

HMR

Performance

Review 2008

NewHeartlands, Merseyside

October 2008

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Market Renewal Pathfinders' performance reviews 2008

- 1 Over the last five years the Audit Commission has been assessing the performance of the Housing Market Renewal (HMR) pathfinders on behalf of what is now the Government Department for Communities and Local Government (CLG). This has involved scrutiny of pathfinders' strategies and investment programmes as well as regular performance reviews.
- 2 The Audit Commission uses a structured framework for completing its review and scrutiny of HMR pathfinder performance. This allows for a series of challenging, appropriate tests and questions to be consistently applied. This supports the pathfinder's development and provides CLG with an independent assessment of how effectively the national HMR programme is being delivered at a local level.
- 3 This performance review takes a comprehensive look at NewHeartlands performance in developing and delivering its programme across the HMR area, based on an updated performance review framework, 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.
- 4 It also considers progress in addressing the areas for improvement identified in the Audit Commission's Strategic Review Report published in February 2008.
- 5 Within the 2008 Strategic Review Report, an assessment was made of the pathfinder's direction of travel. This was based on progress recorded at the last performance review, published in March 2007. Overall, NewHeartlands was assessed as performing well.
- 6 This performance review utilises the same framework and scoring methodology as a basis for assessment. 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.
- 7 The Pathfinder area illustrated in Figure 1 below covers around 133,000 properties in some of Merseyside's most disadvantaged communities in the inner core of Liverpool, South Sefton and the eastern parts of Wirral. The NewHeartlands area has over the last seven decades experienced some of the most adverse socio-economic change in Western Europe. It has experienced persistent market failure in land, labour and housing markets as a result of this decline.

Figure 1 NewHeartlands Intervention Areas



Summary

- 8** Overall, NewHeartlands continues to be assessed as performing well. It is continuing to progress its programme, to update its market intelligence, and develop its masterplans. It has maintained a focus on community cohesion and supporting residents through change, and its actions are having a significant impact in its intervention areas. Its plans fit well with existing strategies, and support regional approaches to create balanced housing markets, deliver affordable housing and create sustainable communities. Particular improvements have been made in attracting private sector funding and developing an overall approach to value for money. This is recognised by the score for efficiency and effectiveness having improved from performing adequately to performing well.
- 9** NewHeartlands continues to perform well in respect of its use of market intelligence. Its enhanced data collection process is helping to further develop its understanding of the local housing market. Its comprehensive range of data and research informs its investment decisions and is used to update and evaluate its programmes. New policy initiatives are being proposed as a result, although the pathfinder has not fully progressed recommendations arising from commissioned research.
- 10** NewHeartlands continues to perform well in its approach to place shaping. It is progressing its masterplanning process in its priority areas, ensuring high quality design in its interventions, although design criteria are not standardised across all the local authority areas. It is developing a strong sense of place for local communities, and maintaining a focus on sustainable development, although outcomes from this are not yet clear.
- 11** NewHeartlands continues to perform strongly in terms of its approach to affordable homes and mixed communities. Pathfinder interventions support regional approaches to create balanced housing markets and sustainable communities, delivering affordable housing and encouraging greater home ownership and tenure diversification.
- 12** NewHeartlands continues to perform strongly in its approach to community cohesion, consultation and support. It has continued with its rigorous approach to involving local communities in key decisions that affect them, and is gaining support for its intervention programmes. It has maintained a focus on the promotion of equal opportunities, and continues to support residents through the process of change.
- 13** NewHeartlands continues to perform strongly in terms of delivery and impact. The pathfinders' programme is progressing well, with increased outcomes in some areas. Although it did not meet all its targets in 2007/08, current year over-performance is expected to bring the programme back on track. Significant impact is being made with visible improvements across all its intervention areas. Governance arrangements have been reviewed and the resulting action plan is being taken forward by the pathfinder.

- 14** NewHeartlands continues to perform well in its approach to strategic and operational alignment. Its plans fit well with existing strategies, and they are particularly well supported by local planning policies. The pathfinder is working well with its partners to deliver holistic regeneration, and to develop new sub regional approaches. It is also working with its partners to consider the strategic response to the current market conditions. However it is not yet clear how influential or involved the pathfinder will be in the emerging Growth Point plans.
- 15** NewHeartlands is assessed as performing well in its approach to efficiency and effectiveness. Its options appraisal process requires schemes to demonstrate value for money and it has been successful in attracting additional private and public funding. It has worked with partners to reduce costs through procurement, and ensures capital receipts are effectively recycled. It is developing an overall strategic approach, though there is scope for greater sharing of good practice.
- 16** NewHeartlands has made good progress in addressing the areas for improvement identified in the Strategic Review report of February 2008, although it recognises that there is still further work to be done to increase the take up of the employment opportunities created as part of the wider regeneration of the area.

Scoring

17 Pathfinder performance has been assessed as either:

- performing strongly;
- performing well;
- performing adequately; or
- not performing adequately.

