

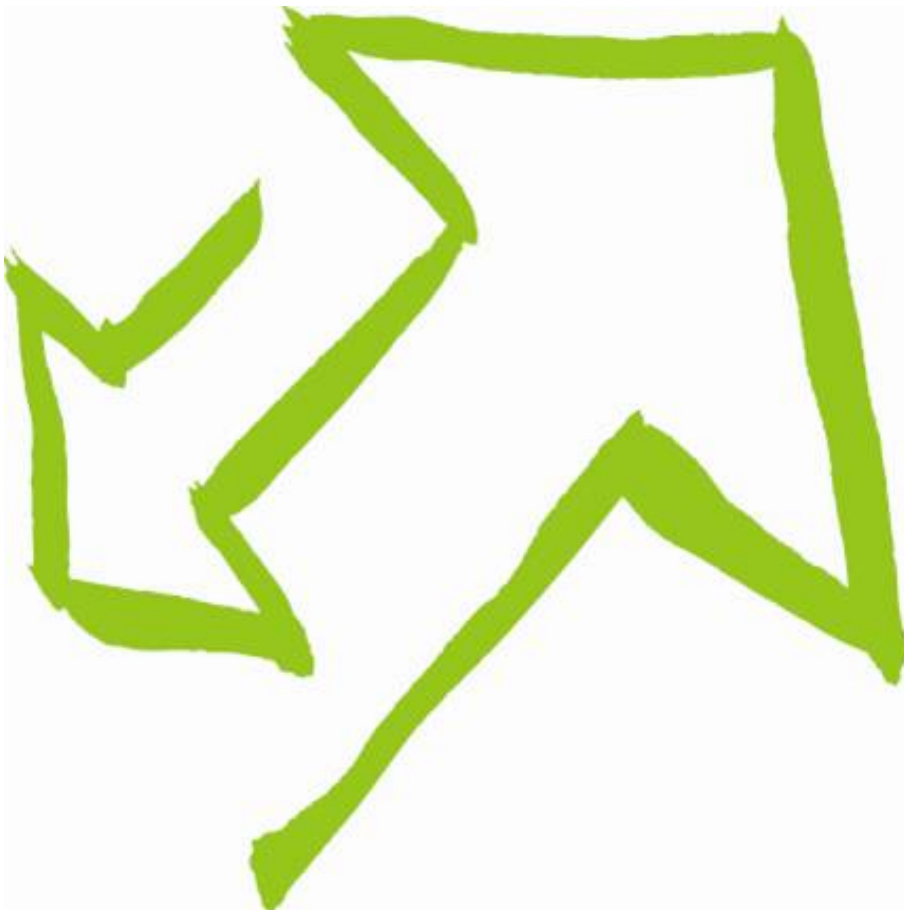
HMR

Performance

Review 2009

RENEW North Staffordshire

March 2010



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Housing market renewal

The government's housing market renewal (HMR) programme has been in place for more than six years. It is focused on tackling the problem of declining demand for housing in parts of the Midlands and North of England. Currently, ten partnerships have formal HMR pathfinder status¹.

The partnerships are to ensure that all the essential requirements of sustainable communities, especially good quality, customer focused public services and a pride in the community and cohesion within it, are addressed.

The pathfinder areas cut across local authority boundaries with the expectation that partnerships involve all stakeholders in developing strategic plans for whole housing markets. Pathfinders now work closely with a range of public and private sector partners, with the constituent local authorities having a key role in the partnership.

Since the programme's inception, the Audit Commission has been assessing the performance of the pathfinders. This is now undertaken on behalf of the Homes and Communities Agency (HCA), who took on operational responsibility for the programme on 1 December 2008.

Our work supports the pathfinders' development and provides HCA and its sponsoring body, the Department of Communities and Local Government (CLG) with an independent assessment of how effectively the national HMR programme is being delivered at a local level. This has involved scrutiny of pathfinders' strategies and investment programmes as well as regular performance reviews.

¹ Bridging Newcastle Gateshead (Newcastle and Gateshead); Gateway (Hull and East Riding of Yorkshire); Transform South Yorkshire (Sheffield, Barnsley, Rotherham and Doncaster); Urban Living (Birmingham and Sandwell); Renew North Staffordshire (Stoke on Trent, Newcastle under Lyme and Staffordshire Moorlands); Manchester Salford (Manchester and Salford); Newheartlands (Liverpool, Sefton and Wirral); Oldham and Rochdale Partners in Action (Oldham and Rochdale); Elevate East Lancashire (Blackburn with Darwen, Hyndburn, Burnley, Pendle and Rossendale); Tees Valley Living (Middlesbrough, Hartlepool, Darlington, Redcar and Cleveland and Stockton-on-Tees).

Pathfinders performance review

The Audit Commission uses a structured framework for completing its review of HMR pathfinder performance. This allows for a series of challenging, appropriate tests and questions to be consistently applied.

This performance review takes a comprehensive look at RENEW's performance over the last year, in developing and delivering its programme across the HMR area, using the following themes.

- Update and use of housing market intelligence.
- Place shaping.
- Affordable homes and sustainable communities.
- Community cohesion, consultation and support.
- Delivery and Impact.
- Strategic and operational alignment.
- Efficiency and effectiveness.

It also considers progress in addressing specific areas for improvement that have been identified to help the pathfinder improve its performance, and provide better outcomes for local people. These are outlined in this report, and more detail can be found in the following reports.¹

- The performance review published in December 2008.
- The use of resources assessment published in January 2009.
- The HMR 2008/09 programme review published in May 2009.

This performance review is informed by our ongoing work with pathfinders and utilises the same framework and scoring methodology as previous reviews. It is therefore possible to consider the direction of travel that has made over the last year by comparing the current scores against previous ones. In 2008 RENEW was assessed as performing strongly overall.

¹ Documents are available on the Audit Commission WebPages at:
<http://www.audit-commission.gov.uk/housing/marketrenewalpathfinders/pages/default.aspx>

The local context

- 1 The RENEW North Staffordshire pathfinder focuses mainly on parts of Stoke-on-Trent together with parts of Newcastle-under-Lyme and the Biddulph area of Staffordshire Moorlands (see Figure 1). The area contains approximately 67,000 properties and has a population of just over 145,000.
- 2 The pathfinder area and wider North Staffordshire sub-region face a number of challenges. As jobs in traditional industries have declined, so has the resident population. The inner core of Stoke-on-Trent lost over half of its residents during the fifty year period to 2001. Whilst the levels of economic activity in the West Midlands fell in 2008/09, the situation in North Staffordshire has been more mixed. Both Newcastle and Staffordshire Moorlands reflected the West Midlands average, but Stoke-on-Trent marginally increased its levels of economic activity. However, unemployment has increased in Stoke-on-Trent quicker than it has across the West Midlands and is now higher than the regional average.
- 3 In the last year, the local housing market has been hit by price falls and a steep reduction in the supply of new units due to the economic downturn. This has had a significant impact on first-time buyers and home-moving activity. Average house prices across North Staffordshire fell by 2.3 per cent in 2008/09, when compared to the regional average fall of 8.3 per cent and national fall of 8.2 per cent. Average prices within the pathfinder area fared better, falling by just 0.8 per cent, albeit from a lower base.
- 4 Stoke-on-Trent remains one the most affordable parts of the country with a house price to earnings ratio of 3.7 compared to a national level on 4.0.
- 5 Between 2003 and 2008, RENEW has received £97.10 million of HMR grant from the Government. A further £114 million was awarded in March 2008 for the period 2008 until 2011. In 2008/9, the pathfinder invested £40 million directly and has plans to invest £38 million in 2009/10 and £36 million in 2010/11.
- 6 RENEW is now part of the North Staffordshire Regeneration Partnership (NSRP), an unincorporated body which brings together regeneration functions across North Staffordshire.
- 7 The pathfinder has five objectives: to retain and attract population; balance the supply and demand for housing; transform the urban form and local environment; facilitate housing choice, and the provision of a quality housing stock; and promote social cohesion and social mobility, to help achieve sustainable communities. It is increasingly concentrating its resources on the inner urban core of the Stoke conurbation (see Figure 2).

