations
A local council may carry out land assembly, may transfer land to the housing association, or assist in the financing of the purchase of land. The council may part-fund production and development, usually in relationship with other, central state, institutions - the DoE and the Housing Corporation. As with local councils and the HIP system, financial institutions lie behind the ability of the Housing Corporation to advance funds to housing associations. The Housing Corporation depends upon approvals from the DoE to borrow money long-term from financial institutions and allocate these funds to housing associations via regional organisations of the Corporation. In return, the Housing Corporation receives central government grant aid to cover its administrative costs. Production is carried out by private contracting firms. The housing association is the end owner and its tenants are the end users.

Figure 5.7 shows that Haringey's financing role in housing association production has diminished and is for the most part limited to approval of schemes in conjunction with the Housing Corporation. The Housing Act 1988 has increased the role for private sector financiers in housing association production.
This type of production - the conversion, improvement or repair of privately owned, older housing - is part financed (usually between 75% and 90% of the approved expenditure) by the local council: the system of grants for improvement, repairs and adaptations. This type of production may also include owner production, that is with the owner(s), possibly owner-occupiers, carrying out the work themselves.

Other production relations are between the owner, the private sector financier and private building firms.

Local government funding of this type of production grew rapidly during the 1980s and was a particular feature of the counter-slump measures taken by central government between 1982 and 1984, when extra allocations and encouragement were given by central government to local councils to promote this type of production. Expenditure on private improvements in Haringey was reducing by 1988, but funding of this activity is still a very much larger feature of Haringey's HIP than ten years previously.

Funding of private renovation is the matrix which represents the weakest end of the spectrum of municipalized construction. The local council plays little or no role in transactions concerning ownership and use. Local councils,
**MATRIX 6**

**PRIVATE RENOVATION:** Agents in the production, ownership and use of privately owned dwellings, renovated with local council financial assistance. Grant payments made by local council to owner-occupiers/landlords/tenants for improvements, repairs/conversions.

<table>
<thead>
<tr>
<th>Phase function</th>
<th>Previous Land use</th>
<th>Mediating Land ownership</th>
<th>Production</th>
<th>Ownership/Use/Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Finance/Credit</strong></td>
<td>Financier</td>
<td>Financier</td>
<td>Financier</td>
<td>Financier</td>
</tr>
<tr>
<td><strong>Production</strong></td>
<td></td>
<td></td>
<td>3</td>
<td>1 2 1 4</td>
</tr>
<tr>
<td><strong>Land ownership/Promotion/Development/Property-ownership</strong></td>
<td>Owner</td>
<td>Mediating owner</td>
<td>Promoter</td>
<td>Owner</td>
</tr>
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</tr>
<tr>
<td><strong>Use</strong></td>
<td>User</td>
<td>User</td>
<td>User</td>
<td>User</td>
</tr>
</tbody>
</table>

**Forms of Interaction/Transaction/Exchange**

1 a-e Owner-User relations
2 Mediating property ownership
3 Credit for property purchase
4, 5 Property purchase for production
6, 7, 8 Contracts/sub-contracts for construction
9, 10 Financial payments/credits for production
11, 12
1 3 Sale of production to owner
1 4 Long-term finance to owner
have a relatively minor policing role in making sure that certain works are carried out as agreed, that certain existing tenants may have their rights protected, and in operating some rather weak sanctions should conditions of grant aid be violated. The only local government role in production relations may be in bringing together owners and groups of owners with private builders to carry out improvements in a more comprehensive way within neighbourhoods.

There is evidence to suggest that the bulk of this kind of housing production in Haringey is carried out by small, relatively local building firms, which were not engaged in other parts of the Council's production programme.

The balance of agents of production

The municipalization of construction model has four points of reference within the matrices where local government is a particularly active agent - the provision of land, the distribution of finance, the provision of organisational structures and its own building operations. (The activity of the local council as owner of the final product and its relationship with its tenants, while it lies within the model, is placed outside the grid of production.)

Within the matrices as they have been developed for Haringey, it can be seen that these points of reference for
Haringey HIP: Categories of production


Figure 5.7

<table>
<thead>
<tr>
<th>Year</th>
<th>New building</th>
<th>Private improvement</th>
<th>Major renovation</th>
<th>Package deals</th>
<th>Minor renovation</th>
<th>Hsg. assoc. prodn.</th>
</tr>
</thead>
<tbody>
<tr>
<td>78–79</td>
<td></td>
<td></td>
<td></td>
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<td>79–80</td>
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<td>80–81</td>
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<td>81–82</td>
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<td>82–83</td>
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<td>83–84</td>
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<td>85–86</td>
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<td>86–87</td>
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<td>87–88</td>
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<td></td>
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</tr>
</tbody>
</table>

(excludes capitalised repairs)
the Council as agent vary in their relative strength and that the combination of the relative strengths of these points can be used to characterise each matrix as stronger or weaker for the Council as an institution and as an agent of production. Each matrix can be considered as relatively strongly or weakly municipalized. The matrices are shaded to assist this identification. Thus Matrix 2 (major works) is at the stronger end of the spectrum, while Matrix 6 (private renovation) is at the weaker end. For the local council, there is greater solidity of the structure of agency in the matrices that can be characterised as strongly municipalized matrices. For it is these matrices that the pursuit of local state policy and practices, its institutional weight, are present in most of the elements of production activity throughout the matrix. Therefore, it can command a greater unity of purpose from the other agents concerned. It is also possible, although not necessary, in political terms for the local government to form the central point for potential local alliances - local state, local tenants, local builders - wishing to promote or develop production of this kind, or pursue political objectives which are related to this activity.

The relatively strong/weak position of the Council as institution and agent can be viewed through the model in the following ways:
a. the position the Council occupies in the interactive relations between agents - land ownership, production, organisation;

b. the financial flows over time between the matrices in the model, and

c. the shift from interactions where public agents are heavily represented in activity and decision making to interactions where private agents and market relations are more prominent.

Relations between agents

Within the matrices for new building, major renovation and minor renovation (Matrices 1, 2 and 3), the local council is present in interactions, transactions and exchange in the phases of ownership, production and use. When the local council is present in production through the use of its DLO, this is a network of relations where local government is a relatively strong actor. The local council has power to decide on land or property acquisitions, how and when development should take place, commission designs to its own brief, decide, within certain legal limits, which producer to use (including whether or not to use its own DLO) and finally, allocate housing to tenants and manage the type of housing that has been provided, improved or repaired. When not present as a direct agent
of production, the local council may remain the commissioner, organiser and facilitator of production by private building contractors. This does not mean that the local council loses all control over how housing production proceeds, but its ability to influence events is much modified by the activity of other agents.

Haringey has seen a great reduction in its ability to direct and fund new building programmes, but has been able to maintain its strong commitment to renovation programmes, despite overall reductions in HIP allocations. Between 1978 and 1983, more than two-thirds (70.7%) of the production programme was committed to activity within these three matrices, and although this proportion has fallen over the ten year period, with new building continuing a long-term decline, housing production in these relatively strongly municipalized networks of relations was still accounting for just under two-thirds (62.5%) of activity in the last year of the study: Figure 5.7. There appears to have been a small shift of about 10% in the balance of production being funded through the relatively strongly municipalized matrices to the matrices where the Council has a weaker institutional role.

In the matrices for package deals and private improvements (Matrices 4 and 5), the local council is present as agent in financing part of production only. Within package deal operations, the final owner is the local council, but in
private sector improvement, local government activity is not usually present in the use phase. Here the local authority occupies a weak place in the network of interactions, although still a distributor of finance and regulator to some extent. Production within these two matrices has increased during the ten year period. Package deals have been sought when there has been some relaxation of downward pressure on local government expenditure. Private improvement activity has also grown as a share of production, but only in the mid-1980s, when central government pressure to spend in this area was at its greatest, did this set of production relations gain ground. Between 1982 and 1984, funding of private improvement activity doubled from about one-sixth (15.4%) of the production programme to more than a third (37.8%): Figures 5.7 and 5.10. The matrix of relations surrounding this form of production has gained importance in the last half of the 1980s and, in Haringey, although it has fallen from a peak in 1983/1984, this activity still accounts for about one-third of the funds available for production. Whereas in the early 1980s, private improvement funding accounted for less than 10% of the programme. This change represents a shift of resources and control within the overall model, towards a matrix of production which is weakly municipalized. However, it appears that this shift is as much a feature of the local decline in funding for housing association production as it is a shift from new building and major and minor renovation programmes.
The matrix for housing association building (Matrix 5) represents a hybrid network of relations, with the local council being a facilitating agent in the processes, and then, because of the growing impact of the central state Housing Corporation since the 1988 Housing Act, only a facilitator commanding a smaller proportion of the funds flowing through the phases of the matrix. As with private improvement activity, local government is absent from final ownership and use. However, there may be some indirect relationship, whereby the local council plays some part in the selection of tenants as end users, by way of nominations to this accommodation.

As noted elsewhere, housing association production activity has been squeezed as Haringey sought to concentrate activity in those areas of production where its institutional strength was greatest. In the early 1980s the type of production represented in the hybrid matrix of housing association production accounted for more than a quarter of the funds for production, whereas by the late 1980s, this production accounted for less than 10%: Figures 5.7 and 5.10.

Financial flows

The HIP system allows opportunities for central and local government to direct flows of money into different types of building production and hence to different agents of
Haringey HIP: DLO & private production


Figure: 5.8

- HIP for production
- Private production
- All DLO production
production. Figure 5.8 shows the value of the total HIP that has been available for production within the six matrices combined as a whole. (As with all the figures in this chapter, prices are shown at 1985 levels using the appropriate deflators from central government statistics (10)). The allocations of funds made from HIPs are those funds directed to production and exclude, as far as possible, purchase of land, slum clearance, acquisitions of buildings and mortgages. However, it has not been possible to exclude every item of land or building acquisition, particular from activities such as housing association production and initiatives to deal with homelessness, but the inclusion of some non-production activities makes little difference to the overall results. However, in Figure 5.8, funds for capitalised repairs are included as contributing to the total share of HIPs which have been available for housing production.

In Figure 5.8, the allocation of HIP funds is divided into two categories. Funds available to all private agents of production is compared with the total funds potentially available for DLO production. Thus funds for private production include housing association activity, private improvements and package deals as well as production that potentially could have been available to the DLO, but was carried out by private contractors. In this diagram the total production activity of the DLO includes capitalised repair works carried out by the day-to-day maintenance
division of the DLO, and is not, strictly speaking, housing investment programme work (11). In addition, it should be noted that some of the funding for production potentially available to the DLO includes some work that will have been sub-contracted (usually specialist work) to private firms by the DLO. Nevertheless, including capitalised repair works and DLO sub-contracting in these financial flows, does give a reasonably accurate picture of the changing balance of the programme between private agents of production and the Council's own agency, as the Council sought to maintain production within new building and renovation of its own stock. One of the consequences of such a policy was that it could allow a high proportion of its production programme to be made available to the DLO.

As we saw in Table 4.2, during the mid-1980s, Haringey began to fund more and more of its day-to-day repairs from borrowing powers, and this also had the effect of sustaining workloads in the DLO, although not generally those parts of the organisation which were involved in the construction projects discussed here. Despite fluctuations in the HIP allocations and expenditure, the DLO took a growing proportion of the funds available for all production, so that from the mid-1980s onwards, well over one-third (39%) of the total programme (which includes capitalised repairs) was available to the DLO. This compares with less than 10% in the early years of this study. By contrast, the proportion of funding allocations
available to all private production declined from 97% in 1978/1979 to 48% in 1987/1988, with a short boost in the period of counter-slump measures.

Figure 5.9 gives a picture of the balance between actual production by the DLO and production by private contractors in competition for the same kind of work. In this diagram, possible production for the DLO includes new building, major and minor renovation work: capitalised, day-to-day repairs being excluded. In other words, represented here is the proportion of funds that was actually taken by the DLO in the matrices of production shown in Figures 5.1, 5.2 and 5.3. The figures for the DLO's actual production are taken from Haringey's annual accounts (12). The balance of expenditure represents those funds paid to private contractors for activity within these three matrices of production, and is shown in the column for private contractors. It has not been possible to identify the separate contracts which make up these three types of production carried out by the DLO or by private contracting. But a reasonable representation has been achieved of the overall outcome of the Council's policy of switching as much production as possible to its own agency. 4% of production within the new building and major and minor renovation matrices was carried out by the DLO in 1978/1979, while 96% of this production was committed to private contracting firms. During the 1980s, the share of production carried out by the DLO rose in every year except
Figure: 5.9

Haringey HIP: DLO & private contractors


£m

35

30

25

20

15

10

5

0

78-79 79-80 80-81 81-82 82-83 83-84 84-85 85-86 86-87 87-88

(Excludes capitalised repairs)

1 Poss.prodn. for DLO

2 Private contractors

3 Actual DLO prodn.
1982/1983 and 1984/1985, so that by 1987/1988, well over half (57.7%) of this production was carried out by the Council's own agency. Conversely, the share of production taken by private contracting fell during the course of the 1980s, and had been overtaken by the Council's DLO by 1986: Figure 5.9.

This steady growth in the DLO's share of production took place despite the long term decline (67% in real terms) in overall HIP allocations from central government and the sharp fluctuations, also in real terms, in the expenditure actually incurred. At 1985 prices, the funds flowing to the DLO for new building, major and minor renovation in 1978/1979 totalled a little over £1 million (£1.2m), but ten years later, these funds represented more than £13 million (£13.1m) of building production. For contractors competing for this work, there was a significant decline in the value of work available to them. Using 1985 prices, it can be seen that at the beginning of the ten year period, funds flowing to contractors amounted to just over £29 million (£28.1m), but by 1987/1988, this flow of funds had declined by more than two-thirds to under £10 million (£9.6m).

This shift of production towards the DLO was a consequence of two related policies. These were to concentrate resources in adding to or developing the Council's own housing stock, even in periods of sharply declining
financial resources, and to model the programme to allow the DLO to consider the bulk of this work as being potentially available to them. It needs to be remembered that these policies were being implemented at the same time as competitive tendering was imposed on all local government DLOs following the Local Government, Planning and Land Act of 1980.

Figure 5.10 represents the share of HIP funding for four types of private production and the agents concerned. Funds available for contracting, and shown here, have been discussed above and represent production of new building, major and minor renovation projects not carried out by the Council’s DLO. Other private production—through package deals, for housing associations and private improvement—is shown separately. And these latter types of production correspond to Matrices 4, 5 and 6 respectively. There has been a considerable decline in the production funds available to all private agents of production—down from over £41 million ( £41.3m ) in 1978/1979 to under £17 million ( £16.8m ) in 1987/1988 (1985 prices).