18 We have assessed NewHeartlands as performing well overall.

19 We found NewHeartlands to be performing well because it has a range of strengths including:

- a comprehensive range of data and research which is used to inform its investment decisions and update and evaluate its programmes;
- a developing strong sense of place for local communities especially through its 'LiVe' brand;
- a range of options is provided to assist owner occupiers displaced or affected by HMR initiatives;
- a rigorous approach to involving local communities in key decisions that affect them, and continued support for residents through the process of change; and
- significant impact is being made with visible improvements across all its intervention areas.

20 However there are some areas which require improvement. These include:

- continued working with the private sector across the pathfinder area at a strategic level in gaining an understanding of the impact of the credit crunch¹;
- working with partners to share good practice and develop coordinated approaches;
- alignment of HMR programme with the developing Growth Point initiative; and
- progressing action arising from commissioned research.

¹ The reduction in the availability of loans or an increase in the cost of obtaining a loan from the banks

Recommendations

21 A number of key recommendations arise from the above findings.

Recommendations	
R1	Ensure synergies between the HMR programme and the developing Growth Point initiative. (to be completed within 6 months)
R2	Continued work with private developers and private sector landlords across the sub region to develop a broader understanding of and appropriate response to the impact of the credit crunch. (to be completed within 6 months)
R3	Ensure timely and appropriate follow up to research and intelligence findings , including: <ul style="list-style-type: none"> • development of a coordinated approach to the private rented sector; and • progress actions from research findings into migration to HMR areas. (to be completed within 12 months)
R4	Ensure that the draft value for money plan is completed and incorporates shared learning from partners and other pathfinders. (to be completed within 6 months)
R5	Work with local authority and other partners to share good practice and develop coordinated approaches to design standards, sustainability and affordable housing. (to be completed within 12 months)

Report

Update and use of housing market intelligence

- 22** 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. At this stage in its development, it is expected to move 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 and evaluate the impact of its investment.
- 23** NewHeartlands continues to perform well in respect of its use of market intelligence. Its enhanced data collection process is helping to further develop its understanding of the local housing market. Its comprehensive range of data and research informs its investment decisions and is used to update and evaluate its programmes. New policy initiatives are being proposed as a result, although the pathfinder has not fully progressed recommendations from earlier research into the private rented sector and into migration patterns.
- 24** The pathfinder has enhanced its comprehensive data base to inform its investment decisions. It has further developed its sustainability index over the last twelve months which now combines thirty one indicators in eight domains measuring performance across housing market conditions, demographic outcomes, socio economic circumstances, and the quality of the local environment, investment and services. Staff in the three local authorities have been trained in its use, and plans are well advanced to make it a password accessed web-based product capable of scenario modelling, available at a wider sub regional and regional level.
- 25** The pathfinder continues to add to its understanding of the housing market through additional monitoring of market dynamics. It has commissioned and received various reports such as the Occupational and Housing Forecasts Report of June 2007 summarising the economic and household forecasts and analysing the nature of the housing demand, drawing on the relationship between housing type and employment occupations. In this way the pathfinder is ensuring that its planned interventions meet its strategic objectives.
- 26** The pathfinder is carrying out effective evaluation of its programmes on a regular basis. It has an ongoing programme of evaluation including at a project and strategic level, and also including impact on adjacent areas. The pathfinder has additionally recently commissioned a wide ranging and detailed impact assessment of schemes in Liverpool for report later in the financial year.
- 27** The pathfinder is developing policy initiatives in response to evaluation of its schemes. A recent five-year evaluation of the impact of interventions has supported previous work which showed that the redevelopment process needed to accelerate in some areas in order to reduce community stress. As a result the pathfinder is working with its partners to develop a Special Purpose vehicle for the Anfield/Breckfield area, to bring forward its intervention plans.

- 28** The pathfinder is commissioning additional research but does not always follow this up. Commissioned research of the Private Rented Sector (PRS) reported in July 2007, estimated that this sector made up 25 per cent of all housing stock in the pathfinder area, with 29 per cent of new sales being used for private renting. The local authorities have recognised the scale and growth of the PRS and are developing their private sector housing strategies to take this into account. However, there is as yet no clear cross authority or pathfinder wide response to the recommendation identified over a year ago for a coordinated approach to the private rented sector. In addition, the pathfinder has not yet completed an action plan to progress outcomes from recent research undertaken by the Merseyside Social Inclusion Observatory Economic into migration to HMR Areas in North West England.
- 29** The pathfinder and the three local authorities have established a coordinating group (NewMis) to overview market research. They use the Liverpool Asset Management Project (LAMP), replicated for Wirral (WAMP) and Sefton (SAMP) to monitor and track house market trends. This includes analysis of existing, planned and potential housing supply across a wider reference area and an assessment of how this supply has changed over the past three years. They are currently evaluating a recent pathfinder-wide newbuild survey and have commissioned a pathfinder resident relocation satisfaction survey. Wirral have also commissioned a private sector landlord survey on the impact of the credit crunch. If this proves worthwhile, the pathfinder intends to roll it out to Liverpool and Sefton.
- 30** The pathfinder has also recently received a report in July 2008 which collated evidence from the three local authorities and private sector developers of the impact of the credit crunch. The pathfinder is working with other pathfinders and stakeholders² such as the Housing Corporation (HC) and English Partnerships (EP) to continue to consider the national and local implications for the HMR programme, and it is planning a board awayday later this year with key partners and the private developers to consider policy implications.
- 31** The pathfinder is developing its approach to options appraisal. The neighbourhood option appraisal process in Wirral has been recognised as an example of good practice. The first report using this process for the Milner/Carrington/Rundle area has been drafted and is currently being evaluated. Additional option appraisal guidance was issued at the start of 2008 placing emphasis upon what the proposal brings over and above existing programmes, and demonstrating that value for money has been sought and achieved.

