

Housing Associations - Models of Social Enterprise or Agents of the State?

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1. Introduction

As I came to review the final draft of this paper two events provided cause for further reflection on the nature of what is being reviewed here. Firstly, the conclusion of the transfer of the remaining 15,500 Liverpool City Council housing stock to a newly formed housing association: Liverpool Mutual Homes. Then one of Eastenders' lead characters spoke with a real sense of familiarity, of the problems he might have with 'the housing association' when she takes in a friend's family as lodgers. Delete 'housing association' and insert 'council' to picture the same script from only 3-4 years ago. Not quite as significant an event as that at Liverpool, but one that seems to capture some of the social changes involved: popular culture has caught up with certain policy developments.

Housing associations have been described as 'curious entities' being 'neither private trading bodies driven by the profit motive, nor democratically elected public bodies, nor government appointed bodies.' (Arden (1983) as quoted in Malpass 2000a, p.3). In fact even the term 'housing association' leaves some room for confusion and misinterpretation. The legal definition given within the Housing Associations Act 1985 includes organisations with such diverse titles as William Sutton Housing Trust, the Exeter Housing Society, Haig Homes and numerous individual almshouses. Moreover, in England at least the term housing association, or at least the formal legal status, has to some extent been superseded by the legal definition of Registered Social Landlords under the Housing Act 1996, but only in respect of those that are 'registered' with their primary regulator, the Housing Corporation.

Accepting for the moment the vagueness of the definition, we can see that housing associations have become a significant feature of the current housing policy arena. Currently providing over 1.9m homes in the rental market, the sector has been rapidly growing to almost match the scale of provision of council housing at around 2.1m homes in total[1]. The total provision does however obscure considerable diversity within the sector, with the Cave Report (Cave 2007) identifying some 1165 small housing associations with less than 250 units and another 60 very large associations or group structures with more than 10,000 homes - these larger associations comprising some 55% of the total housing association sector stock. The housing association trade body, the National Housing Federation also refers to a sector membership of more than 1,300 organisations varying in size from fewer than 10 homes, to more than 50,000. Altogether, housing associations provide about two million homes for five million people across England. (<http://www.housing.org.uk> – accessed March 20 2008).

Given such a significant scale of provision and profile, it is reasonable to consider where such organisations fit into the current debate and policy discussions regarding social enterprises, and if this sector might provide a lead model for a future world of social enterprise. Alternatively, is such a scale of provision indicative of a subtle, perhaps sometimes unsubtle, shift of public provision into some form of a third sector host 'agency of the state'. And what might this mean for other sectors where there is as yet just an

embryonic shift towards social enterprise?

This paper sets out to review the review what is meant by social enterprise in respect to housing associations and to consider how the status and socio-political role of housing associations has changed over time. Secondly, the paper poses some questions that may provide for further lines of research in considering the relationship of the state and social enterprises, and the conceptualisation of agents of the state.

2. Social enterprise and the historical policy 'location' of housing associations

Recent Governments have given much vocal support for the development of social enterprises. Former Prime Minister Tony Blair's vision for social enterprises was that ... *'social enterprise offers radical new ways of operating for public benefit. By combining strong public service ethos with business acumen, we can open up the possibility of entrepreneurial organisations - highly responsive to customers and with the freedom of the private sector - but which are driven by a commitment to public benefit rather than purely maximising profits for shareholders'* (DTI (2002) Prime Minister's foreword).

Here the government defines as *'a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners'* (DTI 2002, p.7). Elsewhere social enterprises are seen to have certain common characteristics of demonstrating an enterprise orientation, social aims and having some form of social ownership (SEN 2003, p.7). The Social Enterprise Coalition's own constitution says social enterprise means *'an organisation that trades in the market for a social purpose.'* (SEN 2003, p.7).