Contracting firms, as noted earlier, have been affected by declining production available to them, but have retained throughout the period the largest share of private production within Haringey’s programme. They have also been affected by the squeeze on funding of housing association production by Haringey: Figure 5.7. The value
Figure 5.10

Haringey HIP: Private production


£'m

Council contracts
Hsg.assoc.contracts
Package deals
Private improvement

(funding available from)
of production for housing associations amounted to more than £11 million ( £11.9m ) in 1987/1979, but by the late 1980s was running at only about £1.5 million per year ( 1985 prices ). Some of the firms affected by this decline will have been the same firms which might have been carrying out work directly for the Council, others will have been firms that have traditionally worked for local housing associations. It has not been possible to identify the individual contracts and hence the contractors concerned to see if there have been any differential effects of these changes.

It is possible that some compensation for the decline in work for contractors could have been achieved through the Council’s acquisition of new housing production through package deals. Funding of package deals did peak in 1982/1983, which was during a period of slump in the house-building industry, and this increase in funds for this type of production was partly a result of central government stimulus to HIPs to assist the industry. But it seems reasonable to assume that the firms who gained were much more likely to be those involved in speculative housebuilding rather than conventional contracting to local government. In other words, there was some benefit to the building industry, but not necessarily to the firms usually associated with contracting to local government and housing associations.
In comparison with private contractors, small firms involved in repair and maintenance have gained in real terms by the growth in the funding of private renovation. These relatively small scale conversion, renovation and repair projects to individual, privately owned houses have grown in significance, partly as a result of Haringey's promotion of area renewal programmes, with which grant aid policies to private owners have been linked, but also as a result of central government's liberalisation of improvement grant regulations and the enhancement of HIP allocations for this purpose in the mid-1980s. The value of this type of production was a little over £0.5 million in 1978/1979 and represented under 2% of the programme available to private producers. By the late 1980s, funding for private improvements was running at about one-third of this programme, with nearly £15 million (£14.3) of funds being taken by this production in its peak year of 1983/1984.

The evidence presented in Figures 5.8 and 5.10 when taken together shows that the funding for private production has declined significantly and that the mix of production within this decline has also changed. Private firms, contracting to the Council and to local housing associations with funding from HIPs have seen their workloads diminish, while those firms associated with private repair and maintenance have gained. As Ball notes, repair and maintenance is dominated by small scale builders...
with link-ups with the self-employed in the building industry, whose activities squeeze the large builders out of the sector (13).

All through the 1980s it would appear that Haringey's HIPs became increasingly polarised in the types of production funded. Declining funds from the central state, together with some counter-slump measures to boost private improvements, became combined with local state actions to safeguard its programme towards its own housing stock and structure the programme to give as much scope as possible for its DLO to operate in competition with private contractors. The results were increasing shares of production for the DLO and for small repair and maintenance firms carrying out private improvements. The contractors were steadily squeezed and the producers of package deals were only intermittently involved depending upon short term opportunities for the Council to operate in this market. However, contractors still took the largest share of the workloads available for private production. Only in late 1988 was this trend to be altered with the collapse of the DLO's ability to carry out major projects, and these events will be discussed in the next chapter.
Summary of change in the model of municipalized construction

Haringey's HIPs can be characterised as strongly municipalized during the 1980s, with a high degree of local institutional weight in the outcomes of and relations within production programmes. The programmes were dominated in the early years by new building, renovation and the hybrid matrix of housing association activity. However, in the early 1980s, the Council's DLO was only just beginning to grow in importance as a major producer within the programme. The mid-1980s shows a programme polarising between the strongly municipal matrices in some decline and the weak municipal matrix of private improvement work in strong growth: Figure 5.6. However, by the end of the period, the use of deferred purchase finance had restored the strong matrices to growth, although new building remained more or less in decline. And by now, the DLO was taking an equal share of production with contracting firms. Despite declining resources in real terms, the Council had been successful in safeguarding both its preferred types of production (new building excepted) and its own agent of production.

The way the model of municipalized construction has been developed and illustrated has identified a shift of weight of agency and financial flows between the matrices of production. This shift can be characterised as a move from
strong and hybrid municipalized matrices, to a polarisation between one strong matrix - the renovation and repair programme - and one weak matrix - the private improvement programme. This polarisation has taken place in the context of overall steady and sometimes steep decline in the real value of total construction expenditure. However, within the strongly municipalized matrices, an internal shift has taken place in the production phase. For more or less ten consecutive years the balance shifted towards the Council’s own agent of production and away from contracting firms. But this shift was dramatically reversed when, in late 1988, the DLO went into major crisis and collapsed. Its subsequent smaller size and restructuring has meant the loss of capacity by Haringey’s DLO to carry out construction activity other than day-to-day repair work and some minor renovation schemes. This loss of the Council’s own building agent at the end of the 1980s represents a gain for private contractors, as they will take the place of the DLO in the remaining strongly municipalized matrix of major renovation work. While the matrices of major and minor renovation work still occupy about two-thirds of the programme, internally, these matrices have become less strongly municipalized as the local Council as agent of production has disappeared. In this production activity, the Council will revert to being a facilitator, organiser and regulator of production carried out by private contracting firms, albeit in the context of programmes very much reduced compared with ten years previously.
In the relatively weakly municipalized matrices of production, the hybrid matrix of housing association building appears to have declined as a significant activity to be funded from HIPs. It seems likely that in the future, local housing association building programmes will be funded increasingly through the new arrangements in the 1988 Housing Act and that the central state agency of the Housing Corporation will increase its institutional power in the funding of this type of housing production. As discussed above, the small builders associated with private improvements have made long term gains in the share of funds available to local private production, and it seems possible that these gains will be sustained by further changes in legislation regarding the system of local government improvement grants.
Chapter Five

A Model of Agency for Housing Production in Local Government

References and Notes


6  Ball, M. 1988, p. 49, ibid.


10  Housing and Construction Statistics, 1978-1988, HMSO. The deflators used in this chapter are taken from the implied deflators derived from tables 1.1 to 1.8 using the 1985 price indices. Where appropriate the deflated prices are drawn from the indices for new housing construction and housing repair and maintenance. In some categories a combined deflator has been derived reflecting the balance between the two types of activity. The deflated prices for purely DLO production have been derived from the implied deflators for DLO output.

11  Capitalised repairs have been excluded from most figures because it has not been possible to work out
the balance between funds in this category flowing to the DLO and those to private contractors.


Chapter Five

A Model of Agency for Housing Production in Local Government

List of Figures and Tables with Sources

Figures

5.1 Matrix 1: New Building.
5.2 Matrix 2: Major Renovation.
5.3 Matrix 3: Minor Renovation.
5.4 Matrix 4: Package Deals.
5.5 Matrix 5: Housing Associations.
5.6 Matrix 6: Private Renovation.
- Capitalised repairs are excluded from this graph, as are day-to-day repairs generally, as the changes from year to year in allocations of HIP funds have been essentially arbitrary, dependent upon balances being made between revenue and 'capital' budgets in response to fluctuating pressures on these budgets.


- Capitalised repairs are excluded from this graph, as it has not been possible to
identify what proportions of this work have been carried out by the DLO and by private contractors. See also note at 5.7 above.


CHAPTER SIX

HARINGEY'S DIRECT LABOUR ORGANISATION

Introduction

In this chapter, detailed attention is given to the growth, crisis and collapse of Haringey’s own agent of production—its direct labour organisation (DLO). A brief summary of the situation in 1989 is followed by a review of the events leading up to the collapse. Within the structure of relations that have been developed for this study in Chapter Three, the relations surrounding the Council’s DLO are represented by the boundary D...D in Figure 3.1.

Haringey Council’s direct labour organisation, the Public Works Service (PWS) collapsed during the first six months of 1989. With a building workforce of some 1100, more than 200 administrative and professional staff and a turnover in excess of £30 million in 1987/1988, employment of site workers was halved by voluntary and compulsory redundancies and early retirement. The officer staff of managers, technical and design personnel and administration was reduced by about one quarter. Following the resignation of the General Manager in December 1988, the management of the organisation was placed in the hands of two private consultancies. Most of the former management left and PELAW, including the design and build section, was
dismantled. Production of major housing projects and other schemes - capital works - were largely abandoned and the bulk of the remaining workforce concentrated in a re-organised repair and maintenance division.

By June 1989, the Council had given the private consultants authority to carry out a major restructuring of PWS. The most important elements of this turnaround programme included:

1. the development of a business plan within the constraints of recent legislation affecting DLOs;
2. achievement & consolidation of the compulsory redundancy programme;
3. concentration of labour resources within the repair and maintenance part of the organisation and the reduction of the major works section (including new building and major renovation projects) to the minimum necessary to complete certain projects;
4. major changes in pay, conditions and industrial relations agreements affecting the whole workforce, but particularly site workers;
5. the secondment of consultancy personnel to all key management positions;
6. a new management structure and recruitment package for replacing the General Manager;
7. new financial, administrative and information systems to be introduced;
8. a reduction in the number of depots (1).
The crisis and collapse of the most important single agent of production within the Council's housebuilding programmes requires some detailed examination. In addition, the relationship of these events to the more generalised difficulties the Council faced in its budgeting and management will be explored as the crisis emerged with full force at the end of the 1980s.

The origins of the Public Works Service

Direct labour in Haringey has a highly political history. In 1966, two years after Haringey Council was formed, in the re-organisation of local government in London, a scandal erupted over allegations of financial malpractice within one of the Council's major building projects. Senior council officials were dismissed and following the election of a Conservative majority to the Council in 1968, the new leadership closed the major works division, which at that time employed some 220 site workers. The repair and maintenance division, numbering some 400 workers in 1966, had been reduced to 293 workers by 1971 and located with the Engineering Service of the Council (2).

The Labour Party re-gained control of the Council in 1971 and expanded the maintenance workforce, while resisting any expansion of work into major building projects. However, in 1975 a new form of organisation was set up originating within the Engineering Service. This organisation, known
under the acronym PELAW (Participation Experiment in Local Authority Works), was specifically created to undertake rehabilitation of older housing acquired by the Council through its purchases from the private sector. This reflected the shift in the mid-1970s in national housing policy towards small area renewal policies and away from clearance and wholesale redevelopment; a policy shift that the Council had begun to pursue vigorously (3).

PELAW was controversial from its inception. It co-existed uneasily within the Engineering Service with a more conventional Direct Works Department, which carried out mainly day-to-day repair and maintenance functions. It had an experimental nature with the integration of design within building teams, with worker participation in decision making, profit sharing, higher guaranteed pay and considerable reductions in demarcation of work. In addition, a management practice which stressed that unionised direct labour should be employed on stable wages, in stable employment within a framework of consultative industrial relations ensured that political opinion was polarised around it. However, for many Labour councillors, PELAW was a flagship not only representing the traditional Labour preferences for its own agent of production, but also a reassertion of the role of direct labour in major building projects not just repair and maintenance. It was a policy which sought an imaginative development of direct
labour in a new and modern form potentially more sensitive to the needs of its workers and its clients.

During this period, Conservative Party opinion nationally was sensitive to the possibilities of the Labour Government legislating to widen the scope for direct labour organisations. The NFBTE was mobilising political opinion against changes in legislation affecting DLOs, one result being the formation of the Campaign against Building Industry Nationalisation (CABIN) in 1978 with massive funding from building and engineering contractors. This campaign received significant support from Conservative politicians nationally and locally (4).

After the Conservative victory in the 1979 General Election, legislation soon followed restricting the role of direct labour organisations and requiring them to be competitive with private industry and achieve a prescribed rate of return of 5% on 'capital' employed in each line of business, or trading account. Haringey's response to the Local Government Planning and Land Act 1980 was to reorganise the Direct Works Department and PELAW into a new organisation, the Public Works Service, together with other managerial, financial and administrative changes to comply with the new legislation.

The creation of the Public Works Service was not just a response to legislation, but reflected a concern amongst
the Council leadership to retain and develop a large direct
labour organisation, improve its capacity to deliver high
quality building services to tenants and build a growing
proportion of the value of investment programmes devoted to
housing and other building production. From 1982 onwards
this direction was reinforced as part of the local Labour
Party's main political platform and manifesto commitments.
By March 1983 rapid expansion of major contract work had
led to 480 workers being employed in this area of work, and
the organisation was now the third largest DLO involved in
larger scale building projects in the country (5). Some of
the councillors in the leadership were intimately involved
in the management of the organisation and in attempts to
make the organisation more accountable to local councillors
at ward level as well as meeting the profitability criteria
required by central government. It was by now clear policy
of the Council to undertake the largest practicable
proportion of the building programme through the use of
directly employed labour (6). Figure 6.1, which shows the
workforce size of the DLO over a twelve year period,
reveals a particularly sharp growth in the early 1980s.

Central government policy and HIPs

The annual allocation of Haringey's HIP resources has been
crucial to the operations of the Public Works Service,
since its income derives from the completion of major
building projects, principally housing projects, and an
### Table 6.1

**Haringey DLO - deficits on accounts 1979 - 1989**

(£ current prices)

<table>
<thead>
<tr>
<th>Year</th>
<th>Deficit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1979/80</td>
<td>452,927</td>
</tr>
<tr>
<td>1980/81</td>
<td>548,241</td>
</tr>
<tr>
<td>1981/82</td>
<td>480,820</td>
</tr>
<tr>
<td>1982/83</td>
<td>1,281,373</td>
</tr>
<tr>
<td>1983/84</td>
<td>1,532,162 (1)</td>
</tr>
<tr>
<td>1984/85</td>
<td>3,262,736</td>
</tr>
<tr>
<td>1985/86</td>
<td>1,274,583 (2)</td>
</tr>
<tr>
<td>1986/87</td>
<td>1,042,143</td>
</tr>
<tr>
<td>1987/88</td>
<td>2,213,453</td>
</tr>
<tr>
<td>1988/89</td>
<td>8,930,820</td>
</tr>
</tbody>
</table>

**Sources:**

increasing allocation from borrowing powers to carry out day-to-day repairs to council housing. The long-term trend in HIP allocations has been steeply downward as has been shown in Chapter Four, and the unpredictable fluctuations have created difficulties in securing and planning adequate flows of work so as to utilise fully the resources of a directly employed labour force.

The introduction of ratecapping, which affected Haringey Council from 1985 onwards, further reduced revenue available for housing repairs and other building services, and if these services were to be continued without large cuts, further pressure on HIP resources for building projects would develop, as borrowing powers were increasingly used to fund day-to-day repair and maintenance.