Figure 1 RENEW intervention areas

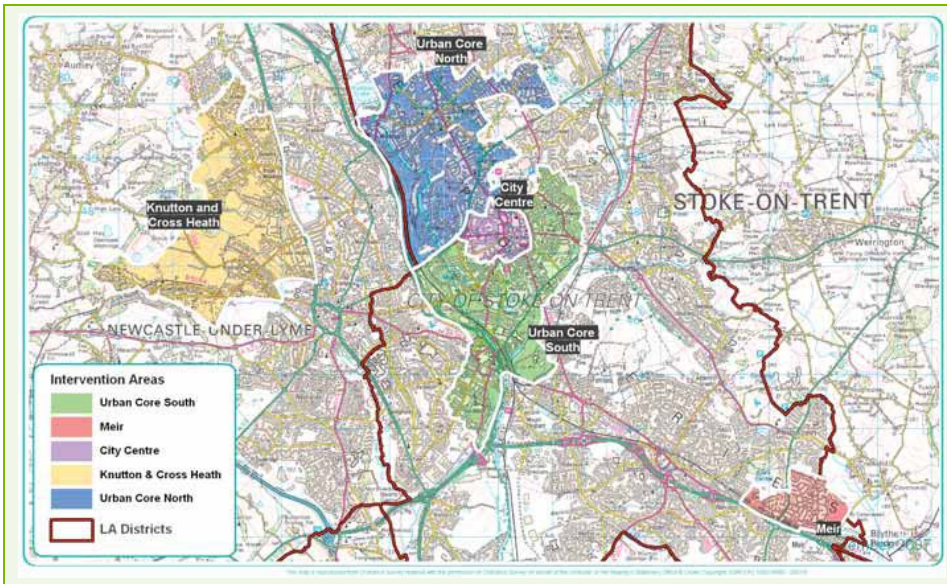
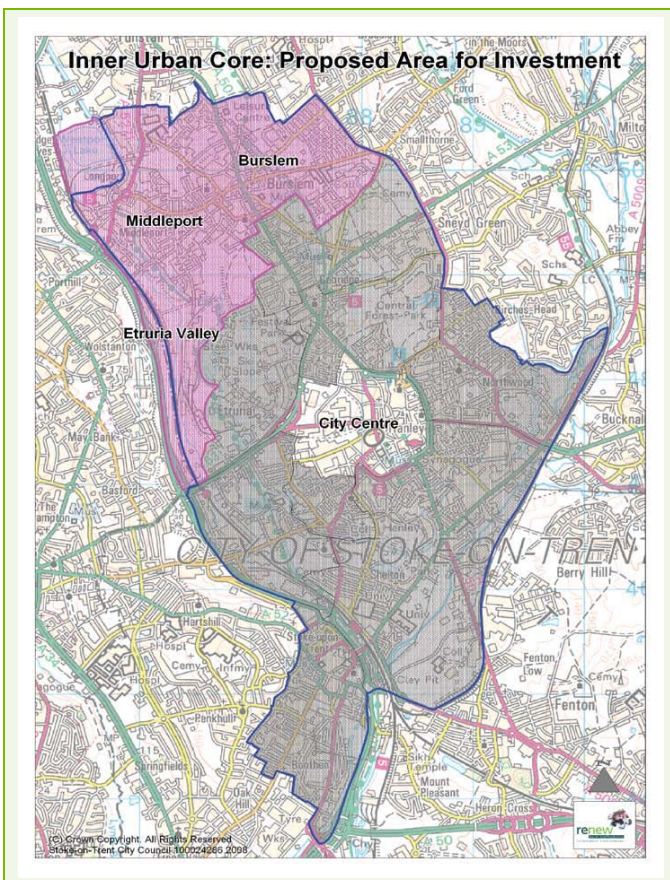


Figure 2 RENEW inner urban core



Summary

- 8 Overall, RENEW has been assessed as performing strongly. It continues to promote links between housing and economic development. It has worked effectively with partners to maintain programme momentum during difficult market conditions. In 2008/09 Renew exceeded output targets and attracted more private sector investment than in the previous year. The pathfinder is focused on ensuring that community engagement is carried out to a consistently high standard across the pathfinder area, although this remains a challenge, and some problems have had to be overcome in the last year. Much of RENEW's development work is led by proposals put forward by developers and providers and the availability of funding opportunities. RENEW has a strong record of focusing on value for money, and needs to ensure HMR funding is not used in place of mainstream resources, often referred to as substitution¹.
- 9 RENEW has maintained its performance on the use of housing market intelligence and is performing well. It has an up to date understanding of housing aspirations and the links between housing and the wider economy. Progress has been made on sharing its housing market intelligence and research findings. There remains further work to do to ensure that its research programme is evaluated to ensure that it remains relevant and timely and of continued value to both of RENEW and its partners.
- 10 RENEW is continuing to perform strongly on place shaping. RENEW has been able to influence the way new developments are designed and the type of homes they provide. Masterplans are being developed in such a way that they can be embedded in the statutory planning process. A clear focus has been placed upon making sure that the masterplans are realistic and deliverable. Place branding to improve the image of North Staffordshire has been supported by RENEW. Active support is being given to raise the quality of design in the pathfinder area. The management of vacant sites needs to be improved.
- 11 The pathfinder is continuing to perform well in the development of affordable homes and mixed communities. It is seeking to overcome the financial barriers holding back the housing market. A pragmatic approach has been taken to maintain development of new homes. Marketing and promotion of local and national intermediate housing products² is being improved. Recent investment in extra care housing³ has helped to meet local need for older persons housing although it is not clear in all instances whether this represented the best use of HMR funds. More still needs to be done in response to our recommendation last year that management in the private rented sector better supports area regeneration.

¹ Substitution occurs when an organisation uses its own funds or resources to undertake work that is the responsibility of another agency.

² Intermediate housing products: A range of affordable home ownership and rental products for people who cannot afford to purchase or rent a property on the open market.

³ Extra care housing schemes are made up of self-contained homes with design features and support services available to help support older people to live independently. Extra care housing is popular with people whose disabilities, frailty or health needs make ordinary housing unsuitable but who do not need or want to move to long term care in residential or nursing homes.

- 12 RENEW and its partners continue to perform well in their approach to community cohesion, consultation and support. RENEW is making positive contributions towards reducing social stress in North Staffordshire. Innovative ways have been used in some cases to reach different groups within the community. Two complementary reviews on community cohesion and regeneration and on community engagement have been completed although it is too early to say what changes these have led to in the way the pathfinder deals with these issues. RENEW has made progress in taking forward an EIA action plan. Community engagement on complicated issues, in particular masterplanning, has not been delivered to a consistently high standard across the different areas and neighbourhoods within the pathfinder.
- 13 On delivery and impact, RENEW is continuing to perform strongly. It has exceeded output targets agreed with the HCA and increased the amount of private sector investment levered in by HMR funds. It has supported continued development of new homes by private developers operating in a challenging housing market, which have also accessed early Kickstart¹ funding for schemes in the pathfinder area. It has refined its approach to risk management and further improved governance and project management arrangements.
- 14 RENEW to performing strongly in its work to achieve strategic and operational alignment. It has taken a pragmatic approach to the way it can best use the resources available to it, by focusing its interventions on the urban core of Stoke on Trent. It is recognised as making a positive contribution to the development of regional and sub regional housing and regeneration policy. It has helped improve the way that housing association partners contribute to meeting the needs of the area and works well with partners to develop complementary projects that support wide regeneration objectives, including using its purchasing power to support jobs and training initiatives.
- 15 RENEW continues to perform strongly in its approach to efficiency and effectiveness. It has an efficiency plan in place and is making savings in the way it delivers the pathfinder programme. RENEW has increased the impact of its interventions by jointly funding projects that provide health services for local communities. However, it would benefit from developing its existing benchmarking work to allow it to share experiences with a wider range of organisations and a more systematic approach to market testing revenue costs. The pathfinder and its partners are starting to think about future options to maintain progress in restructuring the housing market in North Staffordshire but need to increase the pace of this work.

¹ Announced in the budget, in April 2009, as part of the government's housing stimulus package, the Kickstart programme is targeted at currently stalled sites; to support construction of mixed tenure housing. Additional resources for Kickstart were announced in 'Building Britain's Future' in June 2009.

Scoring

- 16 Pathfinder performance has been assessed as either:
- performing strongly;
 - performing well;
 - performing adequately; or
 - not performing adequately.
- 17 We have assessed RENEW as performing strongly overall.
- 18 We found RENEW to be performing well because it has a range of strengths.
- The pathfinder is maintaining an up to date knowledge of the local housing market with a comprehensive programme of research to maintain understanding of housing aspirations and the links between housing and the wider economy.
 - Masterplanning arrangements are being firmly embedded into local planning policy.
 - Active support is being given to raise the quality of design in the pathfinder area.
 - RENEW is working with developers to support development in the area during the recession.
 - RENEW continues to meet or exceed its agreed performance targets.
 - There is a robust approach to controlling the costs of new developments.
 - The amount of money levered into the area from other public and private sector investors in support of HMR has increased.
 - Progress in supporting employment and training initiatives has continued in spite of the recession.
 - The pathfinder is working well to achieve value for money.
- 19 However there are some areas which require improvement.
- RENEW's research programme needs to be regularly evaluated to ensure it remains relevant and of continued value.
 - Marketing of intermediate housing products needs to be improved.
 - Communities need to be more effectively engaged and consulted, particularly in completion of masterplans.
 - Vacant sites need to be better maintained and private rented housing more effectively managed to support area regeneration.