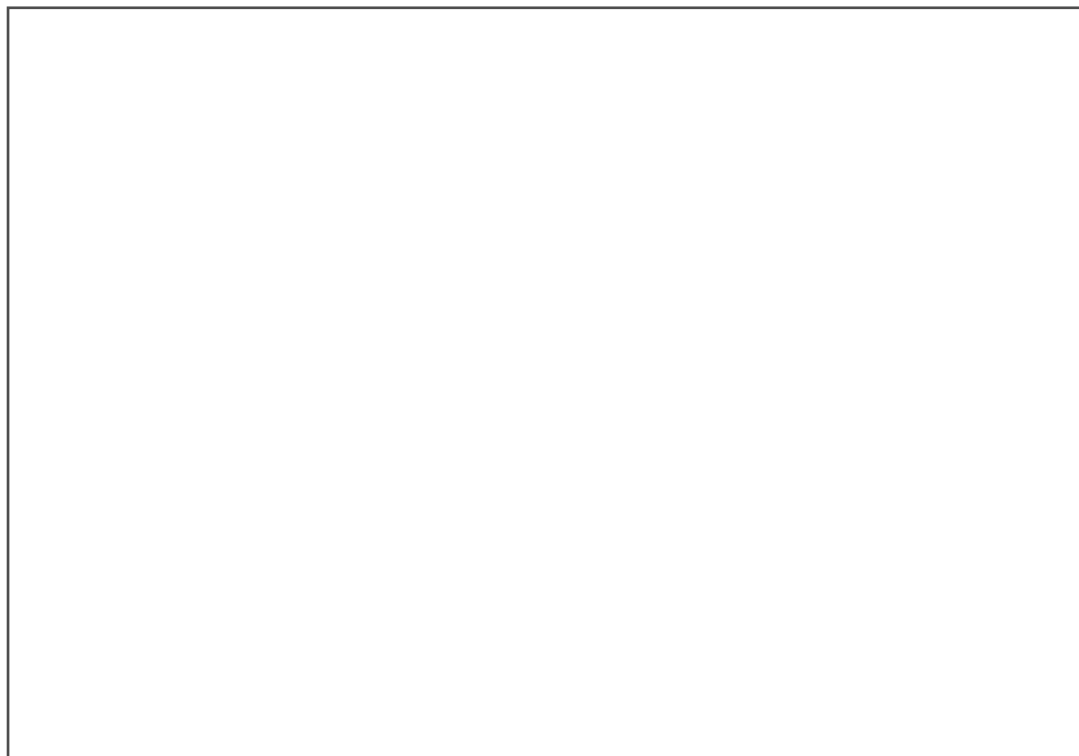
Just as with the problem of defining housing associations, it is recognised that social enterprises are not easily identified or defined as *Jones & Keogh (2005) recognise, although they themselves do then proceed to add to the available definitions by determining that social enterprises are:*

- . *Those that are self sufficient solely through trade.*
- . *Those seeking sustainability through mixed incomes, subsidy or funding.*
- . *The concept of social enterprises not being constrained purely by charitable and/or State concerns and definitions over 'public benefit'. There should be an understanding within policy considerations for those social enterprises that exist to address their social mission, focused on the needs of members and peers, who autonomously and voluntarily organise for mutual benefit through self help in non-charitable social businesses – and whose services are not necessarily linked to the provision of public services [note: my italics]*

Pearce (2003) then provides a further system of recognition in identifying his six 'tests' of social enterprise or as he puts it, *'six defining characteristics fundamental to social enterprise'* (pp 31- 44).

Where then do housing associations fit into such definitions? Their primary focus on providing housing for rent clearly gives a measure of independent income and 'trade', and traditionally it can be seen that they have their 'not-for-profit' status captured by the common use of charitable and/or Industrial and Provident Society governance documents. Their social objectives are also set out in such governance documents and there is much evidence of their delivery of a business model and form as framed within a social mission and intent.

So, we find that various authors find a position for housing associations within this loosely defined amalgam of social enterprise and Third. But not without some variation in classification: For example Pearce provides for the positioning of housing associations as social enterprises, whilst separately locating community-based housing associations, community housing trusts and housing co-operatives are seen as community enterprises (Pearce, 2007, p.29). Hudson (2003) places housing associations within that periphery zone that overlaps the third sector and the public sector in his 3-sector model (p. 10), alongside quangos, and education colleges (Figure 1 below):



Then the Department of Communities and Local Government notes that the Third Sector *'incorporates a huge diversity of non-governmental organisations The sector includes community groups, voluntary organisations, faith and equalities groups, charities, social enterprises, co-operatives, mutuals and **housing associations**'* (DCLG 2007b, p.5).

The Social Enterprise Coalition finds space to include an example housing association within it's 'Guide to Social Enterprise', yet the case study does not focus on the main business activities of the parent body Leicester Housing Association. Rather the focus is

on its subsidiary TREES (ie 'Training, Regeneration, Education, Employment, Sustainability') which itself has a number of subsidiaries including Thorpete Associates Ltd founded to provide gas and electrical installation and maintenance services and Newlife Regeneration & Construction Ltd providing other construction and development related services to LH and a range of other organisations. The parent body is itself described as a 'housing and regeneration agency' today managing more than 7,500 homes.