Late 1985 and early 1986 were crisis months for the Council. In the previous two years the Labour leadership had taken a distinct shift to the left in response to government policy and the effects it was having on the Council's own programmes. Central government first applied ratecapping measures to Haringey Council in 1985 immediately limiting revenue resources, the HIP allocation was the lowest for eight years and the Secretary of State for the Environment used powers under the 1980 Local Government Planning and Land Act to direct that no further works of new construction of any significant contract value
be undertaken by the Public Works Service. Figures 6.1 and 6.2 show some effect in the DLO of these uncertainties with a drop in the numbers of site workers employed and a loss of workload and consequently income. Also at this time there was a change in the top management of PWS, following a doubling of the deficit in the DLO accounts between 1983/1984 and 1984/1985: Table 6.1.

In order to avoid major cuts in housing production programmes and restore workloads to the DLO, the Council sought ways to counteract the immediate implications of sharply reduced resources. The steep downward trend in HIP allocations from central government was mitigated by maximising the addition to the basic HIP allocation of available capital receipts (largely from the sale of council houses) and additional funds through financial devices relatively new to local government: deferred purchase and leasing.

In parallel with this injection of additional capital finance to fund building production, a backlog of signed contracts ensured that central government's directive to close down work on major building projects, with potentially serious job losses in PWS, brought some stability to the DLO's operations (7). The future workload of the capital works divisions was found from the major contracts for repair, upgrading and improvement of the Council's existing housing stock and other buildings,
Table 6.2

Haringey DLO - Job losses by trade in March 1989

<table>
<thead>
<tr>
<th>Trade</th>
<th>Voluntary redundancy</th>
<th>Compulsory redundancy</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bricklayers</td>
<td>43</td>
<td>20</td>
<td>63</td>
</tr>
<tr>
<td>Carpenters</td>
<td>69</td>
<td>58</td>
<td>127</td>
</tr>
<tr>
<td>Electricians</td>
<td>18</td>
<td>5</td>
<td>23</td>
</tr>
<tr>
<td>Labourers</td>
<td>80</td>
<td>42</td>
<td>122</td>
</tr>
<tr>
<td>Painters</td>
<td>47</td>
<td>30</td>
<td>77</td>
</tr>
<tr>
<td>Plasterers</td>
<td>19</td>
<td>16</td>
<td>35</td>
</tr>
<tr>
<td>Plumbers</td>
<td>32</td>
<td>14</td>
<td>46</td>
</tr>
<tr>
<td>Roofers</td>
<td>8</td>
<td>12</td>
<td>20</td>
</tr>
<tr>
<td>Total</td>
<td>316</td>
<td>197</td>
<td>513</td>
</tr>
</tbody>
</table>

Haringey: DLO – workforce size

1978 – 1990

Figure 6.1

□ Total DLO

+ Major works depts.

( 89–90 estimated )

Numbers of site workers

many of these projects being funded by deferred purchase. This position taken by the Council did not just secure workload for the DLO, but was seen also to be consistent with its local housing policy. It represented part of the local Council's counter strategy to central government.

The Conservative Party won the General Election with a large majority in Parliament in June 1987. Labour councillors in Haringey who had hoped for a change in government and an end to confrontation over their spending programmes and political priorities, were faced with a serious dilemma. Decisions taken in the previous twelve months had created a position where lawful and balanced budgets within the constraints set by central government were increasingly unlikely both during 1987 and in the following years. As crisis affected the central budget processes of the Council, the DLO became a central feature of discussion. Although the deficits on PWS operations were reducing and were half the level they had been three years earlier, they were still running at over £1 million per year: Table 6.1. Some resolution of this problem and the impact it was having on the financial difficulties of the Council overall could be delayed no longer. Following bitter struggle within the Labour Group running the Council, a complete change of leadership took place in September 1987.
Financial crisis and the implications for the DLO

At the same time as the leadership change in the autumn of 1987 an internal moratorium and review of all contracts funded by HIPs was also adopted, which was to create an immediate shortfall of work within PWS. The Council had now entered a period of breakdown of its budgetary cycle in which forward planning became unreal. Consequently, the shortfall of work in the DLO grew inexorably over the next few weeks.

The prospect of a reduction in the losses within the PWS for the third year running was beginning to look not achievable. By now the DLO employed more than 1300 site workers of whom nearly 700 were employed on major building projects. As part of the Council-wide commitment to equal opportunities policies, 60% of the recent recruitment had been of black and ethnic minority workers, the number of women site workers had grown from 2 to 86 and the numbers of workers undergoing craft training had more than doubled. These employment and training policies were designed to bring the make-up of the Council's workforce closer to the social composition of Haringey's population. And it was possible to make early gains in employment prospects in the DLO as turnover of workers and recruitment activity was relatively high compared with other services of the Council (6). However, the steady growth of the workforce during the 1980s, its changing composition
reflecting the implementation of equal opportunities policies, and the increasing proportion of housing production carried out by the DLO meant that it was increasingly vulnerable to any uncertainties in the Council’s spending programmes. All of these factors had a high political profile within the Council for they symbolised important parts of the local counter-strategy, yet the deepening financial crisis began to undermine attempts to hold onto these positions.

In November 1987, as a consequence of the moratorium on contracts, councillors received reports that unbudgeted losses were growing month by month from £50,000 in October to £275,000 in November with a projected £400,000 loss for December. A loss rate of 45% on value of work was anticipated if current policy were pursued (9). During November and December major questions were raised about the future of PWS. In late November, the internal strategy committee within the Labour leadership advocated the closure of those parts of the DLO carrying out major building projects with immediate effect. The intention was to achieve completion of closure by April 1990. Many Labour councillors, trade unionists and workers within the DLO and officers responded with great hostility to this move and joined other local unions and community organisations in lobbying and publicly protesting about the proposed Council budget cuts as a whole as well as its proposals for PWS. Nevertheless, the outcome was a cuts
package adopted by the Council in December 1987 and January 1988, which sought to achieve a balanced budget for the Council overall. As a result of intense opposition from inside and outside the Labour Party, instead of closure of large parts of PWS, a cut in the size of the DLO of 200 workers was agreed, to be achieved through voluntary redundancy and early retirement. A reorganised housing production programme was proposed to give priority to achieving the workload needs of PWS.

The crisis persists

The budget cuts required during early 1988 were of huge proportions and required within a very short timescale. One major casualty was the DLO workload, as other service departments of the Council began to review and cut their building programmes upon which the DLO was dependent. Figure 6.2 shows how the workload trend began to deteriorate rapidly in 1988.

In early December 1988, the General Manager reported a doubling of the deficits in PWS for the first half of 1987/1988, where a year earlier it had been predicted that break-even was a possibility. The accounts for the previous financial year were late and a projection for the current 1988/1989 year was not then available. The prospect of having to fund these deficits from the Council's revenue account clearly presented the Council
with a problem in balancing its budget for 1988/1989, which was in severe danger of moving into substantial deficit overall because of overspending in other parts of the budget. The cost of meeting the needs of homeless people in bed and breakfast hotels had escalated and most services had severe difficulty in achieving their cuts within the target period. The lengthy and difficult budget cuts required in 1988 accounted for significant workload deficits within the DLO which had seen only a small fall in its numbers of employees relative to the drop in workloads. At the same time, long term internal problems within PWS persisted and change made more difficult by the adverse effects on morale, attendance and productivity created by the earlier closure proposals.

Later in December 1988, the General Manager reported to the Council leadership that losses in the first six months of 1988/1989 were in excess of £3 million in the divisions carrying out major building projects, and that the likely overall DLO deficit for the year would easily exceed £4 million, even taking into account likely profits in the maintenance and repair division. While receiving explanations for these losses and the difficulties encountered in reporting them, the Council leadership was advised that they should consider some closure options.

The consequences of this report were dramatic. Within days the General Manager left the Council, other senior
officials from other departments of the Council were placed in charge of PWS and a firm of international construction management consultants, Project Management International, were appointed to investigate the accounts and accounting practices within the DLO.

Towards the end of December, the Borough Treasurer used new powers given to such officers under the Local Government Finance Act 1988 to impose a "prohibition period" on all Members and officers of the Council preventing them from entering into any new agreements which may involve the incurring of expenditure at any time by the Council. This prohibition would last until such time as measures to bridge the deficit had been taken. The size of the predicted loss in PWS was a one of the principal elements in the presumption that the Council's overall revenue budget was heading for a large deficit. The effect of the Borough Treasurer's "prohibition" powers on the DLO was to prevent any new building contracts being entered into or any new contracts for the purchases of supplies, materials and equipment required on site, further deepening the insecurity of the DLO.

In early 1989, the Council leadership received reports from its officers and the appointed consultants which showed that the losses for 1987/1988 would probably be in excess of £7 million and that the predicted losses for 1988/1989 would be at least £7.5 million, and could amount ( in the
worst circumstances) to over £10 million in the major building project divisions alone. These large losses could not be mitigated by any profits from the day-to-day repair and maintenance operations. Indeed, the repair and maintenance divisions were expected to show a loss for the first time, mainly as a consequence of a severe drop in the number of repairs requests being raised by the Housing Service. As in other parts of the DLO, poor productivity and low morale were making a significant contribution to deteriorating performance (10). In fact, as Table 6.1 shows, these worst fears were not realised, but losses did amount to almost £9 million in 1988/1989 when the accounts were finally cleared.

Closure of the direct labour organisation

The future of the direct labour organisation was once again central to the consideration of the overall financial strategy of the Council. With deficits as large as they were being projected, decisions on building services and the DLO could not be separated from the Council leadership's objective of lawful and balanced budgets and the avoidance of major cuts in other services over and above the 25% cut implemented twelve months earlier (11).

An additional problem was that the under-performance of the Council's HIP expenditure against deferred purchase funding was causing serious concern about the sheer size of the
building programme over-running the budget in 1990/1991. Slippage on schemes in 1988/1989 was both a consequence of the deferred purchase programme being too ambitious over such a short period as three years, and under-performance by the departments of the Council concerned, for which PWS bore some considerable responsibility. The under-performance was calculated to be more than £27 million in contract value. If a similar under-performance were to take place in 1989/1990 then, given the anticipated much lower level of HIP resources in 1990/1991 (deferred purchase funds having ceased), existing schemes running over programme would use up all the HIP resources available, leaving no scope for new schemes (12). Senior Council officials were concerned that by now the current size of the DLO could not be sustained over the longer term, even if its financial performance were to turn round.

The full Council met in mid-February 1989. Its major debate concerned the future of PWS. After hours of bitter discussion between the Labour and Conservative leaderships and even more bitter confrontations between the Labour leadership and dissenting left-wing Labour councillors, the Council Leader's eleven point plan was carried. This plan proposed to reduce the size of the DLO by half, losing at least 600 site workers' jobs, together with other measures to manage this process (13). The impact on employment and workloads are apparent in Figures 6.1 and 6.2.
Consequently, with the aim of ensuring break-even performance in 1989/1990, the new PWS management set out to: -
- avoid the possibility of Department of the Environment intervention to close the entire DLO
- cut the workforce by 50% overall
- within this cut, reduce the capital divisions from just under 700 to some 100 site workers
- increase the average productivity of the remaining workforce by 20% within the year
- move the maintenance and engineering divisions into profit in 1990
- reshape operating practices and internal structures
- introduce new working practices, cost controls and control of trade union facility time
- recruit a replacement general manager
- employ further consultants to remodel the DLO, using experience from outside Haringey Council (14).

Table 6.2 shows the job losses trade by trade that were achieved by the end of April 1989. The compulsory redundancy notices were served through a selection process based on records of attendance, absence through sickness or injury and length of service. Rather than last-in-first-out, this policy was adopted to try and make sure that women and black and minority ethnic personnel, who generally had been recruited in recent years, would not bear the brunt of the redundancy programme. The end
Haringey: DLO housing production

Workload 1978 – 1990 (current prices)

Figure 6.2

(88–89 & 89–90 are estimated)

- All housing work
- Major works
- Day-to-day repairs
result appears to have had little adverse effect on the ethnic balance, but a slight worsening of the proportion of women amongst the site workforce.

During April the two firms of consultants, Coopers and Lybrand and PA Consulting Group commenced a programme of work which involved not only reporting on the restructuring that was required to meet Council objectives, but also carrying out day to day operational management through the secondment of managers from their respective firms. PA Consultants were assigned to the repair and maintenance functions and Coopers & Lybrand to the management of the major works divisions. Coopers & Lybrand were given the overall strategic role for PWS as a whole and supplied an acting general manager. Their reports and recommendations were largely accepted by the Council during May and June 1989 (15). As part of this package of measures, the training programme was abandoned and the remnants split up and moved out of the control of the DLO (16).

The overall revenue deficit of the Council was resolved at the end of March 1989, with a cuts package of £6.7 million and a large rise in rates of 55.7%. A voluntary redundancy package across the Council was not repeated.
An explanation of events and their consequences

The consequences of these events have been far reaching. The Council has relinquished several essential features of its local counter-strategy towards central government as well as a substantial part of its direct labour organisation. In a model of local government activity that opposed central policy, the DLO represented a distinctive local policy towards public service building production, local economic and employment stability as the largest remaining manufacturing/industrial employer in the borough, the development of certain skills in the local working population through training, and the pursuit of equal opportunity programmes. The political expectations of the kind of services and production being delivered by what remains of the former organisation will be reduced, as the continued existence of even the day-to-day repairs service depends upon achievement of the new business plans and ensuring success in compulsory competitive tendering for work. The achievement of success within the contract culture increasingly present in local government is the central aim. The carrying out of aspects of local policies towards the local economy, employment, training and equal opportunities through a large DLO is unlikely to be resumed on any significant scale. The Council no longer has its own general building contractor to carry out large parts of its housing production programme.
The position of direct labour in Haringey has been transformed by a number of factors which came together with astonishing force over a very short period of time. The outcome in some respects was predictable because the underlying processes at work were unfavourable. It was predictable in the sense that the Council embarked upon a large capital programme over the last three or four years of the 1980s greatly at odds with the policy of central government. Central government was attempting to cut and restructure HIPs and wished to see them neither developed for local housing objectives, nor organised for housing production by non-market agents. This oppositional programme was given a high political profile within a Council, which itself had become one of a number of Labour controlled councils singled out for adverse attention by government ministers. The local counter-strategy had symbolic meanings for central and local politicians in the clash of ideological perceptions of what local government should be. Thus Haringey's policy and practices were doubly vulnerable. Vulnerable in the material sense that the resources to persist with operating an alternative model of housing production programmes were not entirely in local control and were diminishing. And vulnerable politically in the contests, conflicts, negotiations and stand-offs characteristic of the struggle between central and local state institutions in recent years. These institutions do not have equal powers and the inequality of these power relations is revealed as central government
unilaterally changed the rules of the game in financial, legal and policy aspects of central-local relations. The central state, therefore, shifted the form and content of the relationships to bring about a series of internal crises for the Council, thus forcing considerable measures of compliance over the longer term.