Recommendations

Recommendations	
R1	<p>Develop, in liaison with key partners, a structured approach to evaluating the research programme to ensure that it remains relevant, of continued value to its users and is delivered in a timely way.</p> <p>(to be completed within 12 months)</p>
R2	<p>Further improve the approach to value for money.</p> <ul style="list-style-type: none"> • Enhance benchmarking to include a wider range of local and sub regional sources, including the private sector, to widen the data available and so be better able to reflect and influence the local market. • Ensure HMR funds are not used to replace partners' core mainstream funding. <p>(to be completed within 12 months)</p>
R3	<p>Work with delivery partners to improve the way consultation is undertaken on behalf of the pathfinder, and address outstanding recommendations from 2008/09.</p> <ul style="list-style-type: none"> • Consider and implement relevant recommendations arising from the reviews of community cohesion and regeneration and community engagement. • Adopt appropriate local indicators to inform ongoing evaluation of how the pathfinder contributes towards improving community cohesion. • Ensure an effective approach is used to engage all communities in consultation on complicated regeneration options and issues. <p>(to be completed within 12 months)</p>
R4	<p>Maintain focus on securing sustainable communities.</p> <ul style="list-style-type: none"> • Ensure new developments in the pathfinder area provide a balanced choice of housing and include a mix of housing types for a variety of different households. • Ensure appropriate publicity of the range of housing options is widely available to help people access an affordable home of their choice. • Engage with partners to ensure that soon to be cleared and vacant sites are well maintained and managed. • Ensure that the private rented sector is managed and supported in such a way that it contributes positively to area regeneration. • Ensure residents continue to be able to be fully engaged in masterplanning work. • Continue with work to identify a range of options to maintain progress in restructuring the housing market in North Staffordshire. <p>(to be completed within 12 months)</p>

Report

Update and use of housing market intelligence

- 20 This section examines the value of pathfinder interventions in creating sustainable housing markets, in the context of the changing drivers of housing supply and demand. By now RENEW is expected to have moved well beyond the assembly and understanding of data, to focus on using data to inform the selection of actions. It is also expected to effectively monitor change in the local/sub-regional housing markets, particularly in the light of the recession, and evaluate the impact of its investment.**
- 21** In our 2008 performance review we found RENEW to be performing well in respect of its use of housing market intelligence. It was recognised as having strengthened partners' understanding of local and sub-regional housing markets. Systems had been established for gathering and reporting ongoing housing market intelligence. However, it was not apparent that the pathfinder's market intelligence was being fully used as a tool for making informed decisions on investment priorities. Neither was it clear how market intelligence was being shared with partners. We formally recommended that RENEW should review and where necessary improve systems for sharing housing market intelligence and research findings with delivery partners.
- 22** RENEW is again assessed as performing well in respect of its use of housing market intelligence. It has an up to date understanding of housing aspirations and the links between housing and the wider economy. Although progress has been made on sharing its housing market intelligence and research findings, there remains further work to do to make sure that the research programme is formally evaluated to ensure that it remains relevant and is delivered in a timely way.
- 23** RENEW has continued to resource a research programme that embraces two distinct strands of work. One is focused on practical research to inform masterplanning and programme delivery and is structured to allow partners to contribute ideas for future projects. The other is focused on supporting strategy development and is developed in liaison with NSRP's partners. The pathfinder maintains up to date knowledge of the local housing market, widening this to include better understanding of the economic situation in the area. RENEW has continued to publish its quarterly North Staffordshire housing market report¹ which has now been joined by a sister document, the economic intelligence bulletin². Information is being effectively shared with key partners who reported the regular updates useful to help inform their work in the area.

¹ Housing Market Report: a quarterly assessment of the state of the housing market in North Staffordshire. It includes information on houses prices, market trends, affordability and house sales.

² Economic Intelligence Bulletin: a quarterly assessment of employment and economic trends in North Staffordshire.

- 24 A programme of further housing market research currently underway will add to RENEW's depth of understanding of the local housing market. Independently managed focus group work has been commissioned to identify changes in the housing aspirations and intentions of local residents as a result of the economic downturn. An additional, associated commission will help RENEW understand more about the specific sub-markets and their relative local importance. This will be useful when considering potential overall demand for higher priced 'executive' homes and the role in the market for intermediate housing. This work is being done in partnership with all three North Staffordshire local planning authorities¹ and will help RENEW to better understand the issues of adjacency and displacement². This is potentially useful research to ensure that future housing provision in the pathfinder area is closely aligned with the needs and aspirations of home seekers across the sub region.
- 25 RENEW is developing its understanding of the links between housing and the wider economy. The early warning model³ continues to provide a comparison of absolute neighbourhood sustainability over time. Recent outcomes shows that all but one of the Super Output Areas⁴ considered to be a 'major concern' are located within the HMR area. This demonstrates that while the pathfinder is continuing to focus its interventions on the right locations, the deprivation problems in these areas are some way from being resolved.
- 26 RENEW has commissioned work to refresh its econometric modelling to assess the impact of the recession on the prospects for the local economy and wider regeneration activity. This includes consideration of employment and likely housing demand. This work is not due to be completed until early 2010. Stakeholders have however been made aware of the work, allowing it to be linked to other regional studies. The findings are to be shared with stakeholders to help improve the information available to guide investment decisions, likely to be made at a time of increased competition for limited financial resources.
- 27 RENEW has a comprehensive programme of research although some commissions have reported beyond their target dates. The pathfinder has a wide range of information about the area. However, it is not clear how the research programme is formally evaluated to ensure that it remains relevant and delivered in a timely way to ensure its continued relevance to both the pathfinder and its partners.

¹ The three North Staffordshire planning authorities are Stoke on Trent, Newcastle under Lyme and Staffordshire Moorlands.

² Adjacency: the potential impact that new development may have on the desirability of neighbouring areas.
Displacement: the potential for problems to be merely moved on to neighbouring areas.

³ The early warning model is a composite indicator based on small area data for house prices, turnover and voids. This information is mapped for the pathfinder area to show overall neighbourhood rankings and track change over time.

⁴ Super Output Areas (SOAs) were developed after the 2001 census to bring together statistics and data at a neighbourhood level. The aim was to produce a set of areas of consistent size, whose boundaries would not change. They are an aggregation of adjacent Output Areas (OAs) with similar social characteristics. OAs are the smallest unit for which census data is published.

Report

- 28 RENEW has recognised the importance of both taking note of the research undertaken by developers, which offers a commercial perspective on the local housing market, as well as the need to share its own research more widely with all of its partners. Although the pathfinder's website has been redesigned and is now up to date and easy to use, it does not include the quarterly housing and economic reports. Not all developers are aware of the information being produced by the pathfinder on a regular basis and some currently undertake their own market analysis. The pathfinder is introducing more formal structures to facilitate an exchange of information between the pathfinder and developers to develop further a shared understanding of the local housing market.
- 29 RENEW has established an effective evaluation framework for the way it manages and delivers its work. It is making good progress against the recommendations made in the independent evaluation report in August 2008. Progress is reported on a regular basis to NSRP's HMR sub group, which oversees the pathfinder. Improvements include a new protocol in the project review process to make sure that projects are managed and delivered appropriate to their size and scale. This reduces the risk that either too few or too many resources are devoted to overseeing project delivery, contributing to a more effective and efficient way of working. Evaluation of individual partnering arrangements with housing associations has led to better joint working and an increase in their investment plans for 2009/10.
- 30 A further programme wide evaluation is proposed for the autumn of 2010 to help inform investment plans and bids for future years. It would be helpful to bring forward this evaluation to allow time for outcomes to be more effectively used in developing options for the period after March 2011, when the current funding period comes to an end.