The fact is that, in attempting to simplify, these classifications obscure both the historical development of housing association and the current reality of what housing associations do and how they do it.

Historically housing associations have taken several different forms. But whilst there are some reflections of past eras, this does not equate to continuity in terms of historiography (Malpass, 2000b). It can be accepted that there are some antecedents of the modern housing association in the form of almshouses, creating a 'pre-history' of the housing association sector going back over 1000 years (Tickell, 1996). Tickell identifies 1235 as the start of this historical trail being the formation of the Origin of the St Lawrence's Hospital Charity – the oldest member of the National Housing Federation, the trade body to the housing association sector. According to the Almshouse Association there are almost 1800 separate Almshouse Charities in the UK with 2,600 groups of Almshouses and some 30,000 Almshouse dwellings[2] Most of these are now registered charities but many are simultaneously registered with the Housing Corporation, an ancient artefact transmuted into the 21st housing policy arena.

Equally there are examples which can be traced back from the mid-nineteenth century philanthropic capitalists. The exact determination of the earliest of these forms of charitable housing trusts is debatable with Malpass (2000b) referring to Society for Improving the Condition of the Labouring Classes, founded in 1830, and Back and Hamnett (1985) identifying the Metropolitan Association for the Improvement of the Dwellings of the Industrious Classes, founded in 1842. Both of these pre-date the Social Enterprise Coalition's bid for the earliest social enterprises being formed in 1844 when *'suffering at the hands of exploitative factory owners and shopkeepers who charged extortionate prices, 28 working men in Rochdale scraped together £28 to open their own shop – so heralding the beginning of the modern co-op movement'* (SEC 2003, p. 7).

Housing historians often collectively refer to the formation of various new societies and trusts by '5% philanthropy', as defining an acceptance of a lower return on capital investment than the usual 7 to 10% prevailing at the time. As Back & Hamnett note this *'had this twin objective of assisting the labouring classes whilst attracting private investment ... [and] ... These trusts were seen by many as proof that private capital, efficiently controlled, was capable of dealing with the problems of unsanitary housing, thus obviating the need for direct state intervention'* (1985, p.394). But this category of philanthropic investment also included several charitable endowments as those that created such modern day housing associations as the Peabody Trust (from 1862), the

Guinness Trust (1889), and the William Sutton Trust (1900) amongst others. Here, in the early days at least, the charitable trust still required a return on the initial endowment of 3% (in the case of the Peabody Trust) and 3.5% (Guinness Trust) (Malpass, 2000a, pp 28-33).

Malpass (2000b) notes however that the term 'housing association' is relatively modern, being used from the 1930's onwards and defined fully in the Housing Act 1935. Prior to that it is difficult to draw upon a single collective name that adequately covers the diverse range of housing provision, although from the 1909 Housing and Town Planning Act introduced the term 'Public Utility Companies' to cover those organisations that were registered as Industrial and Provident Societies (Malpass, 2000a, pp 52-53).

During the inter-war period UK housing policy began the progressive development towards its' more recent structure, most significantly framed on a tenure basis. Here, as Malpass notes (2000, p.195), *'Britain has long been unusual in the relatively high proportion of housing provided directly by local authorities'*, and he, as well as a number of other authors contrast our position with the housing structure that developed in other European industrial nations (eg Merrett 1979, Cole and Furbey 1994, Harloe 1995, Malpass 2001a, 2001b). The reasons for the growth of council housing post 1919 is outside the remit of this paper (see instead references as above) but it became ever clearer the extent to which the structuring of housing tenure in the UK diverted from that of much of Europe in selecting direct public provision (ie Council housing) as a primary form of government intervention in housing policy. It is sufficient to note that from 1919 onwards and for almost 70 years the State found itself primarily supporting the public sector, and Council Housing, as the primary form of non-private sector housing provision and housing associations were for the most part left as a minor, 'rump' provision.

There are however two particularly important diversions from the direct public-sector provision model as pursued by the State as outlined above. These were the Government formation of the North Eastern Housing Association in 1935 (later to become the founding body of Home Housing Group) and the Scottish Special Housing Association formed in 1937 (later to fall within the direct housing management remit of Scottish Homes, what was the Scottish equivalent of the Housing Corporation). Both of these are significant as the reflecting a State-led approach to helping resolve regional problems. Moreover, the new organisations were both constituted under the Companies Act, rather than under the more usual I&PS rules or charity constitution, and with a directly appointed Board of Management. The State had found a mechanism for circumnavigating potential, and real, local authority opposition and for using more general enabling legislation, the Special Areas Act of 1934, in a specific housing context.