The outcome of struggle over housing programmes and the DLO also depended upon the robustness of the Council as a local state institution over this period. Because the local objectives were usually limited in timescale to surviving until the next General Election, at which time the Conservatives were expected to be defeated, little attempt was made to examine critically the abilities of the Council machinery to carry out this high risk strategy. It was assumed that if the mechanisms of creative accountancy could deliver the funds over the next three or four years, then the material and human resources required to fulfil the programmes could be commanded into action. In housing production, a large and apparently improving DLO was thought to be the main agent for the production of this capital programme, but insufficient, consistent attention was given to assessing its capabilities in carrying out such a large proportion of the entire production programme in a hostile legislative and competitive environment. There were some oscillations in management, as councillors felt it necessary to change management personnel, and chose at different times either managers with a more 'commercial'
approach or those with a more 'political' approach. But the productive and financial strengths of the organisation seem to have been overestimated. As Cowen notes in his introduction to Rosenberg's 'Accounting for Public Policy', when the known political environment at both central and local levels becomes more uncertain and unpredictable, "a ruthless war of all against all" and new forms of collective cultural understanding are required amongst professionals (and politicians) in local government to manage these processes (17).

In managing the battles and skirmishes with central government that could be expected in pursuing a local counter-strategy, Haringey Council experienced some major difficulties. Given the formidable nature of some of these difficulties, it would seem remarkable that the local, alternative model managed to survive for so long in the form that it did. Nevertheless, an example of rather weak collective understanding of the processes involved in such a course of action can be seen in the way that the building programme was expanded following the deferred purchase agreements in mid-1986. In addition to the legal and other problems noted in Chapter Four, the DLO and the design services were required to expand considerably to fulfil a large housing programme within a three year time frame. Increased recruitment did take place and more design staff and site workers employed. But senior managers were not able themselves to organise or develop appropriate changes
in management in the larger and more complex organisations that resulted. The extra call on other services and the changing roles of those services in supporting the programme - legal, financial, technical, programming etc - were not usually planned for. These resources became overstretched and in large measure stripped away by the 2000 job losses which occurred right across the Council in early 1987, without any regard to the strategic priorities of the Council. These failures were to affect the management of building programmes adversely.

The political forces in 1986 within the Labour leadership were overwhelmingly in favour of raising new financial resources to maintain a local housing programme and a DLO. The motivations for budgetary caution were overtaken by the objectives of carrying out the programme. And potential gaps on the Council's revenue budget were obscured by the fact that debt repayments on the enlarged investment programme would be deferred. However, once large deficits in current years started to grow in the DLO and in other services, the Council was on the road to budgetary breakdown. It became increasingly difficult to see exactly how large or important actual or potential deficits across the Council were likely to be during 1987, and the future for the Council and its budgetary management under a third term of the Thatcher Government began to look very uncertain. It was in this highly charged atmosphere that a dramatic change of leadership took place within the Labour
Group running the Council and drastic budgetary actions immediately followed.

The crisis measures taken by the Borough Treasurer in December 1987, were an example of what Rosenberg describes as a collapse of political power over a local government administration. As the budgetary cycle broke down, forward planning became unreal and as the prospect developed of external intervention by the Audit Commission in financial matters and the Department of the Environment within the DLO, desperate measures were taken. On all questions of expenditure, the key decisions were inherited by the senior professional managers within the institution, under the leadership of the Treasurer (18). The Conservative Government had foreseen budgetary breakdown in some local governments, and in the 1988 Local Government Finance Act, Section 114, had imposed a duty on council treasurers to take prohibition action if balanced budgets appeared not to be achievable in the current year. This example of a change in the rules of the game, leaves politicians in both local and central government dependent, even for a short period of time, on the powers, judgement and resolve of the most senior local officials. It amounts to a suspension of elected politicians from running local government.

Political control has also been relinquished in the restructuring of the remaining, smaller DLO. The consultants' proposals accepted by the Council have
resulted in two major changes in management strategy for this reduced organisation. First, the consultants have implemented a management structure that effectively has excluded councillors from the strategic direction of the organisation, thus reversing the considerable involvement of councillors in the operations of the DLO during the 1980s. Secondly, the consultants' proposals have sought to establish the DLO firmly within the contract culture that is increasingly a part of local government through central government's imposition of compulsory competitive tendering. The entire former senior management and most of the middle management of the DLO have been removed from the organisation through voluntary redundancy or early retirement. But the changing structure brought about by the crisis managers and the consultants can be seen as a remodelling of the DLO in "the image of a dying species" (19). Ive has argued that even as this commercial model was being imposed by central government through the 1980 Local Government Planning and Land Act, it was a model that was already being superceded within private construction firms in south-east England by the early 1980s (20).

The re-organisation brought about in Haringey is certainly an attempt to restructure the DLO in ways that respond to the outcome of real internal crisis and external constraints; this is an understandable aim. But at the same time, the changes being brought about are adapting the organisation to a model which looks backwards. An example
of this approach to restructuring - a regressive modernisation - was the early dismantling of the PELAW design/build function of PWS which contained within it flexibility of working practices, integration of design and building within building teams and an ability to tackle a wide variety of small building projects and larger, standardised projects of refurbishment of purpose-built council housing with close client involvement. Rather than this model being reformed, its strengths developed and the unsatisfactory elements removed from it, one of the first acts of the crisis managers was to remove its management from the senior management team, dismantle the design team and suspend most of its work programme. Other examples, which in some ways seem modelled on a characterisation of a medium size, private building firm, are the attempts to run the small remaining capital section with wages paid under a similar bonus system operating in the repair and maintenance division. This bonus system itself is little more than an adaptation from the private construction industry, which has quite different employment practices, workloads and organisational objectives. In addition, subcontracting much of the more valuable work to outside contractors has become more widespread, spending on health and safety and craft and other training reduced and moves have been made towards a more adversarial model of industrial relations (20).
The consultants' proposals on management structure and style of management have been directed to asserting the 'right of management to manage' in a traditional, vertically integrated command structure. This approach together with the other measures would appear to be ill-suited to a local government building organisation within which councillors wish to see a strong ethos of public service retained. Nor is it certain that the commercial criteria being set for the DLO can be met in this way. It is quite possible that in making the remaining DLO more like a private contractor, organisational and other divisions between the contractor (the DLO) and other parts of the Council would become more rigid rather than reduced, with even less probability of the building organisation being able to provide an improving service to council tenants and other clients. At the same time, it is clear that as a producer, the DLO must become more flexible in meeting the building needs of the Council and become cost-effective in ways that do not create large financial deficits with their consequences for budget and political instability. Whether this is the kind of organisation that emerges after the consultants have completed their programme remains to be seen.

In Chapter Five we considered the relations between the Council's DLO as agent of production and private building firms. We saw how the production programme became increasingly polarised between a highly municipalized model
of construction and a weak municipal model within which small, repair and maintenance firms had taken an increasing share of the funds for housing production. Firms traditionally involved in contracting to the Council and local housing associations were steadily losing their share of HIP funds. Since the demise of the major works divisions in the Council's DLO, the prospects for contractors have improved considerably. While it is expected that HIPs will continue their downward path in real terms into the 1990s, that share of the funds for production that would have been taken by the DLO is now likely to be available to private building contractors. Whereas only about half of the workload (for production of new housing, major and minor renovation) would have gone to contractors in the late 1980s, in the 1990s all of this work will be available to them. In 1989/1990, assuming that Haringey retains a broadly similar composition of housing production, this could amount to an additional £10 million pounds worth of production per year (21).
Chapter Six

Haringey's Direct Labour Organisation

References and Notes

1  Haringey Council, Public Works Committee, 22 May 1989.


6  ibid.


8  Haringey Council, Report to Public Works Committee, 10 October 1986.


ibid.

Coopers & Lybrand and PA Consultancy Group, 1989, op. cit.

Chapter Six
Haringey's Direct Labour Organisation

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6.2 Haringey DLO - Job losses by trade in March 1989.
CENTRAL-LOCAL STATE RELATIONS

Introduction

From an examination of the changing relations surrounding Haringey Council's housing production programme we turn now to a fuller discussion of central-local state relations. Here we will consider what the case study reveals about a particular set of relations between central government and local government. These relations will be considered historically, their characteristics placed in a theoretical context and some arguments developed about the continuing political crisis of relations between central and local institutions of the state.

The Haringey study and central-local relations

Over a ten year period, as a direct result of central government action, Haringey's HIP allocation declined by 67% in real terms. Total national HIP allocations (excluding the local use of receipts from council house sales) have declined by 80% in real terms of the same period: Figure 7.1 (1). While still a great reduction in spending, local counter-crisis measures in Haringey have represented a significant modification of the long term trend. There are, however, marked fluctuations during this
UK: Public spending 1978–1992

Figure: 7.1

- Total HIP spend
- Total LG spend
- HIP net of cap.rcts
- Total Govt. spend

( current prices 78–89: plans 90–92 )
period in both central government allocations and local abilities to operate measures which boost local spending in the face of central reductions. These fluctuations indicate a number of accommodations made by both central and local governments to internal institutional problems in carrying out contradictory policies, to conflict between the institutions, to pressures emerging from wider economic forces, to the outcomes of political decisions and to other political pressures that had not been predicted.

The composition of housing production activity carried out locally has changed significantly. These changes have been brought about partly as a result of political intentions centrally. The Conservative Government has intended that there should be a great reduction in new building - "to move away from their [local councils'] traditional role as direct providers of housing for a wide range of needs" (2). And central government has also sought to focus parts of the HIP allocations on renovation programmes such as the Estate Action Programme. But there have been vigorous local actions to maintain a high level of major improvement and repair projects across a wide range of the local council's housing stock. Although there may be some congruence between local and central priorities, resulting in concentration of funds on renovation, improvements and repairs to the existing council stock rather than the expansion and development of public housing locally, this outcome has not been brought about by a pursuit of shared
policy or political aims. Central state policy has been concerned with residualising council housing, while the local council has been committed to maintaining high levels of housing activity and the quality of housing services in its locality. All the processes involved in maintaining and adjusting Haringey's housing production programme have been characterised by conflict, and central government responses have led to a weakening of the local council's control over the longer term. However, central action has sometimes had contradictory results, and outcomes locally have partly resulted from pragmatic, unintended or non-explicit decisions made in the context of the local council's crisis management.

In the examination of agency within the housing production programme in Chapter Five it was demonstrated that, as the composition of production changed, the local council's position in the interactive relations between agents altered, moving from a relatively strong municipal model in ownership, production and organisation to a weaker model as a facilitator for other non-municipal agents to take up stronger positions in production and its organisation. This process continued within an overall production programme which contained many short term fluctuations in activity within the context of long term decline. Changes in financial flows within the matrices of housing production show moves from types of production with relatively strong municipal components to a production
model that is weakly municipalized. We also noted that despite this long term trend, certain local measures had, for a period of time, been successful in maintaining major renovation work as a high priority within the overall programme as well as being the mainstream of work for the DLO. Thus, the shift from a relatively solid municipal structure of production relations to a more privatised model was not uniform across the entire programme or within separate elements of the programme. The shift overall is apparent at the end of the period studied, even though the events during that period did not always display this trend at the time.

Interlinked with these processes were the events surrounding the council's own agent of production, its DLO. As we have seen, during 1989, after a prolonged crisis, the council dismantled most of this organisation, reducing its size and scope of work to a workload of predominantly day-to-day repair and maintenance. This reorganisation and the redundancy programme that went with it was carried out in most respects by private consultants, with a view to retaining a small DLO able to perform financially within the confines of central government legislation compelling local governments to tender for work in competition with private building and construction firms. The consequent residual nature of the DLO as an agent of production in extending or developing local council housing, its restructuring towards market competition, and the adoption
of a model of management closer to that of an enterprise rather than a service provider has followed the shift of the overall structure of relations within the production programme away from a model with a relatively strong municipal components.

Three broad conclusions can be drawn at this point. First, the council's housing production programme was reduced in scale, its composition altered and its room for manoeuvre limited as a result of central government action against local government generally and policy towards public housing in particular. Second, central government's policy and actions were affected by local counter measures, which held off the ultimate crisis for much longer than would have been expected, and the resistance of Haringey Council and other councils required increasing centralisation of control by central government. Third, in dealing with its DLO, the council's own internal inadequacies revealed in crisis management and political uncertainties played a considerable part in the ultimate loss of its capability to build with its own workforce. Whether these conclusions amount to saying that local government is no longer local or government, but merely an institutional arrangement for administering central policy will be considered in the remainder of this chapter.
Central state and local state: debate and conflict

Since the mid-1970s and particularly since the election of the first Thatcher government in 1979, relations between central and local government have become dominated by crisis and restructuring accompanied by sustained and unprecedented attention from politicians and the mass media. It would be true to say that public awareness of local government and the controversial issues relating to its future have never been greater. Arising from central government's attempts to control local government spending, conflict has developed to such an extent that many of the established assumptions about central-local relations of the post-1945 period have broken down. During the 1980s, central government has taken steps which remove responsibilities and powers to finance services and other local government activities, has attempted to direct how local councils should conduct their work, has abolished a tier of local government - the metropolitan counties and the Greater London Council - and has established a major shift of power from the local to the central institutions of the state. In an early commentary on the first actions of the Thatcher government to control local council spending, Burgess and Travers came to the conclusion that the measures set out in the Local Government, Planning and Land Act 1980, following upon the creeping centralising measures of the 1970s, amounted to a Whitehall takeover (3). Five years and a general election later, in a comment
of even greater alarm, Newton and Karran felt able to state that Britain stood "within sight of a form of government which is more centralised than anything this side of East Germany" (4). In the light of events in Europe in 1989 and 1990, this observation was truly ironic.

Since the mid-1970s and especially during the 1980s, there has been a growing body of literature devoted to analysing the local state. The use of this term itself has been the subject of considerable debate as usage has become more common following Cynthia Cockburn's influential book, 'The Local State... ', published in 1975, which set out to explore, in the south London borough of Lambeth, the connections between corporate management, central government and local government, using an explicitly marxist framework (5). The growing level of interest in central-local relations pre-dates the crisis years of the 1980s, and is not just a response by academics, commentators and politicians to measures taken by successive Thatcher governments. This interest also stems from earlier concerns and debates in the 1970s about the fiscal crisis of the state as economic crisis emerged in the advanced capitalist countries during the mid-1970s, together with crisis and breakdown in welfare state systems in a number of these countries (6). During the 1970s, local political struggles, particularly in cities, and a great variety of community actions became a more prominent feature of political life than in earlier
decades, and the implications of such movements for society-wide politics of class, race and gender began to be discussed much more seriously amongst marxist, feminist and other critical writers. In the debates about the state, a growing interest became apparent in moving away from general theories of the state to more concrete analysis (7).