Place shaping

- 31 **Place shaping is about tackling housing market weakness in a holistic way by ensuring the establishment of a high quality built environment which underpins and takes account of economic, environmental and social issues. The ultimate goal is improving the quality of life for people now and in the future. Promotion of high quality design and an enhanced focus on sustainable development is also expected.**
- 32 In the last performance review we found that RENEW was performing strongly in its approach to place shaping. Area Regeneration Frameworks¹ (ARFs) and masterplanning for the pathfinder's areas of major intervention were taking a holistic approach. The pathfinder was taking a proactive approach to influencing planning decisions in support of its objectives. There was a commitment to raise design standards and RENEW was helping to drive forward the sustainability agenda.

¹ An Area Regeneration Framework (ARF) is a housing market-focused, high-level masterplan. It sets out a vision for the future regeneration of an area. An ARF considers both the physical and non-physical investments needed to improve the quality of life and environment in a local area.

- 33** RENEW is continuing to perform strongly on place shaping. RENEW has been able to influence the way new developments are designed and the type of homes they provide. Masterplans are at various stages of development but they are being developed in such a way that they can be embedded in the statutory planning process. A clear focus has been placed upon making sure that the masterplans are realistic and deliverable. Place branding to improve the image of North Staffordshire has been supported by RENEW. Active support is being given to raise the quality of design in the pathfinder area. The management of vacant sites needs to be improved.
- 34** RENEW has been able to influence the way new developments are designed and the type of homes they provide. It has done this using a range of tools. This has included working with developers to shape their proposals to meet needs being identified during the development of the area masterplans. The pathfinder will only provide planning support for schemes that contribute towards pathfinder outcomes. The Kickstart supported bids for Lower Milehouse and City Waterside were restructured to provide a more appropriate mix of homes to meet the needs of the area and support the pathfinder's objective of drawing in more economically prosperous households to the inner urban core of the pathfinder area.
- 35** There are currently five RENEW funded masterplans being prepared or being made ready for formal adoption in planning policy. The masterplans support at a more localised level the five completed ARFs which shaped the local statutory Core Strategy¹. RENEW has maintained a close scrutiny of the preferred options in the masterplans to make sure that they respond to future changes in the housing market. The masterplans also have continued to be subject to ongoing community engagement. This has allowed options to be revised to take into account changing circumstances, including the likely availability of investment resources and the views of local people.
- 36** RENEW has specified that agreed masterplan proposals include a commitment for delivery from key partners. This means each area of major intervention (AMI) will have a clear and realistic plan of the interventions and changes to be made within its locality. Detailed design briefs within each masterplan will also ensure that partners have the necessary information to navigate successfully the legal and planning frameworks which will impact upon their work.
- 37** RENEW continues to encourage the development of good design practice. The North Staffordshire (Stoke on Trent and Newcastle under Lyme) urban design supplementary planning document (SPD)² was partly funded by RENEW. This shows a clear commitment to encouraging a consistent approach to design standards. Without the SPD, there was a risk that poor quality design by developers working without pathfinder support could counteract efforts to raise the quality of the area's built environment. However, the pathfinder needs to ensure that in future it does not fund work that should be paid for by local authorities as part of the effective discharge of their core functions, which could be regarded as 'substitution'.

¹ The Core Strategy is part of a local planning authority's Local Development Framework for planning policy. It provides the clear policy framework of how an area will be developed.

² Supplementary Planning Documents (SPD) are part of a local council's Local Development Framework. A Local Development Framework is the collection of planning policies that are used to guide development in an area. An SPD gives further guidance and information on how particular themes and policies are to be delivered and implemented.

- 38** RENEW has part funded Urban Vision North Staffordshire (UVNS) to increase its ability to undertake work on behalf of the pathfinder. UVNS is the local centre of excellence for architecture which provides an independent advisory role for urban design and scrutinises masterplans and individual planning applications. UVNS suggested improvements to materials used for the Millrise extra care scheme and changes were made in the Cobridge area to ensure that a local church could remain a prominent local feature. While UVNS has provided useful assistance to RENEW, the pathfinder's funding will end in 2011 as it is questionable to what extent the pathfinder should continue to fund this project which enjoys support from the Commission for Architecture and the Built Environment¹ and Advantage West Midlands².
- 39** RENEW is supporting work to develop improved approaches to the refurbishment of older housing. This is particularly relevant in Stoke where a high proportion of housing is pre-1919 stock. Britain's Centre of Refurbishment Excellence³, a project being developed in partnership with BRE⁴, has been located in Stoke, assisted by £250,000 from HMR funds. This will help raise the profile of the area by providing a national showcase for sustainable refurbishment. It will also provide a business incubator for new products and skills to help support efforts to regenerate the North Staffordshire economy, including housing capacity which is integral to the pathfinder's work.
- 40** The poor condition of soon to be cleared and vacant privately owned sites in the pathfinder area is not contributing towards improving the image of the pathfinder area. A number of sites across the pathfinder area are unlikely to be brought forward for redevelopment as quickly as was originally expected. Although good use has been made of some cleared areas, for example a pocket park in Lichfield Street, we found a number of these sites, including some which pre-date the pathfinder, are not being maintained to an acceptable standard. An example is the Bourne's Bank sites on a future gateway route into Burslem town centre. RENEW is working with the Groundwork Trust on a number of projects which will include developing short term use of cleared sites but at this stage it is not clear when this work might proceed. To reduce the adverse effect soon to be cleared and vacant sites have upon perceptions of the area, RENEW needs to encourage partners to increase their support for its work to improve the way sites are maintained pending redevelopment.

¹ The Commission for Architecture and the Built Environment acts as the government's advisor on architecture, urban design and public space.

² Advantage West Midlands is the development agency for the West Midlands region. It has responsibility for the Regional Economic Strategy.

³ Centre of Refurbishment Excellence (CoRE) is a 'living refurbishment demonstrator', a national centre for the advancement of sustainable refurbishment of older housing and buildings.

⁴ BRE is the former national Building Research Establishment, privatised in 1997. Now overseen by a trust, it undertakes research and offers independent expertise to the building industry on design, construction methods and materials.

- 41 RENEW has continued to promote a local understanding of how to improve the sustainability of housing. RENEW has sponsored a third national conference with Staffordshire University, in March 2009, on climate change. The pathfinder has actively supported the work of the West Midlands Sustainable Housing Action Partnership¹ by hosting conferences and seminars, including one in 2009 to promote a green 'beyond decent homes' standard for adoption by social housing providers.
- 42 RENEW is working to encourage the use of environmentally friendly construction materials and components. In October, an initiative to develop a supply chain providing low carbon building products was launched. This is linked to RENEW's refurbishment work providing more efficient lighting and heating. RENEW is exploring a range of initiatives to see which green energy solutions are most sustainable and affordable to low income households. As part of the eco-house scheme in Chesterton, which was officially opened this year, passive rather than active solar technology² has been used to harness the power of the sun to provide heat for the properties. This scheme has achieved the Eco Homes 'eco excellent' standard, equivalent to Code for Sustainable Homes Level 4³.

Affordable homes and mixed communities

- 43 **Pathfinders must ensure that interventions cater for the broad range of requirements found in each community, encouraging existing residents to stay while seeking to attract a wider mix of residents to support the development of mixed communities. It is particularly important given the challenging socio economic characteristics of many pathfinder neighbourhoods, and the need to create conditions which promote long term sustainability.**
- 44 In our previous performance review RENEW was performing well in its approach to affordable homes and mixed communities. It had a good understanding of the area's emerging affordability issues and strong relationships with local housing associations. RENEW and its partners were providing a range of affordable housing solutions and products to assist marginal owner occupation. However, further work was required to improve management of the private rented sector.

¹ The Sustainable Housing Action Partnership works to demonstrate how energy efficiency and renewable energy measures can be mainstreamed into existing regional housing new build and refurbishment programmes. It is led by Sustainability West Midlands and is supported by Advantage West Midlands, the West Midlands regional Assembly and Government Office West Midlands.

² Passive solar gain is a way of using sunlight to provide energy, such as warmth and light, without the need for mechanical systems. Active solar power uses equipment, such as pumps, to increase the use of solar energy.

³ The Code for Sustainable Homes is an environmental impact rating system for housing in England. It sets standards for energy efficiency http://en.wikipedia.org/wiki/Code_for_Sustainable_Homes_-_cite_note-0 and sustainability. The code awards new homes a star rating from 1 to 6, based on their performance against 9 sustainability criteria. These are combined to assess the overall environmental impact..