Post 1945 and up to the Thatcher era, the most important developments for housing associations were those of the 1960's and 1970's. The 1961 Housing Act provided limited financial support for housing associations, often but not exclusively new-formed ones, to develop 'cost-rent' housing targeted on more affluent clients (the growing professional classes). As Back & Hamnett note, what was created was *'a dual system of association provision. Traditional philanthropic housing trusts were to continue housing*

the poor, receiving subsidies through local authorities. The new style housing societies were to house middle income earners, borrowing money without subsidy, direct from the exchequer' (1985, p.399).

Then in 1964 the Housing Corporation was formed as a direct conduit through which to channel support, and direction, over the new housing association sector, and subsequently providing the focus for the greater expansion of housing associations that was facilitated through the 1974 Housing Act. As McDermott notes, *'from the 1960s onwards, the municipal housing provider role was called into question by a range of political and social forces. Housing associations were able to insert themselves into a lacuna in public policy The changes in the sector that took place in the 1960s and 1970s were highly significant in creating 'conditions of possibility' for associations to become central players in social housing provision'* [2004, p.862]. The 'lacuna in public policy refers to a widely recognised and endorsed need to shift away from wholesale slum clearance into wider area-based housing renewal; the presence of substantial voluntary sector support and creative initiatives in developing new community based housing associations (led by Shelter and many church based groups), and a growing concern of the failings of mass-municipalisation as evidenced within a number of 'failing estates' (Power 1987).

This new policy direction was implemented through substantial and generous deficit-based capital subsidies directed to those housing associations registered with the Housing Corporation. This then became the new and enhanced role for a modern form of housing association and which the then Housing Minister, Anthony Crosland termed the *'third arm'* of housing policy (Malpass, 2000a, p.157) and is the foundation of most of what are now often termed the 'traditional' housing association.

3. Housing associations move 'centre-stage'

The Thatcherite agenda of 'rolling back the state' took many forms across the social policy canvas but it has been argued that *'the public housing system has witnessed more radical change than any other area of British social policy since 1979 in terms of the withdrawal of the state'* (Wigglesworth and Kendall 2000, p.3). However it was not initially so clear that their hindsight assertion of viewing *'the third sector emerging as a major beneficiary of these developments'* would necessarily apply to housing associations. As Back & Hamnett correctly observe, the Conservatives 1980 Housing Act initially *'signalled a return to the long-standing Conservative belief that private renting can still play a major role in the provision of housing ... It would seem that associations were now regarded, somewhat unfavourably, as a part of the public sector by the Conservative government'* (1985, pp.405). As an example, the 1980 legislation particularly promoted outright ownership through a tenant's 'Right to Buy' (RTB), but this new tenant right also applied to non-charitable housing associations (indeed there was a concerted attempt to make it apply to charitable housing associations until overturned by the Lords). Clearly this Government perceived 'public ownership' of the housing association stock as undesirable.

Whilst the 1980 Housing Act dramatically changed the previous modest political consensus towards public housing policy, both through the RTB and the prevailing financial restrictions on Local Authorities, by the mid-1980's further policy developments were considered necessary to further re-vitalise the private rented sector and to encourage the 'de-municipalisation' of the public housing sector (Henney 1985; Coleman 1989; Randolph 1993; Cole and Furbey 1994). This was, as Lanstaff puts it, where housing associations took '*a move to centre stage*' (1992 p.29). Alongside a range of other policy privatisations[3], the Government sought to implement policy change through a mix of direct action and financial pressures.

Housing policy change from the late 1980's was implemented primarily through a combination of a new financial regime for local authorities[4], exerting further 'encouragement' on the development of new housing management solutions and the 1988 Housing Act which largely overturned the previous Government support for housing associations, promoting the use of private finance to service a much greater expansion of the housing association sector. The Government changed perspective on housing associations was highlighted to their inclusion within a new 'independent rented sector' (Housing Minister David Trippier, 1989, from Langstaff 1992, pp. 44-45). As one right-wing critic of the 1988 Housing Act noted: '*the government seems to be depending almost completely on housing associations to deliver its promises here. There are good reasons for this. It needs the solidity and respectability of the housing association movement for its reforms ... Housing associations are the only alternative major source of management expertise to local authorities*' (Coleman 1989, p.52).