During the mid-1970s, other theorists and commentators from a very different political and ideological perspective—the new right—began to develop arguments for reducing the size of state spending and the scope for public provision of services (8).

The arguments against public expenditure and the institutions that administer public services lie close to monetarist theories about the control of the economy. In 1975, two Oxford economists, Bacon and Eltis, published a series of controversial articles in the Sunday Times, which were later to form the basis of a book published in 1978, arguing that public spending and public services were 'parasitical', weakening private enterprise, undermining the efficiencies of markets, diverting investment from profit-making activity, distorting labour markets and causing chronic economic problems through their uncontrollable growth which would lead ultimately to chaos and ungovernability (9).
Local government was a prime subject within this critique, as its housing, education and personal social services activity and expenditure had shown high rates of growth during the 1960s and 1970s. These services themselves had been subject to many political pressures nationally and locally for expansion and reform as well as much criticism. The mass public housing of the 1960s and 1970s being a striking example of a housing form that became so discredited and unpopular that all public housing, most of which is good quality housing neither high rise nor built by industrialised methods, became caricatured as socially undesirable and a failure. These areas of welfare expenditure and the local, political and administrative practices which delivered these services lay, in many important respects, outside central control and in the control of locally elected politicians and local government professionals, managers and workforces. These councillors, public officials and workforces were themselves frequently responding to and sometimes in conflict with local political forces in their localities, all of which amounted to local arenas of political conflict and activity that could not be managed or controlled by central government.

Notions about ungovernability, accentuated by the strikes (of public service workforces) and other disruptions within public services in the winter of 1978/1979, together with new right ideologies about the need for radical means
to control public expenditure were central features of the policy of the Thatcher government from 1979 onwards. The early measures taken by the Thatcher government, while a radical departure from the earlier consensus, were not a complete break with the past. Many of the policy directions that new right arguments indicated had already been taken up by the previous Labour government with major cuts in public spending following the 1976 International Monetary Fund loan.

By the early 1980s, the political standing of local governments, what powers they should have, how much they should spend, who controls them and how they were to be managed had been established as important subjects in political conflict. The concepts of central state and local state were well established in the literature and the use of such terms common in political discussion. The exact nature of the relations between central state and local state have been the subject of much debate, how these relations have changed and been restructured has been reviewed extensively and the processes of what has become known as centralisation of powers within a strong central state has become a major concern.

The local state and centralisation

Were Whitehall to be contemplating a wholesale takeover of local government, its politicians and civil servants would
be faced with a plurality of institutions that could be called local government or local authorities or the local state. There are more than 500 different elected local governments, administered by a local complexion of political forces, usually the local members of national political parties (10). There are different tiers of authorities, with differences between Scotland, Wales and England (11). Yet by the standards of many advanced capitalist countries in western Europe and elsewhere, local governments in Britain are very large in size, relatively small in number, their councillors represent many more people and the tendency towards specialisation and professionalisation in its wide range of functions is exhibited very strongly (12).

In Britain, the definitions of local authority, local government or local state can be extended to include a great variety of regional and localised authorities or parts of authorities dependent for their powers and finance on statute. By the early 1980s, around 3,000 such organisations could be identified (13). These can be considered to include District Health Authorities, local drainage boards, the regulatory authorities of the newly privatized utilities, the Housing Corporation and its regional relations with local housing associations, and can be considered to include other quasi-governmental institutions such as English Heritage, the Arts Council, Employment Training, the Commission for Racial Equality and
many others (14). During the 1980s, many more such state organisations have been set up to carry out functions more usually associated with local councils, ranging from the residuary bodies appointed after the abolition of the Greater London Council and the Metropolitan Counties to the Urban Development Corporations, Training and Enterprise Councils and urban enterprise agencies set up through central urban programme and other initiatives.

Within the literature concerning central-local state relations, the terms used usually refer to the relations between central government and local councils. Thus state and government are identified with national and local electorates and the executive powers available through Parliament and local councils. This is the convention that has been used within this study. But it is necessary to remember that the history of local government in Britain, since the great constitutional reform period of the mid-nineteenth century, is one of conflict, contests and negotiations over the form and functions of the local state.

The local state historically and fluctuations in powers

From the 1880s onwards, the administration of the Poor Law came under local electoral influence as male adult suffrage became virtually universal. The period from the end of the nineteenth century to the establishment of the post-1945
welfare state has been considered by some to be the golden age of local government (15). By 1899, the local government system had been completed in a form recognisable today with an established structure; strong, local municipal traditions and political leaderships; vigorous political contestation by national political parties through local organisation; wide powers across many functions from personal health services and public housing production to the supply of gas and school meals; and a financial regime, which in 1933 only required a 27% contribution from central government grants (16). This period was not without conflict with notable examples being the challenge to central government made by Poplarism in the 1920s, and the use of central state commissioners to override local Boards of Guardians during the 1926 General Strike (17).

Following the reforms brought about by the 1945 Labour Government, the system of public assistance payments was removed from local government and centralised into a national ministry with a network of regional and local offices, and in 1948, under the National Health Service, all local government hospitals were transferred to regional hospital boards. During the next thirty years, powers over major roads, personal health services, public utilities, water supply, the police and, by 1972, housing rents had been removed from the local state. Powers and electoral accountability that had been previously local were
transferred to central state departments or ad hoc regional agencies. Local government, however, gained expanded functions in housing, education and personal social services, while at the same time financial dependency on central government rose inexorably, so that by the 1980s, central government grants to local government amounted to 61% of local expenditure (18).

The tendencies to enhance central control and remove powers and functions to ad hoc regional bodies are analysed by Duncan and Goodwin as nationalisation and regionalisation respectively (19). These processes are two responses by the central state to the problem of political and financial control. Removing powers and functions to central ministries, regional quangos and private companies (following privatisation) has separated operational autonomy from political autonomy and makes political conflict between the centre and the periphery less likely. The regional bodies are accountable to central government ministries only, and their autonomy is strictly defined by legislation and not open to the operation of local discretion legitimated through electoral processes, public scrutiny or popular support or opposition. As there is no regional or federal system of government in Britain, apart from the regional councils in Scotland, there is, consequently, no direct or even indirect accountability of these regional bodies to electorates. The few positions on the executive bodies of some of these organisations that
exist for nominees from elected local governments have largely been abolished during the 1980s: a particularly striking example being the reorganisation of Area Health Authorities. The only semblance of elected regional government in England - the Metropolitan Councils and the GLC - were abolished in 1986.

The local state is thus caught on a track of accelerating centralisation, which itself is not a simple move from one destination to another, but a complex removal of some powers and functions to central government and a dispersal of others to regional bodies. What is characteristic of both nationalisation and regionalisation is that neither trend results in state institutions with electoral legitimacy, nor can many of the actions of these institutions be scrutinised publicly as openness and freedom of information concerning their operations barely exists.

Local state - local government

Local government - the structure of locally elected councils - is dependent upon central statute and the legal rule of ultra vires. Action at local government level can only take place within the boundaries of positive authority allowed by specific laws, not through a general competence to govern. The powers that can be exercised are mandatory or permissive, but the history of local government in
Britain has been one where considerable discretion has been available within certain limits (20). Local government is self government of a locality through the administration of powers and functions by elected representatives of that locality and the paid officials and workforces employed by the elected representatives. It is this combination of local administration, local policy making, representation of local politics and interests, and local legitimacy through an electoral system closely matching the system used to elect Parliament, which marks off local government from other localised institutions of the state. These features which have a long historical development provide the basis for local policy autonomy and the potential for conflict and crisis with the central state.

If local governments were merely non-elected local agencies of the central state, providing a uniform national service, much as the social security system does, then the local state would not be the same kind of arena for contests, conflicts and negotiations so characteristic of the past few years and in earlier periods of local government's history. This not to say that elected, representative democracy and a local government structures inevitably lead to central-local conflict, rather that this system has laid local state powers and functions open to local political forces. As the universal franchise emerged between 1884 and 1948, local working class political parties were able to gain control of many local governments in the major
cities and industrial areas and compete on the same political ground traditionally dominated by the representatives of local landowners, farmers, industrialists and other local business and commercial interests. Consequently, local governments have provided very distinctive local variation in levels of service and forms of service provision based on local politics within a framework of tension between the local and the central.

Central-local conflicts and negotiations are not between two equal power blocs. While local governments may have the capacity to pursue policies often without interference by central government and determine large elements of their own expenditure, their activity is governed by statute and their finances heavily and increasingly dependent on central government control of grants and regulation of local taxation. More recently, this dependency has grown as central government has taken to itself more powers to set the level of the local property tax - the unified business rate, and replace the local household tax—domestic rates - with the poll tax and central poll tax capping. As Stewart notes concerning local autonomy and growing centralisation, central government may see only lack of control as local governments exert their autonomy, while local governments see only control and limitation from the centre (21).
In their comprehensive review of writing on local control, local choice and local service variation, Duncan and Goodwin, have looked at a wide range of studies from a number of perspectives, including systems theory approaches; pluralist approaches concentrating on the decisions of political and professional elites; a variety of approaches developed within marxism, which look at social processes; and, a large literature based on case studies informed by a divergence of theoretical positions (22). Without repeating their discussions, we can support their conclusions that crises of central-local relations have a long history; that differences in local government services are widespread and important socially and politically; that variation, change and crisis are linked to wider social, economic and political structures; and, that local state institutions are composed of historically formed social relations that are restructured and changed in relation to state institutions as a whole and to changes in the overall form of capitalist social relations.

The local state and public housing: a history of ambivalence

The section that follows does not cover all aspects of state housing policy and how these have changed and been restructured. This kind of comprehensive review can be found in the wide-ranging work of Merrett, Forrest and Murie and others. We should note, however, that much of
the work of these authors fails to look at the internal dynamics of local governments in housing provision, nor does it look at the highly political and ideological nature of the contests over housing policy between the local and the central state (23). But some of the tensions surrounding the provision of state housing through the agencies of local councils can be understood by looking at the history of these contested arrangements.

At an early stage in the history of state housing provision, central government gave permissive powers to local governments to build housing for the working class. These powers, which were first consolidated in the 1890 Housing of the Working Classes Act, were to result in the average completion of some 1000 dwellings per annum between 1890 and 1914. They were constructed by only a small number of local councils without the help of central government funds to subsidise building costs and without subsidy to rents (24). State housing, even without central state subsidy was the subject of political controversy as can be seen by the various official reports and commissions of the time and commentaries upon them (25). During this period, while much of the structure of modern local government was created, the Poor Law that had been established in 1601 and reformed in 1834, still underpinned the structure, politics and ideologies of state welfare provision, and was to do so for a long period of time. The Poor Law Boards of Guardians continued to exist alongside
local councils for many years. The utilitarian arguments that had informed reform in the early nineteenth century continued to maintain that capitalists had an obligation to maximise public gain from their enterprise and that the state should only act where this did not take place (26). Indeed some of these utilitarian arguments put forward by political leaders such as Lord Salisbury at the end of the nineteenth century found a ready echo within the Thatcher Government.

Political leaderships in Britain's largest industrialising cities were faced, however, with serious local difficulties. Private enterprise had failed to do anything about the slums or their replacement and, consequently, public health and the welfare of workforces was threatened. Municipal housing could be defended, therefore, on the grounds that it would replace dwellings lost through slum clearance and provide housing for artisans (rather than paupers) at rents this section of wage earners could afford. Labourers and poorer sections of the working class would also benefit, it was thought, by filtering into the accommodation released through municipal building.

Local governments became the agent for this provision for a number of reasons. Rapid economic and industrial development, huge casual labour markets and the tremendous growth of towns and cities during the nineteenth century meant that social relations were very unevenly developed.
with strong local characteristics. Different policies became evident in different places as political forces struggled with each other in seeking to organise and control these processes. Local state institutions inherited from the past but developing with these processes began to formulate and implement variable policies and practices. As Duncan and Goodwin note in their argument about local states emerging from the uneven spatial development of capitalism, local state institutions are rooted in the heterogeneity of local social relations, where the institutions of central states have difficulty in dealing with this differentiation (27).

During the 1890s, following extension of the franchise and the reduction in property qualifications, the poor began to influence the Poor Law that was still the basis for local state welfare activity. The number of working class, Labour and socialist Guardians increased, extending their influence in local welfare policies. By 1907, women had won admission to all local government structures and came to play an increasing influence throughout local state institutions (28). Locally constituted political forces of the working class as well as other classes were increasingly able to further their own interests, in opposition, support or in alliance with other existing local or central political forces. The development of the franchise and democratic representation added considerable power, legitimacy and expectations to political forces.
administering, implementing, modifying, supporting or opposing central state policy. From the 1880s onwards there were strong working class and other political pressures on local governments and on the central state for the development of municipal housing.

The central institutions of the state before 1914, were almost certainly incapable of assessing local needs, implementing decisions, organising production programmes or managing public housing (29). There was no central government ministry responsible for public housing until 1919, when the Ministry of Health took over the Local Government Board. The Office of Works, which owed its origins to reform in 1852 of the even more ancient state institution of Commissioners of Crown Lands, was wholly inappropriate at this time as a co-ordinator of public building programmes. The Ministry of Works, as this institution later became, advanced under the impetus of Britain's re-armament programme from 1936 onwards, but only during the course of the Second World War and subsequent years of reconstruction did this central institution play any significant part in public housing programmes (30).

The years following the First World War saw a considerable development of local council housing. Popular discontent through the war years played a major part in working class demands for the provision of municipal housing (31). Central state financial subsidies were provided to local
councils for the first time, and despite considerable fluctuations in the size of the programme nationally as subsidy rules and finance changed (usually cut), more than one million council houses were completed in the inter-war period, despite the marked differences in how local governments responded, (32). A reluctance to sustain stability in council house production stemmed from the growing commitment by the central state in support for owner-occupation as an alternative tenure to both municipal housing and private renting. Housing production mainly for sale ran at nearly twice the level for council housing with 1.8 million new dwellings being built for owner-occupation, and more than a million properties passing from private renting into owner-occupation during the same period (33). However, local government, despite its considerable local variation in provision and despite central state ambivalence, had established itself as the provider of 10% of the national housing stock by 1939 (34).