Report

- 45 The pathfinder is continuing to perform well in the development of affordable homes and mixed communities. It is seeking to overcome the financial barriers holding back the housing market. A pragmatic approach has been taken to maintain development of new homes. Marketing and promotion of local and national intermediate housing products is being improved. Recent investment in extra care housing has helped to meet local need for older persons housing although it is not clear in all instances whether this represented the best use of HMR funds. More still needs to be done in response to our recommendation last year that management in the private rented sector better supports area regeneration.
- 46 Generally, across the country, securing finance remains difficult for many home seekers. Lenders require high deposits, including on the equity element of HomeBuy¹ products. In North Staffordshire the situation is further affected by lenders perceiving many pathfinder neighbourhoods to be relatively high risk although there are now signs that both local and national lenders are offering support for both home buyers and developers.
- 47 The pathfinder is seeking to overcome the financial barriers holding back the housing market. Discussions have taken place with local lenders to find out how blockages to mortgage lending can be lifted. RENEW and the HCA have established a working group to look at pilot projects that will address the barriers to lending, including inconsistent valuations and reducing the risk for individual lenders and developers. Proposals, including a guaranteed buy back for the lender, will be developed by the end of 2009 and will be considered as models for national schemes.
- 48 RENEW and its partners are also working with developers to maintain new house building. RENEW has influenced a developer to adopt a 'rent-to-buy' model which has resulted in 13 completions, of which two have already converted to owner occupation. In City Waterside, relocation loans are helping pathfinder residents' access new affordable homes. A pilot scheme to purchase and renovate homes for shared ownership is also proving successful. The use of such incentives has helped maintain interest in homes in City Waterside.
- 49 RENEW has accelerated the delivery of social rented housing to maintain developer momentum, with the intention of raising the number of market properties during later phases of development when market conditions have improved. The number of additional social homes being brought forward is small and this approach has helped to establish and maintain a developer presence across the area. However, there is a risk that if the market does not improve to support the delivery of market homes, RENEW will have made it harder to achieve a sustainable balance over the long term between tenures and house types.

¹ HomeBuy helps social housing tenants, key workers and first time buyers to buy a share of a home.

- 50 A joint marketing approach between housing associations and developers at Weston Heights has also met with some success. Tailored solutions for home seekers were available from a single point of contact. People looking for a home selected the one they wanted, and then got advice on the best way to access it. Products included a range of national HomeBuy products, and HMR funded schemes to help first time buyers including shared ownership¹. RENEW plans to encourage a similar approach in future schemes. However, most are still at a relatively early stage and it is unclear how the lessons learned are being applied elsewhere in the pathfinder.
- 51 With the exception of Weston Heights, the marketing and promotion of intermediate housing products in the pathfinder area, including national schemes and those offered locally by private sector developers, has not been consistently successful. For example RENEW is now to provide marketing advice and assistance to help sell twenty unsold houses at Hadderidge Gardens following the lack of market success of the developers own shared equity scheme. Recent changes to the administration of the Home Buy scheme regionally established the need for a local marketing programme for national products in North Staffordshire. RENEW has now started to develop its own localised marketing campaign to promote these products. By widening local understanding of the complex range of schemes on offer, this will help reduce the risk that opportunities are being missed to help people in North Staffordshire access a new home.
- 52 As a result of the current housing market slowdown, RENEW has agreed changes to the tenure of new housing away from owner occupation to intermediate housing, This has helped people who could previously access owner occupation but are no longer able to secure the necessary financial support to purchase a home. It has also allowed progress to be maintained towards re-structuring the local housing market.
- 53 Private rented homes make a major contributor to the pathfinder's housing market. Stoke has an accreditation scheme and landlord forum. However, there are many landlords who are not part of these schemes. Last year, we recommended that the pathfinder should consider ways it can improve the management of this sector. RENEW has continued to attend the private landlords' forum, but it is unclear what impact this has had on the work of the pathfinder. Although RENEW has secured the agreement of Stoke to introduce a pilot selective licensing scheme in Tunstall, it needs to enhance its work with local authorities to improve the management of the private rented sector across the pathfinder area. While a Neighbourhood Renewal Assessment is underway for the City Centre Northwest and Cobridge areas, these neighbourhoods are in particular need of attention to improve the way privately rented housing is managed regardless of the outcome of the NRA. Failing to improve the management of the private rented sector in these areas raises the risk of entrenched social problems undermining the regeneration work of the pathfinder.

¹ Shared ownership allows an occupier to buy a share in their home and rent the share they do not own. This helps reduce their overall housing costs while allowing the opportunity to invest in a home.

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- 54 By supporting the development of additional extra care housing in five of its eight AMIs, RENEW is fulfilling its commitment that where necessary AMIs are able to offer suitable housing provision for older people. This type of housing is helping meet an identified need for extra care housing in the area and is currently aimed at existing residents. Development of the extra care schemes has been included within the masterplanning for the intervention areas. This will help to reduce the risk that concentrated development without a corresponding supply of general needs housing may lead to imbalanced neighbourhoods and isolated communities of older people and could lead to such schemes being unsustainable in the long term.
- 55 While it is unclear how the use of HMR grant for extra care housing is helping to attract new households to the area, RENEW's investment has helped to catalyse other investors. Future support has also been structured in such a way that the pathfinder may be able to recover its initial investment. At Rowan Village, environmental works encouraged the private sector to build a new residential home adjacent to social housing for older people. Investment of £0.5 million supported design enhancements to the £17.2 million Mill Rise scheme in Newcastle under Lyme, completed in May 2009. This encouraged the then Housing Corporation¹ to back the project and a developer to take forward a Kickstart supported scheme to include bungalows on an adjacent cleared site. In three schemes, Newport Lane, Cobridge and West End Village, the pathfinder's investment will be paid back if sales values exceed agreed levels.
- 56 When complete, the developments within the pathfinder area will provide 455 of the estimated 1,000 extra care homes needed over ten years across Stoke. RENEW has no plans to support additional extra care schemes over and above those already in the pipeline.

Community cohesion, consultation and support

- 57 **Pathfinders must ensure that plans and interventions are developed in consultation with local communities, that they are effectively supported through change and work is actively managed to improve community cohesion, promoting trust, building community identity and developing relationships between citizens within a locality.**
- 58 In 2008 RENEW was performing well in its approach to community cohesion, consultation and support. It had a demonstrable commitment to addressing the issues involved in supporting and developing community cohesion. A range of consultation approaches were taken and feedback used to inform interventions. However, further work was needed to more effectively monitor and evaluate this area of activity. We recommended that RENEW should evaluate the most effective methods of presenting complicated regeneration options to communities and that it respond fully to the findings of the Equality Impact Assessment (EIA), implementing the recommended changes to the pathfinder's action plan.

¹ The Housing Corporation was the regulatory and funding body for housing associations. It was absorbed into the new Homes and Communities Agency in 2009 which delivers the same work on behalf of the government.

- 59 RENEW and its partners continue to perform well in their approach to community cohesion, consultation and support. RENEW is making positive contributions towards reducing social stress in North Staffordshire. Innovative ways have been used in some cases to reach different groups within the community. Two complementary reviews on community cohesion and regeneration and on community engagement have been completed although it is too early to say what changes these have led to in the way the pathfinder deals with these issues. RENEW has made progress in taking forward an EIA action plan. Community engagement on complicated issues, in particular masterplanning, has not been delivered to a consistently high standard across the different areas and neighbourhoods within the pathfinder.
- 60 Two complementary reviews on community cohesion and regeneration and on community engagement have been completed. It is too early to say what changes these have led to in the way the pathfinder deals with these issues. However, they offer an opportunity for RENEW's contribution towards improving community cohesion to be strengthened, making it better placed for example to help resolve tensions between different communities during consultation in North Shelton.
- 61 RENEW has progressed an EIA action plan. All reports now have EIAs which are a standing agenda item in meetings with staff representatives. However, the pathfinder has still to adopt appropriate local indicators to inform ongoing evaluation of how the pathfinder contributes towards improving community cohesion, an issue raised in our last performance review.
- 62 RENEW is becoming involved in the changes that the Stoke Local Strategic Partnership (LSP)¹ is making to the way it works to reduce social stress although it is not yet clear what impact its contributions are having. The work of the existing Black and Minority Ethnic housing strategy group is to be incorporated in a proposed LSP sub group for regeneration, housing and neighbourhood cohesion. However, the reason for the change is not clear. From autumn 2009, a grant condition of the Residents' Friend programme has been to identify and report community tensions via RENEW to the LSP's community cohesion steering group. It is too early to assess the impact of this change. RENEW and the LSP need to ensure careful and sensitive evaluation of whether or not it is improving cohesion and reducing stress in the area.
- 63 RENEW is focused on ensuring that community engagement is effectively carried out. Some innovative approaches include; weekend events to allow people who work during the week to attend and; resident selection of venues such as a local bowling club. Sporting events have been used to encourage greater involvement by local people. A cultural focus has also been taken with celebrations of the Chinese New Year used to encourage understanding within and between communities.