The other consequence of this legislative and financial changes, has become even more significant over the past 20 years. In December 1988 Chiltern District Council effectively 'broke the mould' in becoming the first local authority to transfer its entire housing stock to a housing association. Some 4,650 homes transferred to a newly established Chiltern Hundreds Housing Association, beginning a process which has since seen over 1.1m homes transfer from more than 190 local authorities. As the policy initiative grew from a locally driven (bottom-up) response to a general policy climate limited to semi-rural districts to one where it became an adopted and Central Government policy strand, whole stock transfers have now been concluded from major City administrations such as Bradford, Coventry, Sunderland, Wakefield and now Liverpool. In most cases the larger whole stock transfers have been to newly created housing associations based around the former local authority housing department staffing complement. These then are the stock transfer housing associations. From being bit players in the delivery of what has more recently become termed 'social housing', housing associations have indeed moved centre-stage and in which the current housing association sector '*should be seen as the product of two distinct processes: endogenous growth, concentrated among a relatively small number of housing associations that were already established before 1988, and exogenous growth arising from the post-1988 formation of new stock transfer associations*' (Malpass 2001, p2)

The brief historical sortie has been necessary to help explain the current diversity of provision as identified earlier in the paper. It is also useful in outlining the differing and

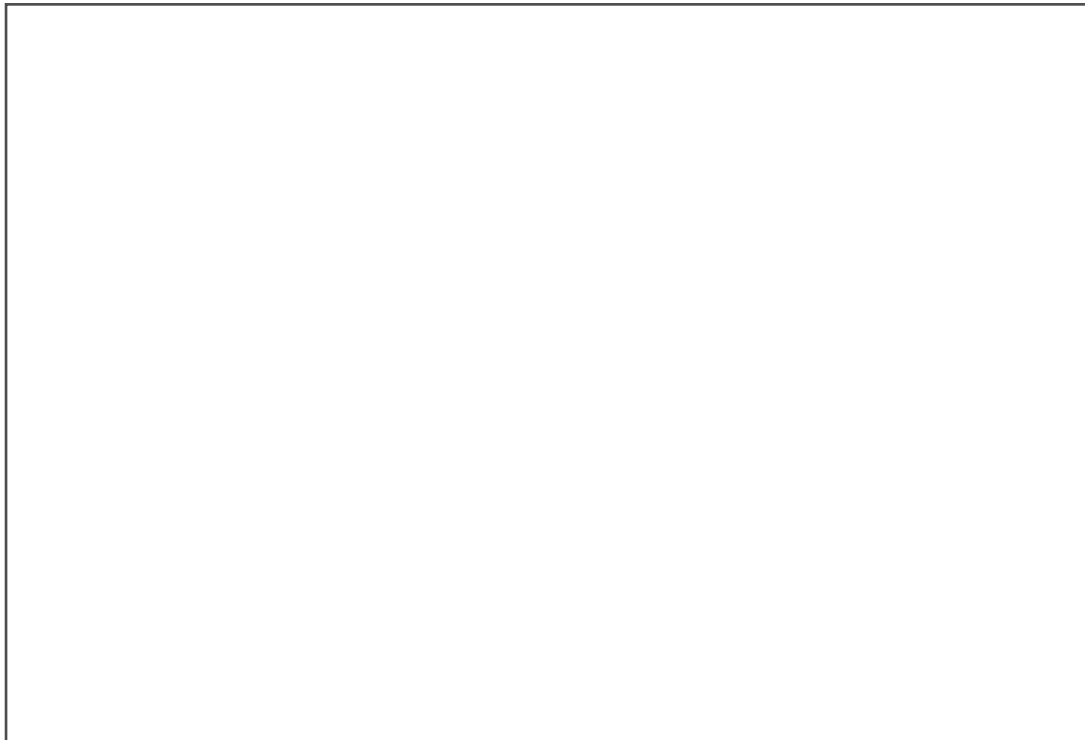
changing perspectives on what housing associations are in terms of their public, private or third sector positioning. But it is perhaps also useful considering how this broad-brush label of 'housing association' obscures as much as it illustrates, as the following examples illustrate:

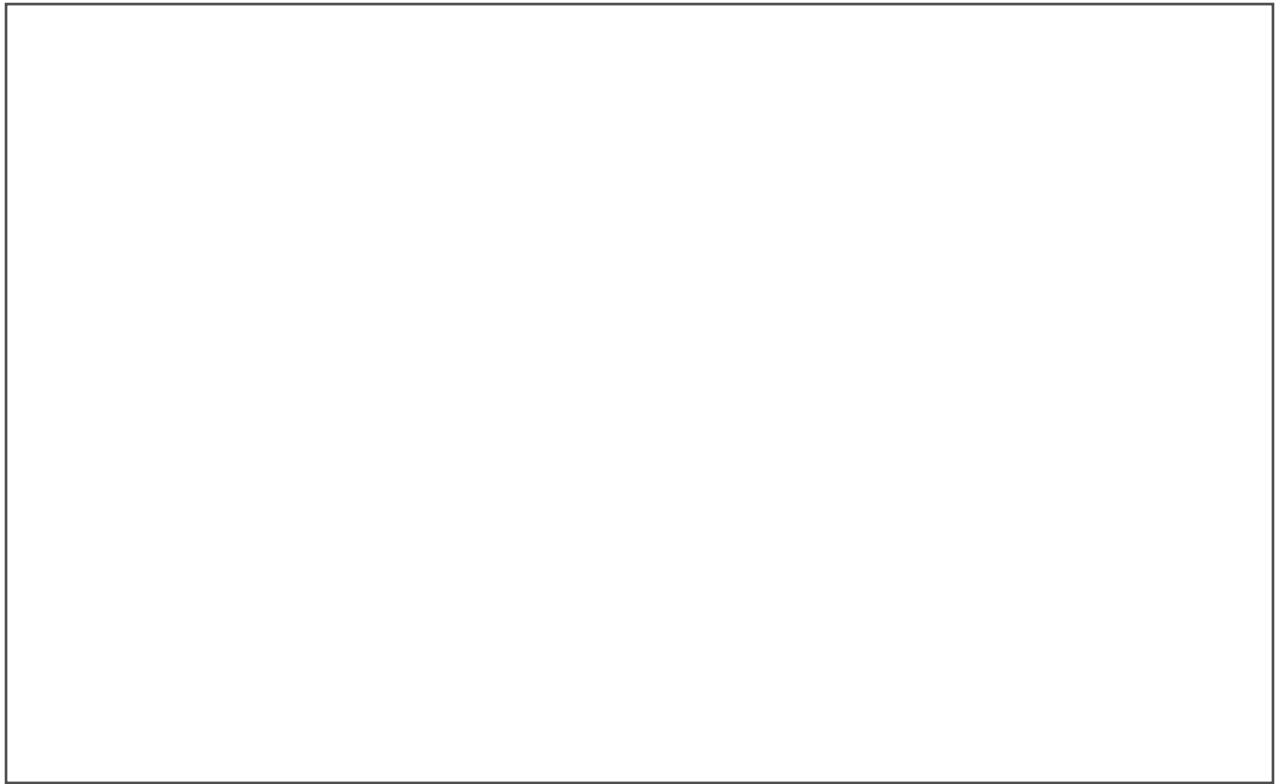
Name of Housing Association	Rental properties	Annual Turnover[5]	Governance and other characteristics
Parish Houses Charity Housing Association	None	c.£18,000 (2005-06)	Registered Charity and HC[6] Registered
Askew Housing Trust	< 10	c.£62,000 (2006-07)	Registered Charity Originally formed under Trust Deed in 1925
Douglas Haig Memorial Homes	1,300	£5.6m (2006-07)	Registered Charity and HC Registered Formed in 1929
Peabody Trust	18,500	£133m (2006-07)	Registered Charity and HC Registered Formed in 1862
Places for People Homes Limited	43,400	£338m (2006-07)	HC Registered Founding organisation North British HA formed in 1965 Now operates in 170 LA's (see also Figure 2: group structure)
Trans-Pennine Housing Ltd	12,580 (Calderdale + Sheffield) plus 3,700 (Rossendale)	Data not available	HC Registered Formed through stock transfer from Calderdale MBC to form Pennine Housing 2000 then stock transfer from Rossendale DC to form Green Vale Homes. Also estate transfer from Sheffield MDC into Group.

So we might conclude that at various times housing associations have been, and perhaps some continue to fall into a range of different sectors:

- . Private sector inclined but with a social ethos – here we have the 5% philanthropists and later the cost-rent associations of the 1960's;
- . Third sector defined with a clear and often continuing voluntary or community sector bias – here we can probably include the many continuing almshouses as examples;
- . Third sector with a private sector leaning – perhaps never quite realised but certainly encouraged through the mid-1980's definition of the 'independent rented sector'
- . Third sector with a public sector leaning – post-1974 to mid 1980's traditional housing associations;
- . Public sector with some third sector and private sector leaning – stock transfer housing associations.