Local state and housing: a new stage

The provision of public housing by the local state entered a distinctive stage after the Second World War. The 1945 Labour government launched a housing programme, which from 1946 was to see the greatest enlargement of municipal housing activity in the history of local government. This post-war housing programme was part of the much wider development of the welfare state. State planning of
housing production was expected to create employment directly and elsewhere in the economy; it would direct social policy towards working class families and improvements in their health through improved housing conditions; and, a link could be made between managing the national economy through demand for the products of the construction industry and social housing provision. This development was not isolated from public political life. As Gough writes, "the British people experienced the collective mobilization and widespread sacrifice, including aerial bombardment, of modern total war, but did not experience either occupation or defeat, yet suffered the relative weakening of their economy along with other European countries" (35). The landslide victory for Labour in the 1945 general election represented the undeniable force of the labour movement and the working class in British politics.

Two central ministries were to have responsibility for public housing within central government - the Ministry of Health and the Ministry of Works. But local councils were chosen as the institutions for implementing government policy. This was by no means an inevitable decision. In the inter-war period, local government had a mixed record in council housing provision. Some authorities in urban, working class areas such as the London County Council and Manchester City Council had achieved ambitious building programmes. However, many other local authorities were
considered to have represented only narrow, local, usually small business and landlord interests which resisted council housing provision, and in rural areas, with some exceptions, council house building had been vigorously opposed. When revenue was under pressure and subsidy arrangements altered, local governments had cut back primarily on investment programmes, particularly in housing, and there was concern that such fluctuations and instability should not be repeated (36).

Technical expertise, knowledge of new materials such as concrete and aluminium and ideas about standards and managerial methods had developed during the war years in the Ministry of Works. Senior officials were concerned that local governments would be technically and managerially incapable of developing their programmes. The war years had demonstrated the ability of the central state to plan most aspects of social consumption as part of the social mobilisation for conducting the war and the inter-war housing record of local government was patchy. There were many notable voices within central state organisations which favoured municipal housing, state planning and strong local government, within a perspective favouring liberal, consensual, gradualist government avoiding compulsion and the infringement of liberties (37).

Bevan's Ministry of Health, which was responsible for local government in the newly elected Labour Government, resisted
pressure from the Ministry of Works to establish a separate Ministry of Housing or a central state corporation, which would have utilised the wartime network of regional directors and effectively bypassed local government (38). During the war, central government ministries such as the Ministry of Works had established branch offices in each of the regional headquarters of the Regional Commissioners, a structure which had been established during the war in anticipation of having to take over all civil functions of government should German invasion or destruction of London have taken place (39). This regional organisation was to form the basis for some of the regionalisation of the local state that has steadily developed in the post-war period.

Michael Foot, Bevan’s biographer, observes that Bevan suspected the Ministry of Works, a strong organisation built up by Churchill, of having close ties with big building contractors and building unions. The war-time state’s co-ordination of construction activity enabled a number of large firms to consolidate their activities as producers nationwide, to gain important market shares and to develop their technical and site management techniques and corporate planning. Among the most prominent building firms during and after the war were the five firms that by 1970 were Britain’s largest building contractors (40).

However, Bevan had other reasons for supporting housing production activity by local councils. It was felt within
the Ministry of Health that local knowledge was important in managing local labour resources through the local Labour Exchanges which were managing the impact of demobilisation of the armed forces. Local knowledge would also be needed to deal with the patterns of local housing shortages created by war damage and lack of building activity. Throughout the history of council housing, its production had been overwhelmingly by private building firms contracting to the local councils, and in the context of severe shortages of building materials after the war, the industry could not be relied upon to prioritise building for the state. Bevan viewed the problem in this way:

"if we are to have any correspondence between the size of the building force on the sites and the actual provision of the material coming forward to the sites from the industries, there must be some planning. If we are to plan we have to plan with plannable instruments, and the speculative builder, by his very nature, is not a plannable instrument." (41)

Democratic accountability as well as effectiveness were seen to be available through the local state. This point of view was supported strongly by municipal socialists and their local political support. Municipal socialists had built up considerable traditions in many large city local governments and were now influencing Parliament and the Labour Government. Popular demands for greatly improved
housing conditions were part of a tide of opinion pressing for welfare state developments, including the influence of a squatting and vigilante movement (42). A group of left Labour MPs were pressing for devolved, democratic structures for this and other parts of the Labour Government's programme, particularly the new, National Health Service (43). Contrary to the nationalising of local government enterprise, utilities, health services and social security to the central state, the early post-war years consolidated local government, within a social democratic settlement, as the principal institution for the management of council housing production. However, despite this consolidation, the emphasis of public housing in national housing policy was soon to change.

The Conservative government of 1951 committed itself to a change in state housing policy by shifting policy emphasis towards owner-occupation, but continued to retain until 1955 a substantial commitment to council housing. Building targets for local government were raised well above those of the previous Labour Government, although standards were cut. In the early years of the 1950s, the Conservative government's housing programme exceeded that of the previous Labour government as its programme had been severely cut following economic crisis. Subsidies to council housing were raised, but space and other standards reduced, owner-occupation was boosted by the abolition of the remaining post-war building controls and of other
financial and rent controls on owner-occupation and the privately rented sector (44). The council house building programme then declined steadily, in what Merrett describes as a retreat in municipal output from 1953 to 1981 with the emphasis being placed on slum clearance. However, the proportion of dwellings in high rise buildings steadily rose (45).

During this period, there was a return to pre-war policy whereby general housing need would be met by private enterprise and the role of local government would be to clear the slums and ensure improvement of the existing housing stock. This policy was much more in keeping with policies of the 1920s and 1930s than it was with the short-lived prominence of municipal house building of the period immediately after the Second World War. The switch to clearance and redevelopment and replacement functions for local government housing production continued after 1964 and the election of a Labour Government, although at a higher level of activity within the brief life of the national housing plan of 1965-1970. This plan amounted to a more corporatist management of state housing policy, broadening the definition of local government housing services, advocating higher standards of management, increasing local state involvement in urban renewal programmes and home ownership, and the promotion of housing associations. Public expenditure control, uniformity of service provision, national planning and national rather
than local allocation of resources were moves to centralise control in the guise of technical efficiency (46). The plans for council house building were, however, cut short by the economic crisis of 1967 and the subsequent cuts in public spending in early 1968 (47). The collapse of Ronan Point in east London in May 1968 accelerated the downward trend in the production of high rise council housing and highlighted the move towards renovation policies away from provision for general needs or wide scale slum clearance. Alongside these changes, as Dunleavy notes in his analysis of post-war mass housing, the unpopularity of high rise housing and its high cost seems to have slowly but quite decisively reduced the levels of public support for council housing (48).

The local state, council housing and crisis

The rapid decline in slum clearance by 1971 was accompanied by a huge cut-back in new house building with only a temporary growth in renovation activity in the council housing stock and by private owners with grants from local councils. After the Conservative government was elected in 1970, the role of local government in housing provision reverted to that which dominated policy in the mid-1950s (49). However, the renewed emphasis on owner-occupation fell victim to central government responses to the emerging economic crisis and the quadrupling of oil prices in 1973. There was a slump in new mortgages for owner-
occupation as interest rates rose and in 1974 there was a very sharp fall in private house building to unprecedently low levels.

The Labour government elected in 1974 permitted a small growth in local government housing programmes and purchases from the private sector (municipalization of parts of the older housing stock and acquisition of new houses in package deal arrangements with builders and developers) as a response to the collapse of private house building. But its general policy was to be a continuation of what was emerging as a strong and consolidated consensus within central state institutions and the two main political parties, that owner-occupation was a natural desire amongst people, and state housing should occupy a residual function, dealing largely with providing housing for those unable to provide for themselves. This consensus on housing provision was informed by thinking little different from that of the early opponents of municipal housing in the early twentieth century or that which had dominated central government policy in the inter-war years. However, council housing was by now well established feature of life in Britain. What was needed as economic crisis developed were new methods of controlling its development, while promoting owner-occupation. Many of the corporatist features of central-local relations established during the 1960s continued as a means of rational planning with the co-optation and consultative arrangements surrounding the
creation of the Consultative Council on Local Government Finance (50).

An approach downplaying the role of public housing was to dominate the massive review of housing policy inaugurated by Crosland in 1975 and finally published in 1977 (51). The review presented a huge body of information about housing policy in Britain and abroad and has been subject to rigorous critique elsewhere (52). We can see within it a number of indicators for the future course of central-local relations and housing policy, which would underpin the events of the late 1970s and lay the basis for an aggressive, new right policy towards the local state, following the election of the first Thatcher government in 1979.

Within the Housing Policy Review, any kind of national housing policy in the strategic sense had been abandoned, but there remained local difficulties, for which the local state would have responsibility. It was expected that public housing investment would decline in response to the changing circumstances surrounding owner-occupation. Special needs of certain households would still be catered for by local government. To this end, new regulations were to demand that local governments create local housing strategy and investment programmes - HIPs - that would receive central government allocations of financial resources. This would be the route by which the central
state would exercise control over spending programmes, while notionally giving local governments freedom to determine housing strategy, there being no central strategy other than the control of public spending and the promotion of private housebuilders and owner-occupation. Central government would impose limits regarding public expenditure but the initiatives would lie with local government (53). In the Review itself, there is no overt indication that during the course of its preparation economic crisis had engulfed the Labour government, one result of which was the huge cut in public spending announced as part of the agreement between the government and the International Monetary Fund. But the policy review does note that between 1967 and 1977 there had been no single control exercised by central government over local government expenditure on capital projects, that controls on tender acceptances had been re-introduced in 1976 and cash limits brought in for the first time as part of overall control of public spending. In summary, the prime objective of central government in relation to local councils' housing programmes was to provide local government with some limited scope to choose housing investment activities while the centre, for the first time, imposed comprehensive limits through the HIP system replacing the rather ad hoc arrangements that had previously existed (54). 1978/1979 was the first year of full operation of the HIP system, and the case study examined in earlier chapters has looked at Haringey Council's housing programme from this year onwards.
in the context of the ensuing ten years of control through HIPs.

The central policy of residual neglect of public housing and more comprehensive central control over declining investment was changed to one of aggressive restructuring and privatisation, following the election of the first Conservative government, under the leadership of Margaret Thatcher. Many of the mechanisms of the previous period plus a battery of new controls were used to achieve these aims. Following the first budget of the new Conservative government, it became clear that expenditure on public housing was to be the principal means by which public expenditure overall would be reduced. 92% of the cut in public expenditure was to be found in reduced financial provision for housing as set in government spending plans for 1979/1980 to 1983/1984. This great reduction in funding of HIP programmes immediately affected council house building programmes, creating a sharp decline on top of the steady decline already experienced from the late 1970s onwards. This earlier decline had already seen housing expenditure fall from 10% of public expenditure programmes to 7.5% of these programmes between 1974 and 1979 (55). The initial use of cuts in spending on council housing production in an attempt to achieve the targets of the Conservative government's Medium Term Financial Strategy was followed during the next ten years with
further substantial decline, and the details of this process have been examined in Chapter Four.

In contrast with the years in which Labour and Conservative governments operated with some degree of consensus over housing policy, albeit a shifting consensus, the Thatcher Governments pursued markedly different policies towards council housing and local councils themselves. Disproportionately large cuts in housing spending have been combined with enforced privatisation through the Right to Buy legislation, re-commodification of housing services as market forms of provision are compelled and inserted within local government, a narrowing of the definition of local housing activity, and centralisation of targets and controls as these are set for each individual local government within national targets which are no longer open to corporatist bargaining.

Centralisation and restructuring

Most commentators would agree that during the 1970s and especially since 1979 there has been a decline in the powers of local government, a transformation in the nature of central control and that local state housing activity has featured prominently in this process. A starting point for our understanding of how and why this process has taken place lies in the discussions of fiscal stress and economic crisis.
The scale of economic crisis deepened quickly through the 1970s as the long post war boom and the economic, social and political settlements that were associated with this period crumbled. This was an international phenomenon and is well documented by Glyn and Harrison, Gamble, Hall & Jacques and other writers (56). The collapse of currency stability, oil price rises, recession, low economic growth, and high inflation had major impacts on national economies and one of the effects in Britain was to reinforce the long term weakening of Britain's position within the world's leading capitalist economies. During the 1970s, successive governments struggled to control these processes and major features of the post-war welfare state came under threat as central government sought increasing control over local government budgets in order to reduce public spending on investment and welfare; spending which had been rising steadily over the previous two decades (57).

Local governments came under fiscal pressure from three sources. First, central government's contribution of grants to local councils funded from general taxation had risen to 61% by 1979 and this provided a strong lever by which central government could squeeze local government through reducing the effective value of the grants (58). This was most easily done by indexing year on year rises well below the real levels of inflation and the costs of long term borrowing. The adverse effects of these squeezing mechanisms were intensified by the extension of
central cash limits, targets and penalties to all aspects of local government funding. Second, the economic crisis had very stark and uneven local effects upon local councils in areas where industrial decline and job loss grew most rapidly. As the economic crisis bit more deeply, councils lost income from business rating as firms and industries closed, and at the same time, local councils were confronted by increased demands on local services as local hardship intensified. Third, local government's reliance on its own tax raising powers through domestic and business rating became stressed as the assessed values of property on which local taxation is based are not buoyant from year to year unless they are raised annually in keeping with inflation. This lack of buoyancy in local taxation is accentuated when inflation is running at high levels, and has the effect of highlighting large rises in the rate of tax charged when the base for its calculation remains static in relation to rising prices (59). All three elements of fiscal stress reveal the increasing dependency of local government in Britain on central state allocations of funds and central regulation as well as the influence of the economy overall on the foundations of local taxation. Once the central state is embarked on a strategy of restriction and cut back, the scope for local ameliorating measures is limited. Local fiscal stress has meant that control has moved further towards the central institutions of the state.
What was new about the 1980s was not the pressures from fiscal stress, but the integration of a new regime of central control combined with an intensification of this fiscal stress, both of which were central to the new right political strategy of the Thatcher Governments in their aim to reduce the role of public support for welfare and other services. In the early 1980s, the Conservative government chose to throw local government and other public institutions into a permanent atmosphere of financial crisis and cut-back through arbitrary reductions in cash limits, deregulation and the promotion of privatisation. As we have seen in the study of Haringey, arbitrary changes in the rules, the use of the HIP system as a control process rather than a planning process, the reductions in any planning horizons, and redrawn boundaries of discretion all amounted to an intensification of local fiscal and political stress giving the central state increased powers over the pattern of local housing policies. This process was preferred to reorganisation of local government institutions directly (60). The financial centralisation that accompanied the intensification of local fiscal stress was not completely effective in controlling what local governments did or how they administered their services (61). Consequently, more detailed control of policy as well as financial control became necessary to assert the strong central state. However, reform of local state institutions has only been piecemeal and has been met by some of the most serious political opposition the
Conservative government was to encounter in the 1980s. Abolition of the Metropolitan Councils, the GLC and the Inner London Education Authority were only to come in the second and third terms of the Thatcher government, after years of bruising political struggle (62).