¹ A Local Strategic Partnership is a non statutory partnership bringing together at a local level the different parts of the public sector as well as the private, business, community and voluntary sectors so that different initiatives and services support each other and work together.

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- 64 However, we found consultation and engagement on complicated issues, including masterplanning, had not always been delivered to a consistently high standard across the different areas and neighbourhoods within the pathfinder. This included consultants taking forward preferred options on the basis of unrepresentative community engagement exercises, lack of clarity about changes made to options following consultation and a lack of effort by consultants to adopt innovative approaches to engage communities. RENEW and its partners, including the Community Steering Groups (CSGs)¹ and local housing associations, have resolved these community engagement problems when they have become apparent. RENEW has now put in place measures to reduce the risk of similar problems re-occurring. This includes adopting a policy of delivering future masterplanning consultation in-house and the pathfinder has continued to support its Residents' Friend² programme which gives residents a formal means of challenging the work of the pathfinder.
- 65 The five CSGs are playing an important part in helping improve the way consultation takes place between RENEW and local neighbourhoods. For example, members review information to be provided to residents prior to production and circulation. In Middleport, the choice of colours was changed to help make the information easier for people who suffer from colour blindness. Local people were involved in designing RENEW's new user friendly web site, launched in September 2009 which was checked by CSGs before going live.
- 66 RENEW has commissioned the Centre for Urban Research Studies at Birmingham University to look at ways to develop the future role of the CSGs. The commission will develop a bespoke programme for each CSG. The work will be carried out alongside Stoke on Trent's review of neighbourhood management. This will allow future options for the CSG to include the possibility of working more closely with the city's neighbourhood management service or taking ownership of community resources. This is an opportunity to mainstream the CSGs and secure community support for neighbourhood management of services.
- 67 RENEW is ensuring that new housing caters for the needs of larger families, using HMR to support a scheme provided by specialist housing associations in Norbrook Street, due to open in March 2010. It has also responded positively to concerns expressed about demolition of homes. For example, at Charter Road Newcastle, work has now been commissioned to look at alternative options for the area, including the possibility of refurbishing homes for sale or rent.
- 68 RENEW is working well with its partners to support communities living through change. Investment made by housing association partners to provide community facilities and provide community workers in areas undergoing change is helping to support the pathfinder's investment in physical change. HMR is helping to fund a community worker to work with a community resource centre in Mier and in the City Centre North West. The ability to tap into professional expertise is important to give local communities the confidence to develop their ability to contribute to the regeneration of their neighbourhoods.

¹ Community Steering Groups are made up of local people. They represent local communities and work to improve communication between communities and the pathfinder.

² Residents' Friends are Citizens Advice Bureau advisers attached to each pathfinder area, providing independent advice to residents on all aspects of the programme.

- 69 RENEW has recognised the need to support existing residents who wish to remain living in their existing homes but who are in areas that have in the past shown early indications of being affected by low demand. Support to these residents has taken the form of direct investment in programmes such as facelift schemes to improve the appearance and ambience of neighbourhoods and enhance its perceived value. Projects commissioned in the first half of 2009/10 include continued replacement and improvement of boundary walls, working with Project Management¹, in Fegg Hayes Village and further alley gating in Meir. These light touch interventions need to be formally evaluated to see if they have had a positive impact on the values of homes in the area and the perceptions local people have of these neighbourhoods.
- 70 RENEW continues to support, with the Arts Council, the 'Place Space and Identity' arts project. This is designed to encourage, through involvement in art, engagement of communities in the renewal of their areas. The 2008/09 programme sought to draw attention to the concept of change taking place in the area by means of temporary public art based around words and images. Local artists were used to engage young people in urban change and a book 'Seeds' has been published recording the work. The project has been successful in its objective of provoking a dialogue within the community about the value and shape of regeneration in Stoke. It remains unclear how the views on regeneration itself have been reflected in the way the pathfinder and its partners are shaping their programmes.

Delivery and Impact

- 71 **Pathfinders need to maintain a clear focus on outputs and outcomes, and ensure the processes required to support effective delivery are in place, including effective programme management and appropriate governance arrangements. The impact of its interventions and the progress against baseline aims and objectives should also be explored.**
- 72 In 2008 we judged that RENEW was performing strongly in terms of delivery and impact. The pathfinder had met its financial targets and exceeded cumulative output requirements since the inception of the programme. The pathfinder was beginning to have a noticeable visual impact on the ground. We recommended that RENEW should continue to maintain the capacity of the pathfinder core team to develop and effectively manage its existing programme alongside any expansion into new intervention areas.
- 73 RENEW is again assessed as performing strongly for this theme. It has exceeded 2008/09 performance targets agreed with the HCA and has supported continued development of new homes by private developers, helped by some Kickstart funding. Despite the challenging housing market, it has increased the amount of private sector investment made in support of its own spending. In line with our recommendations, it has maintained sufficient skills within its core team to deliver the programme and has reduced its ongoing use of external consultants. Governance and risk and project management arrangements have also been improved.

¹ Project Management is a community based training enterprise which helps disadvantaged young people in North Staffordshire find work. It is part of the Newcastle under Lyme based Aspire Housing Group.

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- 74** In 2008/09, RENEW invested some £40 million HMR funds, the same level as in 2007/08. Other public sector finance directly levered into HMR projects and activities during 2008/09 was £40 million. It can be said that for every £1 of HMR funding, £1.00 of other public sector funding was spent on HMR projects during 2008/09. This is an increase on the figure of £0.88 during 2007/08.
- 75** The amount of private sector finance directly levered into HMR projects and activities during 2008/09 has also increased to over £18 million. It can be said that for every £1.00 of HMR funding invested £0.46 of private sector funding was spent on HMR projects during 2008/09. This compares well with RENEW's performance the previous year when the equivalent figure was £0.34.
- 76** RENEW exceeded its target for 142 new homes to be constructed or converted in the pathfinder area on land made available by the pathfinder or with direct financial support, delivering 146 in 2008/09. This is an increase on last year's achievement of 52 additional homes, and for 2009/10, the pathfinder has a more challenging target to deliver 160 new homes. This is made up of 100 general needs homes, of 24 are in the City Waterside project for which funding has now been agreed with the HCA, and 60 extra care units.
- 77** The number of homes built as a consequence of HMR activity but without actual funding in the pathfinder area has fallen from 850 in 2007/8 to 538 in 2008/09, as the economic downturn has impacted upon the local housing market. Although the performance in 2008/9 represents a fall from 2007/08, it is more in line with the Regional Spatial Strategy's sustainable target of 600 homes per year.
- 78** The pathfinder had a target to acquire 450 properties using HMR funding during 2008/09. It acquired 452 properties, a similar level to 2007/08 when 466 properties were acquired. The target for 2009/10 is to acquire 260 properties. This because the focus in previous years was to acquire properties to deliver clearance areas in City Centre South/Waterside and Knutton Cross Heath. These are now close to completion. Future clearance programmes will be less intensive meaning less properties will be acquired.
- 79** In 2008/09, the pathfinder demolished 502 properties, exceeding both its revised target for the year of 475 and its original target of 500. This is substantially higher than both the previous year's performance of 282, and next year's target of 330. The pathfinder held back clearance of 237 properties in the Slater Street area until after the completion of public inquiry in September 2008. It also began packaging demolitions into larger contracts to secure lower prices for the works, with properties held over from 2007/08 until 2008/09. This explains the peak in clearance in 2008/09.
- 80** Refurbishments fell from 2,426 in 2007/8 to 982 in 2008/9, although this exceeded its target of 800. Next years target of 705 shows a continuing reduction. This is primarily due to a change in RENEW's refurbishment policy, adopted in 2007 but impacting from 2008/09. Investment is now targeted towards strategic gateways where it can have a higher impact. This means that fewer, but higher cost interventions are completed. Examples include work in City Waterside which was designed to integrate older housing with new build schemes.

