

**EXPLANATORY MEMORANDUM TO THE  
CASTLE VALE HOUSING ACTION TRUST (DISSOLUTION) ORDER 2005**

**2005 No. 411**

1. This explanatory memorandum has been prepared by the Office of the Deputy Prime Minister and is laid before Parliament by Command of Her Majesty.

2. **Description**

This order dissolves the Castle Vale Housing Action Trust (“CVHAT”). It transfers property rights and liabilities and functions of CVHAT to the Commission for New Towns.

3. **Matters of special interest to the Joint Committee on Statutory Instruments**

None

4. **Legislative Background**

4.1 Part 3 of the Housing Act 1988 (“the Act”) makes provision in respect of housing action trusts (“HATs”). The Secretary of State may by order designate an area as a HAT area (section 60) and establish a HAT for such an area (section 62). Before designating an area, the Secretary of State is required to make arrangements for a ballot or poll to test the opinions of secure tenants of properties in the area about the proposed designation and he cannot make an order if it appears to him that a majority of the tenants are opposed to the proposed designation (section 61).

4.2 A HAT is established to carry out the objects in section 63 of the Act and has the general powers in that section, and other powers in Part 3, to enable it to do so. By section 74 of the Act, the Secretary of State may make an order transferring to a HAT housing and other land held by the local housing authority for the area which includes the designated area. The primary objects of a HAT are to secure improvements in housing accommodation held by it and in the management and use of that accommodation and also to secure or facilitate general improvement in living and social conditions in the designated area.

4.3 Following a ballot of secure tenants held in spring 1993, in which 92% of those voting on a turnout of 75% supported the proposals, an area within the city of Birmingham known as the Castle Vale estate was designated, and a HAT established for the area, by the Castle Vale Housing Action Trust (Area and Constitution) Order 1993 (S.I.1993/1634). Housing and other land of the Birmingham City Council in the area was transferred to the CVHAT by the Castle Vale Housing Action Trust (Transfer of Property) Order 1994 (S.I. 1994/566).

4.4 Section 88 of the Act requires HATs to use their best endeavours to secure that their objects are achieved as soon as practicable. Where a HAT considers its objects are substantially achieved, it must itself dispose, or arrange to dispose, of its remaining property, rights and liabilities using its powers under Part 3 and must submit proposals to the Secretary of State for its dissolution and for the disposal of any property, rights and liabilities of which it has not disposed itself. Whether to give effect to such proposals or otherwise, the Secretary of State may by order provide for the dissolution of a HAT, for the disposal of a HAT's remaining property, rights and liabilities and for the transfer of functions exercisable by a HAT to another person .

## **5. Extent**

This instrument applies in relation to England.

## **6. European Convention on Human Rights**

Not applicable.

## **7. Policy background**

- 7.1. Objectives: The HAT has provided new or refurbished homes for all of its secure tenants and in October 2003 held a ballot to enable tenants to choose between Birmingham City Council and an RSL, Castle Vale Community Housing Association (CVCHA), as their future landlord - on an individual basis for tenants of houses, and by majority vote in blocks of flats. Ninety eight per cent of tenants chose CVCHA as their new landlord, and 2% chose to return to being tenants of the City Council. The HAT then transferred ownership of all its residential property to these successor landlords.
- 7.2. The HAT has also set up a Community Development Trust, Merlin Venture, to take forward the employment, training and other community initiatives started by the HAT. It has also set up an endowment trust fund of approximately £8m, to be overseen by a Board of trustees, to help sustain and build upon the HAT's achievements in the future.
- 7.3. On this basis the HAT and the ODPM consider that the HAT has substantially achieved its objectives.
- 7.4. Proposals for Dissolution: HATs are not intended to be providers of social housing or other services in the long term. Throughout its existence the HAT has kept ODPM well informed of its programme of activities and in 1996 agreed that it should aim to substantially complete these by the end of 2004/05.
- 7.5. The HAT's 2003 Corporate Plan, which was submitted to ODPM and made widely available, confirmed this timetable and set out proposals for completion of the HAT's work. Neither the HAT nor ODPM undertook

consultations specifically on these proposals since the timetable had been established and known for several years. Key stakeholders such as tenants and the Commission for New Towns (CNT) were involved throughout the process.

- 7.6. The order does not modify any of the HAT's proposals and follows closely the precedent of previous HAT dissolution orders (North Hull - SI 1998 No 2871, Waltham Forest - SI 2002 No 86, and Tower Hamlets - SI 2004 No 586) in taking a broad approach to dealing with all remaining assets and liabilities.
- 7.7. Residual Body: The Commission for New Towns (CNT), which is a separate legal entity but operates as part of English Partnerships, has a long and successful record as a Residuary Body, first for the New Town Development Corporations and later some of the Urban Development Corporations. CNT has also been the designated residual body for the three HATs (North Hull, Waltham Forest and Tower Hamlets) which have already been dissolved. CNT therefore has unique experience making it well fitted to be the Residuary Body for CVHAT.
- 7.8. The property, rights, liabilities and "relevant functions" to be transferred to CNT are expected to include: ownership of small areas of land the use of which has yet to be finalised; the role of project manager for the completion of the redevelopment of a shopping centre under the terms of a contract let by the HAT; and responsibility for other outstanding contractual matters, contingent liabilities and guarantees incurred by the HAT. Much of what CNT will do with these assets and liabilities will be to complete work specified in contracts entered into by the HAT. Future use of the small areas of land will be for CNT to determine in the light of local circumstances and views.
- 7.9. The Order: Both CVHAT and Birmingham City Council have been consulted on the terms of the order and are content.

## **8. Impact**

- 8.1 A Regulatory Impact Assessment has not been prepared for this instrument as it has no impact on business, charities or voluntary bodies
- 8.2 The impact on the public sector is neutral since the order effects transfers entirely within the public sector. The assets and liabilities of CVHAT, including contingent liabilities, are transferred to the Commission for New Towns, but no new assets or liabilities arise as a consequence of this instrument.

## **9. Contact**

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