But then what we also find is that many larger housing associations, through multiple processes of growth, diversification and mergers, have themselves developed different models of provision within an extended organisational structure, such as that for Places for People (and shown as Figure 2). Here we can see subsidiaries delivering with a strong private sector focus (eg the Blue Room and Capital City subsidiaries), but also with a Third Sector concern (eg Places for People Individual Support and Kush Homes) or a social enterprise approach (eg Places for Children). So, within one group structure, People for Places Housing Group incorporates virtually all sectors of Hudsons' tri-sector model. Given such an example, we can perhaps more realistically identify a number of positions for differing sub-sectors of the housing association movement, as illustrated in Figure 3.





4. Housing associations as agents of the state

What does all this mean for housing associations in relation to State activity? It can be argued that housing associations remain, *de jure*, as independent bodies. Put in simple terms, there is no requirement for them to exist at all. They have no statutory position in that sense. In these very simple terms, they remain voluntary bodies: they establish their own governance and management structures and, to some extent at least, determine their own *modus operandi*. But for many authors the modern housing association, and most importantly its relationship to the State, is far removed from that which existed pre mid-1980's.

With reference to the Third Sector, Malpass (2000a) takes the view that *'It is apparent that British housing associations qualify for inclusion, although there might be room for debate about whether they enjoy any meaningful degree of autonomy'* (2000a p. 4). There is further evidence of the incorporation of housing associations into the quasi-public sector through their inclusion as "Local Public Spending Bodies" within the 1995/96 Nolan Enquiries into *Standards in Public Life*. Whilst no doubt beneficial in supporting a more open and transparent form of governance, it is further confirmation of the public sector leaning identified earlier.

Despite the *de jure* independent status, there are however very clear and stark indications of the extent to which housing associations have found their activities have become ever more prescribed by Central Government and its managing agencies such as the Housing Corporation. In a number of key areas, housing associations face up to very clear operational and policy constraints:

- . **Rent setting:** a system of rent convergence with local authorities under which rent increases are substantially limited and determined by a centrally devised formula;
- . **Tenant selection:** broadly outlined in Housing Corporation regulatory code, but also heavily influenced in all but very low demand areas by local authority nomination rights and requirements to support local authority homelessness strategies;
- . **Property standards:** minimum requirements established through the Decent Homes Standard, in common with requirements for remaining Council housing properties, but for many associations the *minimum* has become a target given the rental restrictions and limited funding available to exceed this standard;
- . **New home quality and design:** again, largely prescribed by the Housing Corporation through their development standards but also the availability and policy/procedural constraints attached to housing association development grants;
- . **Policy/strategic focus:** as is similar to many other policy arenas, as a key State policy and service provider housing associations find that their strategic direction will be heavily influenced by centralised (State) priorities. So housing market recovery or renewal and low cost home ownership initiatives are both examples or where the State has directed housing association activity over the past 15 years;
- . **Regulatory direction:** not only do housing associations have to comply with their

primary regulators, which in most instances as registered associations is the Housing Corporation, but now also have to report to and respond to the coercions from Audit Commission inspections. The latter also undertaking local housing authority inspections and with a series of Key Lines of Enquiry (KLOE's) which very much reflect their local authority framed heritage.

De facto, the modern housing association works within a policy arena in which to some significant degree the State determines their rents, property standards, allocation policies and their strategic priorities. Malpass (2001) summarises his views on the current status of housing associations by noting that *'in the past it was possible for groups of concerned people to take the initiative to form new associations, to secure registration with the Housing Corporation and to build up their associations into substantial providers of housing services. Now, however, this is virtually impossible, and the only newly registered associations with any realistic growth potential are those formed for stock transfer purposes. This means that the social rented sector is developing in a way that is very top-down. Instead of the genuine voluntarism of the past we now have a sort of bogus voluntarism in which elected representatives and salaried officials create new not-for-profit organizations from within the public sector'* (p.13).

For Back and Hamnett (1985) the shift towards this subservient position is very much a consequence of housing associations being so loosely defined: *'It is precisely because of their ambiguous status that successive governments have been able to adapt the movement to satisfy their own goals'* (p.398). But for others the shift to State agent is part of a wider manoeuvre by the State: *'One of the phenomena of recent times is the manner in which formerly independent charities have become agents of the state (e.g. housing associations) or lobbyists for more state resources'* (Whelan, 1996, as quoted in King, 1998) with King then going on to refer to what he calls a process of *'nationalisation of charity'* (p.158).