- 81** RENEW has worked innovatively with developers and financial organisations to help stalled schemes in important locations proceed towards completion. RENEW has agreed that the developer at Weston Heights can defer payment of capital receipts¹. This is helping the developer with cash-flow, ensuring that housing continues to be built despite current market difficulties. On another project, at Burslem, a revaluation of homes had prevented a developer from securing the necessary finance to complete the project. RENEW is funding the completion of two apartments to test the market and assess the viability of gap funding². It has also helped to secure a viable mortgage product for a shared ownership option for this scheme. Unsold properties and unfinished developments can contribute to perceptions of an area suffering market failure. By tackling these issues, RENEW is helping to underpin and maintain the viability of its wider work to restructure the local housing market.
- 82** RENEW has been pro-active in helping to secure additional funds for new housing from the HCA's Kickstart programme. A £7.2 million bid for the Lower Milehouse scheme has already been approved with work scheduled to start on site in early 2010. The scheme is being underwritten by RENEW.
- 83** During 2009, following a review of governance arrangements after the integration of RENEW into NSRP, a decision was taken to retain the current informal partnership arrangements rather than create a formal incorporated body. This offered the opportunity to maintain continued progress with a structure that members felt had been successful. Improvements have however been made to provide greater clarity of roles and responsibilities amongst members of the partnership board.
- 84** RENEW now shares with NSRP a common system for project and performance management. It has improved its approach to quality assurance of project management. The partnership and programme assurance hub³, introduced in November 2008, acts as an interface with NSRP's risk management and audit committee (RMAC). Programme level risk management plans have also been refined. Three levels of risk have been established, along with a cross cutting theme of business continuity. The process is overseen by the RMAC which reports to the NSRP Board, adding to the level of scrutiny applied to RENEW's programme.

¹ Capital receipts are the money that a land owner earns from selling an asset.

² Gap funding is used to cover the difference between what a project will cost to complete and the funding available from its principle backers or what can be invested commercially by investors.

³ Partnership and Programme Assurance Hub is part of NSRP's Programme & Project Management system. It is used by the pathfinder to deliver effective project management by providing a central resource of information and capability for those responsible for projects.

Strategic and operational alignment

- 85 Pathfinders must operate within the context of regional and sub-regional economic, housing and planning strategies. It should seek to align with and influence other key policies, programmes and partnerships to secure close collaboration and deliver holistic regeneration in agreed priority neighbourhoods.**
- 86** In our 2008 performance review we found RENEW to be performing strongly in its approach to strategic and operational alignment. Regional support for HMR objectives remained strong and the merger of RENEW's activities with those of the NSRP offered opportunities for greater strategic and operational alignment between market renewal and economic development initiatives.
- 87** RENEW is continuing to perform strongly in its approach to strategic and operational alignment. It has taken a pragmatic approach to the way it can best use the resources available to it, by focusing its interventions on the urban core of Stoke on Trent. It is recognised as making a positive contribution to the development of regional and sub regional housing and regeneration policy. It has helped improve the way that housing association partners contribute to meeting the needs of the area and works well with partners to develop complementary projects that support wide regeneration objectives, including using its purchasing power to support jobs and training initiatives.
- 88** Renew is acting as a catalyst to develop closer working between local bodies. Consideration is now being given to introducing one strategic housing body and ensuring that the shared local economic geography of the sub region is reflected in the Local Economic Assessments for Stoke-on-Trent and Newcastle-under-Lyme. This will support the development of a multi service strategic approach to the design and delivery of services in the area and encourage a complimentary approach to investment in the two areas.
- 89** RENEW continues to contribute to regional and sub regional policy and practice. For example, it has taken an active part in the work to develop the revised Regional Spatial Strategy (RSS)¹ for the West Midlands. RENEW has also begun to engage well with the HCA as part of the agencies engagement with local authority partners.
- 90** RENEW has worked with its partners to make sure that the planning system supports HMR objectives to focus investment on the central area of the Stoke conurbation. The RSS for both the North West and West Midlands regions reflects the need to consider the impact of new development on the fragile housing market in North Staffordshire. Through the RSS process, agreement has been reached with all the local councils² that housing sites will not be released in the areas close to the RENEW area until after 2016. This has been embedded in local planning policy.

¹ A Regional Spatial Strategy (RSS) provides the framework for the planning policies that determine physical development in a particular region. RENEW is part of the West Midlands RSS but the areas to the north are covered by the North West RSS

² Stoke City Council, Newcastle under Lyme Borough Council, Staffordshire Moorlands District Council and Stafford Borough Council

- 91** More than 4,500 of the 5,600 new homes planned for the pathfinder area will be built in the urban core as a result of the new local development framework (LDF)¹ to be adopted by Stoke and Newcastle councils at the end of 2009. This means that 80 per cent of investment in new homes will be directed towards the pathfinder's core areas for intervention. Numbers have already risen significantly; in 2005/06, 16 per cent of all housing completions in Stoke were in the inner urban core; by 2008/09 it was 49 per cent.
- 92** Stoke has already used its planning powers to support the policy of focusing new housing in the inner urban core. In the past year a proposal for 250 homes near Middleport was refused planning consent on the grounds of its negative impact upon the HMR programme. The decision was taken to a public enquiry and the Secretary of State supported the council's decision. A combination of revised planning policy and more thoughtful use of existing powers will help RENEW deliver its outcomes.
- 93** RENEW has helped to improve the way housing associations have been able to contribute strategically to the provision of housing and regeneration work in North Staffordshire. All housing associations have been assigned specific neighbourhoods in which to work. This has worked well. For example, dedicated housing association staff working in the Fegg Hayes area are helping to prepare a business case for a 'working bus' social enterprise to get people to employment sites on the outskirts of town.
- 94** RENEW is focusing on the urban core of the pathfinder area. Its Business Plan 2008-2011 prioritised future work on existing intervention areas. The 2009-2011 Delivery Plan indicates that over 77 per cent of RENEW's resources will be directed to these areas. Alternative investment strategies to support other HMR areas are now being developed with its partners. These include a £171 million Private Finance Initiative² investment by Stoke in the suburban housing stock and exploring options for converting empty social housing with Aspire housing association in Knutton Cross.
- 95** The importance of supporting the Respect³ agenda is recognised by RENEW. It is encouraging partners to become involved in work to tackle crime and anti-social behaviour (ASB). It has begun to collect appropriate information that will allow it to monitor the impact of its interventions. However, it is still not clear how the impact of the pathfinder's interventions is being evaluated. For example, evidence showing that initiatives such as alley gating and boundary wall improvements at Fegg Hayes have been effective is anecdotal. This means that opportunities to share experiences to improve the impact of future work may be missed. Failure to tackle the perception and incidence of ASB and crime in AMIs will hinder the ability to attract people to live there.

¹ A Local Development Framework is a collection of documents that outlines how planning will be managed in a particular area.

² The private finance initiative (PFI) is a way of funding major capital investments, without requiring immediate large scale investment by the public sector. Private businesses are contracted to design, build, and in some cases manage new projects. Contracts typically last for 30 years, during which time the building is leased to a public sector body, including for example a housing authority.

³ The Respect Agenda was launched by the government in 2006 and aims to bring together and strengthen work to reduce anti social behaviour.

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- 96 RENEW has continued to sustain local employment and training initiatives. The NSRP JET programme¹ has in the past year helped 59 people into work.
- 97 RENEW has introduced a set of community benefit clauses² with challenging targets into all of its development contracts and to the partnership protocols to which all housing associations have signed up. Early monitoring of the outcomes shows that the targets are already either being exceeded or are close to being met. The target for the use of local sub contractors was 25 per cent but the pathfinder achieved 52 per cent. The use of local goods and services, set at 35 per cent, is running at 33 per cent while the use of local labour, set at 40 per cent, is achieving an output of 33 per cent. This is a sensible approach to supporting the local economy and making a demonstrable link between regeneration investment and local communities.
- 98 RENEW has also recognised the need to contribute towards developing high skilled, sustainable employment opportunities that will add to the creation of a balanced economy for the region. It has established a short life task and finish group involving Newcastle and Stoke councils, Advantage West Midlands and HCA to see how to promote investment in the local manufacture of pre-fabricated housing. This has been inspired by the use of a German system for new homes in the City Centre, itself a follow on from RENEW commissioning and building two demonstration STREIF housing units³ at Stoke on Trent's Further Education College. If successful, creating a manufacturing basis for new homes will be substantial investment in the future of the area, bringing in both financial and skill resources to the area.

Efficiency and effectiveness

- 99 **To underpin successful delivery, pathfinders need to achieve and demonstrate value for money at both strategic and operational levels. This includes its overall approach to efficiency and effectiveness as well as its ability to attract and secure other investment, especially from the private sector, and the impact of this investment in the short and longer term.**
- 100 In our previous performance review RENEW was performing strongly in its approach to efficiency and effectiveness. The pathfinder was continuing to work proactively with its partners to ensure investment secured significant achievements in terms of bringing in additional funds. Benchmarking of costs across a range of activities had provided confidence that the pathfinder was achieving value for money in its procurement.