The new right strategy in Britain is characterised by Gamble as a doctrine of the "free economy and the strong state" (63). This characterisation derives from two major strands in new right thinking; the argument for a freer, more open and more competitive economy and the restoration of social and political authority. Gamble develops his argument as follows:

"If the state makes the protection of the free economy its priority then it creates the basis for its own legitimacy. Once all illegitimate functions and responsibilities are stripped from it the state is no longer the weak state of social democracy, overburdened by ever-widening responsibilities and infested by special interests which seek to use the political process to portray their sectional interest as the public interest. It can concentrate on defending what is the true public interest—upholding impartially the rules of the market order." (64).

Within this political perspective, local government, its investment strategies and its welfare services count as
illegitimate functions and responsibilities that should not be carried out by state institutions, let alone those within which social relations other than those of the market may be represented. This view certainly informs new right strategy for housing. The Government's view is conveyed in their expenditure plans for 1989-1990:

"Most expenditure on housing comes from the private sector, including about 80% of repair and improvement work and 85% of new building. The Government wishes to encourage the private sector further and to expand the opportunities for private investment, particularly in the rented sector." (65).

But the process of removing activity such as housing production and distribution from local governments and upholding market mechanisms for housing provision has required a high level of central state regulation of and intervention in the local institutions of the state. As Veljanovski comments in his sympathetic analysis of privatisation under the Thatcher government, even within the laissez-faire (nation) state where property rights and freedom of trade exists, the state can enlarge or restrict property rights, and without the ultimate power of the state to coerce individuals and civil government, the market system would collapse (68). Thus strong centralising moves have been made by the Thatcher administrations to reshape the institutional framework of
council housing and reduce the role of local government in housing production.

The first moves on housing by the Thatcher Government in 1979 were to make large cuts in the housing investment programmes of local councils. Figure 7.1 shows the decline in central government's allocations within HIPs (excluding the use of local receipts from council house sales) throughout the 1980s to very low levels by 1989. This funding has declined both in cash and real terms, and as a proportion of local government spending and central government spending. The latest Government plans show that allocations other than discretionary use of capital receipts within prescribed limits are to cease during the 1990s: Figure 7.2. The Government's projections until 1992, show the long term aim of the Conservatives to remove councils from a position where they can make any significant additions to or developments of their housing stocks other than through the use of a proportion of their receipts from sales.

This approach to public housing is an essentially political project about the legitimate activities of the state and the subordination of the local state to a reinvigorated and strong centre. Questions of the level of public spending and a monetarist strategy to deal with economic crisis have played only a background role. As Maynard writes, there is strong evidence to doubt whether the Government's Medium

Central allocations: local receipts

- Total HIP spend
- Local cap. receipts
- Central allocation

(outturn 78–89: plans 90–92)
Term Financial Strategy with regard to public spending was successful. It is true that bringing down the Public Sector Borrowing Requirement as a proportion of GDP - one way of measuring the ratio of public spending to the economy as a whole - has been successful, but public spending as a proportion of GDP rose until 1985 and only returned to below the levels of the late 1970s in 1987 (67). Table 7.1 shows public expenditure as a proportion of cash GDP since 1978.

The failure of the Thatcherite version of monetarism to reduce public spending over this period has been sustained and offset by the proceeds from privatisation of nationalised or part-nationalised industries and utilities together with a redistribution of funds within public spending programmes (68). In their analysis of public expenditure in recent years, Thain and Maurice argue that these privatisations, including the sales of council houses have been essential in damping down the rise in public spending planning totals during the 1980s. And in real terms (cash totals adjusted for inflation), public expenditure has only declined in two brief periods - under the Labour Government between 1975 and 1977 and in the brief boom of 1986 to 1988 (69). Cuts in spending on housing investment programmes have been part of a public spending redistribution allowing central government to favour central state programmes that have high priority within its political strategy - reinforcing the coercive
### UK: Public expenditure as a proportion of GDP

<table>
<thead>
<tr>
<th>Year</th>
<th>%</th>
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<tbody>
<tr>
<td>1978/1979</td>
<td>43.25</td>
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<tr>
<td>1979/1980</td>
<td>43.5</td>
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<tr>
<td>1980/1981</td>
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<tr>
<td>1981/1982</td>
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<tr>
<td>1982/1983</td>
<td>46.75</td>
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<td>1983/1984</td>
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<td>1984/1985</td>
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<td>1986/1987</td>
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<td>1987/1988</td>
<td>41.75</td>
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<tr>
<td>1988/1989</td>
<td>39.75 (estimated)</td>
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<tr>
<td>1989/1990</td>
<td>39.25 (planned)</td>
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<td>1990/1991</td>
<td>39.0 (planned)</td>
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<tr>
<td>1991/1992</td>
<td>38.75 (planned)</td>
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**Source:** Cm. 621

Government Expenditure Plans
functions of the state (the police force and prison building programmes being examples) and managing high levels of unemployment—while, at the same time, making council housing residual; a form of housing provision which over sixty years had become one of the most highly visible, tangible and symbolic features of the welfare state in Britain. Figure 7.3 shows the relative changes in the characteristics of local government spending on housing production over the ten year period of this study. New council housing has declined from being the single largest item in investment programmes to less than half of the level in 1978; renovation of existing council housing now takes the largest share of the programme and support to owner-occupiers and private landlords is now a significant proportion of investment programmes and is projected to exceed the investment in new housing during the 1990s.

The shift towards owner-occupation over the previous twenty years took a new turn with the Right to Buy legislation for council tenants. Selling council houses is not a new phenomenon, but the central powers adopted by the Thatcher government to compel local governments to sell, to maximise discount incentives to tenants and the powers taken to intervene in the sales procedures within individual local governments were new departures in central control (70). The Right to Buy legislation was a prominent feature of the central government’s privatisation programme. More than one million sales under the Right to Buy legislation had been
completed between 1980 and 1988 (71). The cash receipts from sales, the value of these sales and the number of households taking part has made the privatisation of this part of the welfare state the most significant single element in the government's entire privatisation programme (72). As Forest and Murie explain, the capital receipts from sales have consistently been greater than expected and have facilitated the downward trend in central government's HIP allocations as capital receipts take a greater share of the funds that can be made available to local council programmes (73).

The removal overall of central financial allocations for HIPs other than the use of prescribed receipts from sales under central government rules will have been achieved by the end of 1990 (74). In Figure 7.2, we can see that in the 1990s the almost complete substitution of central allocations by the use of receipts from council house sales as the chief means to fund HIPs. In this diagram the gap between total planned spend and total planned use of receipts after 1990, represents the use of powers in the 1989 Housing and Local Government Act to compel local governments to use some proportion of their receipts in redeeming local debt. Privatisation of council housing is being followed by a new regulatory regime over the use of privatisation proceeds and local borrowing powers: a new combination of central state financial and policy control.
Privatisation has been discussed by some commentators in terms of re-commodification of goods and services previously provided in a non-commodity form (75). Transformation of the distribution of housing through non-market mechanisms by the local state (the relations surrounding council housing) through privatisation, so that it can be distributed through market relations surrounding owner-occupation, is an example of such a process. While the terms privatisation and re-commodification, are accurate in summing up a process whereby increasing the levels of owner-occupation reinforces the broad trend towards a commodity form of distribution at the expense of socialised or part socialised forms, these terms do not represent the whole process. Selling council houses and promoting the growth of owner-occupation still requires relationships between the state and markets (76). The central state has found it necessary to restructure central-local state relations to transfer housing to private ownership through new laws such as the Right to Buy. Promotion of public/private partnerships for low cost home ownership schemes have depended upon central state support. And market rents have only been acquired recently by landlords in the private rented sector by the central state sweeping away a long history of regulation: all other reforms having failed.

Privatisation of council housing and the promotion of owner-occupation also requires the support of substantial
public expenditure. Mortgage income tax relief in support of owner-occupation will amount to £5,500 million in 1989/1990, compared with a total spend on council housing investment of £3,153 million for the same year (77). In their examination of the financial aspects of housing privatisation, Forrest and Murie demonstrate that successive Thatcher governments have failed to control public expenditure on housing overall. Once state support for owner-occupation is taken into account, including foregone tax revenues and discounts, then the result of government policy is seen as a redistribution of resources and a restructuring of public spending on housing rather than a strategy for reducing spending. This restructuring has been away from subsidies to existing council housing and council investment in new housing and towards support to owner-occupiers and expenditure on Housing Benefit (78). Growth of expenditure on Housing Benefit and reductions in spending on housing production is an example of the movement of state subsidies from buildings to personal incomes: a phenomenon present in most western European countries in recent years. In France this phenomenon is described more graphically - 'de l'aide a la pierre a l'aide a la personne' (79).

As with housing policy, the Thatcher government's strategy towards direct labour organisations has been informed by the political strategy of the free market and the strong state, but it has been pursued in a different, although
complementary way. During the long history of council housing production programmes, the agents of production have been overwhelmingly private. The value of direct labour housing production as a percentage of housing work nationally was only around 11% in 1978 and had declined to around 7% by 1988 (80). Historically, DLOs have contributed to only a small proportion of total housing production: approximately 5% - 8% of housing production in the post-1945 period. This hasn't prevented DLOs from being under hostile criticism from the private building industry since the first DLO was set up by the London County Council in 1892 (81). However, this small proportion of national output has always concealed and continues to hide very significant local variations as we have seen in the case of Haringey Council. DLOs do not usually possess valuable public capital assets nor do they constitute well defined 'businesses' that can be sold easily, but they do carry out work that could be carried out by the private building firms. With such a small share of overall production, this can hardly be described as crowding out private enterprise, but large local DLOs have been seen to do so by opponents from local parts of the construction industry and local firms (82). In the desire to open up this activity to private accumulation, central state legislation was used as a mechanism to transform DLOs into trading organisations along the lines of capitalist firms and then compel them to compete in the market for their work (83). The 1980 Local Government, Planning and Land
Act and subsequent legislation was used to curb local decision making about the organisation of DLOs and allow the central state to impose its will. The legislation was even framed in a way that would allow government ministers to change the rules as they observed the effectiveness of the legislation and whether local governments found ways of circumventing them, which would require additional intervention from the centre. The ultimate aim was either to transfer work wholly to private enterprise through the failure of DLOs to transform themselves and compete successfully, or in the process of adopting market organisation, other market forces and businesses would partially penetrate the work of DLOs and gain new opportunities from contractual relationships within local government's building and construction activities. This restructuring, rather than direct privatisation is linked to the processes of residualisation, restructuring and privatisation of the local stocks of council housing. For a successful DLO depends upon a stable workload being available from local council housing programmes. Once the stability of the size of the stock and the finances to extend, develop and manage that stock are disrupted by fiscal stress and sales, then as we saw in the Haringey case, the DLO may not survive these processes in the longer term.
Summary

The history in Britain of the provision of state housing through the agency of local government has always been one of tension between the central state and the local state. That tension has persisted through the way in which the local state has developed into sets of institutions that are laid open through the electoral and representational processes to local interests, local variation and local differences in social relations. Hence local governments can express these social relations through local variation in policy and practices and levels and kinds of service provision. Although constrained by central government legislation and financial regimes, yet at the same time responsible for carrying out a wide range of state activity, local governments make choices in what they do. This variation and choice does not arise from the fact that central and local structures exist, but because people, groups and classes of people, and social, political and other organisations occupy these institutions and make choices about the actions they take within them, what processes they seek to control, what services they wish to manage and what policies they wish to support or oppose. As Duncan and Goodwin have noted, viewed from the centre, local government is both an agent and an obstacle (83).

Within the tension of central-local relations, housing has always played a significant part. By locating state
housing provision within local government institutions almost a century ago, the central state had, at that time, recognised that if policy were to remedy some of the deficiencies of privately rented housing, reduce the slums and the threats to public health, then giving powers to local state institutions would be the only realistic way in which any houses would actually be constructed. Private landlords were failing, the philanthropic housing movement was limited, the late nineteenth century central state was incapable in practical terms of doing the job itself, and owner-occupation was not to develop on any significant scale until the 1920s and 1930s. Local and national political forces had also played a major part in creating pressure for improvements in housing for the working class. To the extent that state housing policy in Britain developed into the reality of council housing and became established, particularly after 1945 as a very visible, socially important and more or less permanent feature of local social relations, so the central state was presented with a broadening of the scope for local variation, local policy and conflict. As Forrest and Murie note, the growth of council housing has always been accompanied by an orchestra of opponents, denigrators and claims that the free market could do better (85). This opposition has partly been about council housing being public housing, although privately produced, and partly about it being housing that is owned, controlled, developed and managed by the local state with a high degree of autonomy. Central-
local tensions have not just been about local variation and central control, but also about a socially significant form of housing lying in many important respects outside market relations. Likewise, as long as direct labour organisations in local governments are agents of production representing an alternative to market forms of production, they have been the subject of political controversy both as a non-market agent and as an agent controlled by the local state.

Council house building programmes have been subjected historically to volatility from central state funding. The funding of building programmes has always been subject to some central control and to variability in central policy with its assessment of the strength or weakness of the national economy and the political priorities that have been established for its management. These central controls began to be tightened in a piecemeal fashion as the economy moved into serious crisis from the mid-1970s onwards. Meanwhile, within the political consensus that had developed within central government and in the major political parties, the principal policy direction was to favour the continued growth and dominance of owner-occupation. The Conservative Right to Buy legislation represented a speedy growth of owner-occupation via a new kind of redistribution rather than production.
Owner-occupation in Britain exists with strong, central state support to households and the production and service industries that support it. It is characterised by market provision and distribution and lies largely outside the powers and activities of local governments. The uncertain attempts at increasing central state control of council housing provision through more corporatist controls as economic crisis deepened, and the consensual approach to the balance of support between tenures were ruptured by the election of the first Thatcher government in 1979.