For housing associations the debate is both immediate and, for the National Housing Federation's (NHF) perspective, threatening. The current Housing Bill as currently drafted includes clauses which, according to the NHF, *'would allow the new regulator to interfere with housing associations if they fail to follow standards imposed by central government, even if this would mean that an association would have to break commitments given to its tenants, or dangerously use up its financial reserves'* (NHF website accessed 1.4.08 <http://www.housing.org.uk/default.aspx?tabid=212&mid=828&ctl=Details&ArticleID=1003>) . The NHF go on to note that the implications for some of the wider social enterprise initiatives that housing associations might pursue, such as crèches, employment programmes and community safety initiatives, could be threatened *'as associations inevitably feel compelled to work on the subject areas the Government says are priorities'*.

And it is to be remembered that the State now stretches beyond the Nation-State. A recent article highlighted that a similar dispute to that identified above between the Dutch government and the Dutch housing association sector regarding their independence that could eventually find it's way to the European court with ramifications for UK housing

associations (Ellery 2008).

5. The implications for social enterprise

In bringing this paper to a conclusion there are perhaps two final questions that need consideration:

- a) *What does the (potential or real) State incorporation of housing associations mean for their housing role, and perhaps an expanded social enterprise role?*
- b) *What might this mean in terms of the future framing of social enterprises?*

It should be clear from the earlier exposition that the housing association sector of today *'is the product of accretion of layers of organizational responses to opportunities existing in different eras'* (Mullins, 2004, pp 1-2). So we find that some organisations remain as an updated version of their former self largely focussed on their original, sometimes quite limited founding purposes, whereas others have been significantly transformed, or have transformed themselves, to meet new challenges and new policy agendas. Still others, in the shape of stock transfer housing associations, are a reincarnation of a pre-existing State provision. There is evidence that housing associations can re-construct and direct themselves in ways that both meets State priorities (and in the simplest construction of what the State confirms, is itself a reflection of what communities and society want) and reflects their own priorities and *modus operandi*, but the danger is also that housing associations ever more become *'even greater sinks of the marginalised groups in society than council housing'* (Hutton, 1995, p.10).

As regards social enterprises the Government at least seems pretty self-satisfied with the way things are going: *'Since 1997 the third sector has grown in scale and impact. There are more organisations than ever before. Overall income has increased. More people are volunteering. More people are setting up social enterprises. The sector is playing a greater role in supporting communities and tackling inequalities, in creating opportunity and enterprise, and in designing and supplying public services'* (DCLG 2007b, p.7). But as Somers (date?) asks: *'To what extent does New Labour's engagement in social entrepreneurship signal an expansion or contraction of the state in key areas of public service delivery?'* For Wolch (1990) the answer is surely that the State has already extended its influence into the voluntary (or Third Sector) and we might suppose will in turn have the same focus and follow the same controlling mechanisms towards social enterprises, using the 'shadow state apparatus' as a means to deliver Government policy.

There are a large number of potential research routes and paths to pursue in considering further these issues and debates. But it is arguable that the State agency route is exactly the position in which housing associations have been led, and sometimes been more than keen to follow. The question for many potential and growing social enterprises might well be: is this our future too? And what the implications for the sector if this is indeed 'the Brave New World' of social enterprise? To draw again on just one historical view referred to earlier in this paper, it is not too difficult to see that Back and Hamnett's warnings of the *'ambiguous status'* of housing associations as being beneficial to

successive governments in providing scope for further adaptation to satisfy the State's own goals could just as easily be applied to the current position with social enterprises.

To make the point once again, *'for a policy area that remains largely outside the radar of the general public, public housing policy may yet prove to be a litmus test for many of the policy debates that are yet to be held'* (Summers (2006) pp 16-17).

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[1] This is made up of 1.3m directly managed by the local authority and another 800,000 managed on behalf of the local authority by their Arms-Length Management Organisations (ALMO's)

[2] source: <http://www.almshouses.org/whatAreAlmshouses.html> accessed March 27, 2008

[3] For example, the Higher Education Act 1988

[4] Introduced in the Local Government Act 1989

[5] From various sources

[6] HC = Housing Corporation

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Figure 2: People for Places Housing Group (2008)