¹ The Jobs Enterprise and Training (JET) scheme has centres across North Staffordshire which provide advice, support and guidance to residents who have been unemployed for more than a year. The project is led by NSRP and has a budget over three years of £13,000,000.

² Community Benefit Clauses can be included in contracts let by public sector bodies. They are designed to bring extra benefits to disadvantaged communities such as employment, training and local procurement.

³ STREIF is a German company that specialises in off site manufacturing of housing. The buildings are produced in a factory and shipped to the final building site, where they are assembled and connected to local services.

- 101** In our Use of Resources report in January 2009 we found RENEW to be performing strongly. It had an efficiency plan in place with targets for savings, supported by an efficiency group to identify efficiency savings across the wider regeneration partnership. Finances and risk were being managed in an effective way. There was alignment with complementary regeneration initiatives. Good use was being made of options appraisals for informing investment decisions. However, we noted that a more comprehensive approach to benchmarking costs should be developed.
- 102** RENEW continues to perform strongly in this area. It has an efficiency plan in place and is making savings in the way it delivers the pathfinder programme. It has increased the impact of its interventions by jointly funding projects and, as noted earlier, the amount of private sector resources attracted to the area is also increased. The pathfinder and its partners are starting to think about how they might develop options to maintain future progress in the restructuring the housing market in north Staffordshire but need to increase the pace of this work. However, the pathfinder would benefit from a more rigorous approach to benchmarking its costs against a wider range of organisations.
- 103** The pathfinder has an efficiency plan in place for 2009/10, detailing the savings to be made in that particular year. These are expected to come from a number of sources. There will be a reduction in HMR funding of neighbourhood renewal teams and the transfer of the Home Options¹ service to the local Home Improvement Agency², Revival. A contractor panel to simplify procurement of individual contracts is also resulting in reduced tender costs. Restructuring demolition contracts has resulted in unit costs being reduced by £1,473 on average. Fewer consultants are being engaged as in-house capacity is further developed. Core team direct costs have been reduced from £1.17 million in 2007/8 to £1.03 million in 2008/9. In all, RENEW has forecast a saving of £2.6 million during 2009/10 although this includes £700,000 of savings relating to changes introduced a number of years ago to the way developers and contractors are procured. Therefore, it is probably more accurate to say that a saving of £1.9 million will be made in 2009/10.
- 104** RENEW is maintaining a prudent approach to the use of gap funding to maintain development. It has in place a robust approach to assessing costs and overheads for new build schemes. For example, RENEW's gap funding support for an £18million development in Stoke City Centre has been kept to £0.5million and will be recoverable if sales values exceed the estimated values currently assumed for the scheme. By adopting a rigorous approach to the use of gap funding, RENEW is ensuring that its resources are used prudently and that it is better able to have the funds available to support those projects most important to delivering its objectives.

¹ The Home Options service supports residents relocating from clearance areas by providing them with advice and assistance to find and move to a new home.

² Home improvement agencies help older and vulnerable people maintain their independence by providing housing-related support.

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- 105** During 2008/09, around £84.5 million of aligned private investment was made in the pathfinder area alongside some £45.5 million of aligned public sector investment. This includes direct investment in HMR projects of £40 million from the public sector and £18 million from the private sector. An example of how a number of different funding streams come together is the Mill Rise village scheme, which opened in May 2009. This development of housing for older people and health service provision, benefited from £0.5 million HMR funding, £7 million private investment by Aspire housing association, £5.5 million of private investment by Prima 200¹ and HCA grant of £4 million. Combining investment in this way helps to maximise the benefits for local people of a variety of different funding sources that, on their own, would be unable to have such a positive impact on the way people live in the pathfinder area.
- 106** RENEW undertakes market testing of revenue costs from time to time. Individual commissions for research and masterplanning are subject to competitive tendering. This helps it to maintain an understanding of the cost of its work. However, the pathfinder could develop a more systematic approach to doing this to ensure that it is regularly assessing its costs against the market place.
- 107** RENEW has continued to update its internal benchmarking database with intelligence taken from its own contracts and commissions. This has been extended to include refurbishment costs. RENEW has worked with its neighbouring pathfinder, Urban Living, and the HCA to develop regional benchmarking. RENEW and Urban Living share detailed comparative figures across the main intervention areas. RENEW would however benefit from more rigorous external benchmarking with local and sub regional construction companies to ensure that its internal data best reflects the current market situation.
- 108** The pathfinder does however have in place a robust understanding of development costs. This has been used to ensure that developers' profit margins are kept at a reasonable level and that the cost of schemes is kept under control. A reduction in developer profits from 21 per cent in 2006/07 to the current 16.5 per cent, has led to annual savings of £495,000, making a substantial contribution to RENEW's 2009/10 efficiency plan.
- 109** RENEW has shared with partners its experiences in efficient procurement of new development, which is helping to drive down partner costs, for example, on development of a new build scheme at Hardin Road.
- 110** Although the overall number of empty properties in Stoke-on-Trent and Newcastle-under-Lyme fell by 18 per cent between April 2002 and April 2009 representing a significant turn around from the baseline position. However, 5,677 remained empty at the end of 2007/08 which represents one in twenty of all homes in the city. Stoke City Council has recently put more resources into addressing this issue and is working with RENEW on developing further action, based upon housing market assessments and sustainability. However, RENEW will need to ensure that its resources remain focused on core HMR activities, and are not used as a substitute for mainstream funding.

¹ Prima 200 is the North Staffordshire Local Improvement Finance Trust (LIFT), one of 47 set up to involve the private sector in financing primary and social care and community infrastructure. LIFTs are profit-making companies made up of public and private sector partners, the private sector having a controlling interest.

- 111 The pathfinder and its partners are starting to thinking about how it will continue its work after the current funding stream ends in March 2011. RENEW's Delivery Plan for 2009/10-2010/11 shows that £85 million is needed to complete the activity already underway in its Areas of Major Intervention. This excludes any work that may be necessary in the University Quarter and Northwood. Additional funds may be needed for gap funding of new build schemes. Current planning is based upon receiving a similar level of funding, £38 million per annum, for 2011-2014 as has been received for 2008-2011 but there is no evidence to suggest that this is anything other than an estimate based upon past awards.
- 112 RENEW has completed a SWOT analysis of its future options for securing funding and support to take its programme forward beyond the current funding end date of March 2011. A paper has been commissioned to outline the options for legacy vehicles to take forward the non-urban core pathfinder programme. For example, Newcastle under Lyme council is exploring the possibility of establishing a Local Asset Based Vehicle¹ to create an investment stream. Engagement has also begun at a senior level with the HCA to discuss possible funding options for the future. By not moving forward future planning quickly enough, RENEW is at risk of not having in place a set of practicable options for ensuring the medium and long term continuation of the pathfinder's objectives.

¹ Local Asset based Vehicle (LABVs) combine locally-owned public sector assets and equity from institutional investors to finance and deliver regeneration activities, particularly physical regeneration.

Appendix 1 – Summary of review activity undertaken

- 1 During the course of this assessment, the Audit Commission assessment team undertook the following activities.
 - Visits to areas in which the pathfinder is working to see what changes are visible to residents of Stoke on Trent, Staffordshire Moorlands and Newcastle-under-Lyme.
 - Meetings with local residents, community representatives and third sector partners.
 - Interviews with managers and board members of the pathfinder.
 - Interviews and focus groups of local authorities and other stakeholders.
 - A review of documents to be found on the pathfinder website.
 - A review of research documents and reports, housing market assessments, master plans, strategy and policy documents and other material provided by RENEW.

Appendix 2 – Positive practice identified

**‘The Commission will identify and promote good practice. Every inspection will look for examples of good practice and innovation, and for creative ways to overcome barriers and resistance to change or make better use of resources’.
(Seeing is Believing)**

An innovative tenure scheme at the Weston Heights development of new homes at Coalville in Stoke-on-Trent is helping home seekers to access a home of their choice in a way that best suits their personal circumstances. Many potential buyers are no longer able to secure large enough mortgages from lenders to purchase a new home outright, Compendium, Riverside and RENEW North Staffordshire have worked together to provide a solution, by offering 'multiple-choice' tenure on some plots. Until now, like all new developments, the tenure of each plot had been pre-determined, for outright sale by Compendium or allocated to Riverside for shared ownership or social rent. At Weston Heights certain plots will instead have flexible or 'multiple-choice' tenure, to enable the home to be sold to an interested buyer at a mortgage level they can afford. The scheme is supported by a range of HomeBuy products, both national and local.

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