For the last eleven years, central-local government relations and the relations surrounding council housing have been subject to major restructuring. The central controls over housing investment programmes have been increased and fiscal stress within local government budgets intensified by new legislation, the abolition of domestic rates and their replacement by the poll tax and other financial measures. Alongside these measures, privatisation of council housing was enforced, and for the first time, the numbers of council houses have declined. A regime of competition and destabilisation has also served to undermine the position of local government DLOs. Alternatives to owner-occupation and socialised forms of provision of housing services became weakened as effective alternative political and policy positions. The post-1945 assumptions about central-local relations, which had seen changes, but nevertheless had been underpinned by a long
standing social democratic consensus, were disrupted as the strength of the central state was asserted and local powers and opportunities for expressing local variation diminished. The privatisation of public housing removed more than a million households from non-market housing provision into a market form. And the remaining council housing has been downgraded in central government policy to provide a residual, welfare service, offering second best housing to poor people. An intended effect is to residualise local government at the same time as residualising one of its most enduring products.

The argument presented here is that what has happened to council house building programmes under the Thatcher government is not a strategy about cutting public spending in any absolute sense nor is it a policy about reducing the public sector borrowing requirement, but it is a political strategy to restructure central-local relations around the free economy and the strong state. In the housing policy area, the Thatcher governments have sought to insert market forms into public institutions where some degree of socialised provision existed, to redistribute central state housing spending towards market forms of provision such as owner-occupation and away from public housing, and to restructure central-local relations to strengthen central state control and diminish the possibilities for local alternatives and variation.
Chapter Seven

Central-local State Relations

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List of Figures and Tables with Sources

Figures


Source: Cm 609, Cm 621 and Cm 9143-II.


Source: Cm 609 and Cm 9143-II.


Source: Cm 609 and Cm 9143-II.

Tables

7.1 UK: Public expenditure as a proportion of GDP
CHAPTER EIGHT

CONCLUSION

The local state

"politics is a service industry designed to ensure that the consumers (the electorate) receive the goods (the public services) that they want." (1)

This quotation from the Widdicombe Report of 1988 appears to sum up an ideological perspective dominant in central government in the 1980s: a spurious analogy between government and "free market economics". It is doubtful whether it could have been written in an official government report at any other time since the Second World War. It is also doubtful whether many local government councillors or senior officials would recognise such a statement as an accurate picture of their institutions, their local population and communities and the public services they administer. What such a view does reflect is the concern within the Thatcher Governments and the new right that, as public services have grown and become more and more central to people's lives, and so long as this continues, then the provision of these services becomes more and more about political relationships. As local governments become increasingly aware of the political importance of what they do, even to the extent that some
may assert a local mandate for their activity at odds with the central state, then serious questions emerge about the whole nature of the state, what it does, how it governs and how it is structured. The state becomes an arena of potentially greater political contestation, carrying with it (for some) the spectre of ungovernability (2). The strong central state, made stronger at the expense of local, elected state institutions, is one of the answers provided by the politics of the new right. This is at the heart of what Gamble has called the "statecraft" of the Thatcher Governments (3).

This study of Haringey Council's housing production programme during the 1980s has revealed the impact of central state policy in reducing and changing the role of a local council in housing provision. Similarly, the content of that housing provision and its actual production has also been altered considerably. By the end of the period studied, Haringey's direct labour organisation, which had been a significant agent of production during the 1980s, has been halved in size. The remaining parts of the organisation have been restructured largely as a consequence of adverse and rapidly changing circumstances both within the Council and in the relations between the Council and central government.

The increasing use of central state power at the expense of the autonomy of the local state housing provision during
the 1980s was not new. It had been formed initially during the mid-1970s, partly as a response to the need to manage economic crisis in new ways. But this shift in economic management was also facilitated by the long term restructuring of housing tenure from the dominance of private renting in the early part of this century to the present-day dominance of a different form of market provision of housing: owner-occupation and the industries and services that produce and reproduce it.

This centralising process was accentuated sharply by measures taken by the Thatcher Governments, and developed into a new process of restructuring of central-local relations, displacing the role of local governments as representative institutions responsible for the direct provision of goods and services and constructing openings for increasing reliance on individual provision through market relations. The practical steps to recast local government in this way have not been carried out through a comprehensive reform programme, but rather through a range of particular initiatives; privatisation, particularly of council housing; a regime of fiscal stress; compulsory competitive tendering to break up the provision of services (including housing production) carried out directly by local councils; the replacement of local rates with the poll tax; abolition of a whole tier of local institutions in England; the establishment of new, non-elected, national and regional authorities; and, following the Widdicombe
Report, explicit denial of any general or necessary right for local government to exist, leading to further restrictions on areas of local autonomy (4).

The new right has had, nevertheless, preferences for public spending and the Conservative Governments' policy mix has proved to be incompatible with large reductions in real terms in overall public spending. With the dominant position of owner-occupation in housing tenure and the concern to restrict and restructure local government, public sector housing and housing investment programmes were obvious targets for reductions in spending. And as we have seen, public housing carried the brunt of public spending cuts during the early 1980s.

During the last decade, the long established relations between local councils and the social relations of local housing provision have been disrupted. The focus of central state strategy has been to end the significant part played by local government in over sixty years of provision of a highly socialised form of housing - council housing. While council housing could not be abolished outright - after all, at the beginning of the 1970s more than a third of British households lived in this tenure - a significant proportion has been privatised and removed from council and hence public ownership and management. New housing provision and any substantial development of existing housing stocks through central HIP allocations (other than
The local use of certain receipts from sales is planned to end by 1991. In the future, local governments are expected to play only a facilitating role on the margins of housing provision, where the market relations surrounding the dominant tenure of owner-occupation are deficient. Other plans for the future may include further privatisation of council housing and the abolition of local government's powers to own rented accommodation with the replacement of this ability with enabling powers only: permission to make payments to private landlords or housing associations for low cost housing (5).

This restructuring of council housing provision has not proceeded smoothly, without hesitations, back-tracking or failure. Like all restructuring of state activity, the processes are open to political determination. As we have seen in this study, Haringey Council has sought to combat the aims of central government, despite the inequalities of power inherent in central-local relations in Britain. Other councils have also resisted. But most commentators would agree that council housing is unlikely to be restored to the position it held at the end of the 1970s.

Many new powers over local government have been taken by central government to force through the restructuring at the level of local implementation. Just reducing the HIP allocations was not enough to ensure that what councils did was what central government wanted. As local autonomy is
real, even though it is limited and varies from service to service, government ministers have had to learn on the job, that reducing this autonomy is no easy matter. Hence the battery of legislation, changes in regulations, plugging of loop holes, powers to close down direct labour organisations, and even outright abolition of elected councils. The consequent confused structure of local state institutions, the proliferation of single interest, non-elected regional and other quasi-governmental organisations and the culture of more or less permanent crisis in central-local relations would seem to indicate that the strong centralised state in the Thatcherite model may be a liability in the longer term. The institutional arrangements for the local state are now much more unstable, remain in fiscal stress and are seen much more widely as subservient to central control. There is a loss of legitimacy here, and with the political conflict over the introduction of the poll tax, failures of government locally are seen increasingly as failures of the central state rather than of local government.

In the sphere of housing, central government has found it necessary to extend the powers of the central state over the local state because the powers to change the social relations of housing provision depend upon the implementation of policy within localities. Present housing stocks, past provision, current needs, new demands and housing markets show great local variation. Just as
the central institutions of the state have never built a council house, so it was necessary to use the councils as local agents to sell them. Of course, council house sales were not new, but as well as being potentially the most effective agents, the coercion of unwilling local councils into being agents of council house sales had the advantage of inserting large-scale privatisation into the institutional heart of public housing. Similarly, the less desirable housing that has been left is still a significant proportion of the housing stock and cannot be managed practically by the central state. Nor would it be desirable for the governing party in Parliament to be accountable for every failure and dissatisfaction with a residual, welfare category of housing or for the growth in homelessness that has been the expected and actual consequence of the privatisation strategy. To ensure the policy was successful, the strong central state had to be asserted and the weaker, partially dependent, local state weakened further, in order to transfer more than a million council houses to the markets of owner-occupation. These processes were also necessary to accelerate the residualisation of the social and political significance of the stock that remained unsold, the households who lived in it and the councils that managed it. Hand in hand with the residualisation of local housing stocks has been the residualisation and restructuring of direct labour organisations in construction as in other spheres of local council production and service provision.
Within Haringey Council, support for council housing and direct labour organisations can be seen as a political and ideological concern drawing on a deep-rooted tradition within the labour movement and amongst municipal socialists. And many senior officials and trade union representatives amongst the workforces would also identify with these policies. But as Rosenberg points out, as fiscal stress and the loss of local powers makes the practices of local government more uncertain, unknowable or unpredictable, the senior professionals in the local institutional structure act more politically and more overtly. Corporate management, itself not usually as corporate as it might seem, becomes more politicised and a collective culture of participating in conflict with the central state becomes the normal state of affairs. This is particularly so in the budget making process and the restructuring that becomes necessary after budget cuts. As Rosenberg observes, in this climate, good local government treasurers may become bad accountants, but in maintaining local autonomy insofar as they can, they transform themselves into effective street politicians (6). This is just one illustration of how established relations between local politicians and their senior officials may undergo major change within the processes of managing fiscal stress.

It is a real weakness in many of the debates about housing policy that these processes within local state institutions
are frequently ignored, yet they are integral to an understanding of how local state institutions learn to maintain their place in local social relations under circumstances where local powers are being challenged and increasingly removed. In this study, we have attempted to look at these processes through one dimension of the local state: local housing production programmes.

The relational approach

We have looked at local state housing production within a relational approach: a way of understanding both agency and the social structures within which agency is articulated. This approach has informed an explanation that allows for complexity in the causes of events, while showing which factors have been determining the longer term outcomes. If we had left the explanation at the point of identification of the structure of housing provision and not looked at the action of individuals and groups of people within the structure, we would have been in danger of explaining events merely by the functions of the occupants of the structure. This complexity of causation is not just a way of saying that things are complicated, but is a way of demonstrating that what has come about is because the actions that agents take and the choices that are made are composed within structured relationships. But at the same time, these interactions offer both opportunity and constraint for different courses of action. Opportunities
and constraints, however, are set within power relations within and between the state institutions. These power relations include contests, conflicts and negotiations over resources and activity which are not distributed equally. Thus, for example, the local state has powers, functions and influences over local social relations which are founded in local difference, and while such local state institutions continue to exist with longstanding and significant political legitimacy, then the local state has a purchase on events and real local resources which is different from the influence of the central state. Local choice, however constrained, is still available in how things are done.

The attention we have paid to agency has been deliberate, because in explaining what happens in particular capitalist societies, and how change is taking place, agency - who does what and how - makes the difference. We have indicated quite clearly that capitalism and its international economic system is the over-arching social structure fundamental to social organisation in Britain. And this includes the social relations surrounding the provision of housing: its production, distribution and consumption. We can also say, as in this study, that state activity is integrated within these relations of housing provision and conditions and is itself conditioned by the part that housing plays in the reproduction of the social relations of capitalism. But identification of the
structural mechanisms of capitalism or, as we see in this study, identification of the structures of state housing activity, in themselves, say little about how or why this housing provision happens, what forms this provision takes or who produces it.

In the use of a relational approach we have been able to see that the state institutions have not themselves exercised power just because they are institutions. Central-local relations have not just been a technical question of deciding how effective policy implementation may have been. The powers of the institutions in deciding the outcomes of conflict and negotiation have come about from the actions of the occupants of the institutional structures. In the case of Haringey Council and its conflict with central government over housing investment programmes, the respective institutions have been occupied by political forces with distinct and divergent political programmes, founded on largely incompatible ideological positions, using leverage on the resources they commanded to lay their print on events. Each set of forces has also been able to claim social and political legitimacy from the electoral and representational processes available to them. And these forces themselves have been shaped by their origins and the social forces that support them. In turn, the institutional make-up of the organisations of state they have sought to control has also shaped what they can
do and how they can do it. Political will has not had a clean sheet to work with.

The form and functions of the local state have developed over a long historical period and the balance of forces within central-local relations has varied over time both within the institutions and between them. As we have seen in the discussion of the history of local state housing, the central state has, with the brief exception of the years immediately following the two World Wars, been ambiguous in its support of council housing, itself a rather unusual form of state provision within advanced capitalist countries. We have also argued that the 1980s saw a distinctively new political project from the Thatcher Governments, which sought to restructure the form and functions of the local state.

Haringey Council was able to pursue a highly socialised model of housing provision for some considerable period of time, despite the central state being dominated by political forces most vehemently opposed to council housing and production by direct labour. It was the political domination of the central state by the new right, the use of overt political controls within an explicit political and ideological programme developed under Thatcher, which, eventually, created the circumstances under which local governments would lose any substantial housing investment programmes and lose many of the possibilities for
production in a non-profit form by direct labour. As a result capitalist building firms will regain their previously held large share of the local housing production programme. However, as a result of central government policy, this local programme is now a much depleted source of valuable contracts for contractors as the size of HIP allocations continues to decline. The reduced production from Haringey's DLO and those of other local councils in London has been achieved during the up-swing of a London building boom. Now, in 1990, London construction is declining quickly and in these conditions private building firms will be keen to take up the share of activity which has been cleared for them, despite the reductions in council house building programmes.

In our earlier discussion of theory and method, we recognised that there were some difficulties in the use of a case study such as the one developed here for Haringey Council. There are limits to how we can extend and integrate intensive research of this kind to make statements of a more general or comprehensive nature about the capitalist state and the built environment. The approach developed in this study has been one of looking at the public organisation of housing production during a period of major change in and restructuring of state institutions. We have looked at interactions between the central institutions of the state and a particular local form of state organisation - local government. And we have
seen how central-local state relations have changed in ways that have had a direct impact on the type, scale and scope of housing production. The scope and balance of municipal housing production has also been determined by the social relations and characteristics of production of the built environment generally and the co-existence of different agents of building production, ownership and use in local structures of interaction with the local state. These interactions themselves have been modified by the forces of change in the economy and in politics in Britain in the 1980s. And in this context we have been particularly concerned with the impact of a political strategy at the centre of the state that has been concerned to restructure many features of the British state, economy and society along the lines of the 'free economy' and the strong central state.

The relational approach which has informed the models used in this study, the structures of interaction that have been identified and the characterisation of agency - most especially the agency of the local state, has been developed in an attempt to explain change. Having developed the approach in some detail to explain change in a particular locality and institutional context, it is anticipated that the approach can be developed further in other areas of urban research to comprehend change in urban social relations and practices, housing policy and the production, ownership and use of the built environment. In
this sense it has been our intention that the study here should make a contribution towards bringing an understanding of the structures and agents of housing production and the state into the mainstream of current discussions around urban change and urban politics.
Chapter Eight

Conclusion

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