Place shaping

- 32** 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.

² Stakeholders. Different groups of people that have an interest in and are likely to be affected by or contribute to the delivery of the pathfinders plans

- 33** NewHeartlands continues to perform well in this area. It is progressing its masterplanning process in its priority areas, ensuring high quality design in its interventions, although design criteria are not standardised across all the local authority areas. It is developing a strong sense of place for local communities, and maintaining a focus on sustainable development, although outcomes from this are not yet clear.
- 34** The pathfinder has continued the development of its plans over the last year, and is maintaining a strategic focus on good quality developments. The master-planning process for priority neighbourhoods involves an assessment of heritage, distinction, public realm and urban quality within an overall design framework. Masterplans are in place for all priority areas, and a detailed masterplan and design code have now been produced for the Anfield/Breckfield redevelopment area including the area around the Liverpool Football Club and new stadium.
- 35** The pathfinder is working closely with its partners to ensure that plans within its intervention areas are of a high quality. It has established, with the Commission for Architecture and the Built Environment (CABE), a design review process to evaluate proposals at an early stage and make recommendation on outline planning applications. In addition, the pathfinder is working with English Heritage to inform the programme of interventions.
- 36** The pathfinder is working with its partners to ensure good quality design within all developments in the sub region, although these are not standardised across all areas as yet. All pathfinder new build across the three local authorities have been achieving cod for sustainable homes level three since April 2008. A design guide which reflects wider standards has been produced for Sefton which includes design and access statements, Secured by Design standard, Building for Life silver standard, Code for Sustainable Homes level 3, Lifetime Homes standard and integrated tenure³. These have been adopted as planning conditions from April 2008, ensuring that all new build development in Sefton complies with high standards of design.
- 37** The Anfield/Breckfield design code with clear standards is planned to be rolled out into the surrounding areas to ensure a consistent approach is taken to design across a wider area. Liverpool has an aspirational design guide for all development in the authority area, but this does not set specific standards and Wirral has not yet produced clear authority-wide standards for all developments. As a result there is the potential for an inconsistent approach to developments outside pathfinder intervention areas, which may detract from the high standards set by the pathfinder.

³ Secured by Design standard is a police initiative to encourage the building industry to adopt crime prevention measures in development design.
Building for life standard is the national benchmark for well-designed housing and neighbourhoods in England awarded to housebuilders and housing associations that demonstrate a commitment to high design standards, good place making and sustainable development.
In April 2007 the Code for Sustainable Homes replaced Ecohomes as the assessment of environmental performance for new housing in England based on criteria set by the Building Research Establishment.
Integrated tenure is where in terms of design and layout, it should be difficult to spot the difference between social affordable property and homes sold to private buyers.

- 38** The pathfinder has continued to develop its approach to sub regional place branding to help promote a strong sense of place and sustainable communities. The LiVe brand covers all three Local Authority areas and provides a focus on the attractions and benefits of individual areas and providing promotional support for specific developments and interventions. The brand has been further developed to a neighbourhood level to support the pathfinder's aims of transformational change and to create a strong sense of identity.
- 39** The pathfinder is maintaining a focus on sustainable development, although outcomes to date are less clear. The pathfinder has established a Green Group between the three partner local authorities, Merseytravel and housing associations to overview the implementation and effectiveness of sustainability issues within HMR developments. However a NewHeartlands led energy efficiency proposal for refurbishments was rejected by partners and the impact of this group so far is unclear.

Affordable homes and mixed communities

- 40** 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.
- 41** NewHeartlands continues to perform strongly in terms of its approach to affordable homes and mixed communities. Pathfinder interventions support regional approaches to create balanced housing markets, delivering affordable housing⁴ and sustainable communities. In the context of the pathfinder area, this is aimed at tenure diversification and encouraging greater home ownership. The pathfinder's long-term aim is to increase the level of owner occupation from the current 40 per cent to 50 per cent by 2018, although this is being impacted upon by the credit crunch.
- 42** The pathfinder through its partners provides a range of options to assist owner occupiers displaced or affected by HMR initiatives. A Home Ownership Advisory (HOA) Service ensures that all affected residents are visited and made aware of the full range of available products. These include renovation and relocation equity loans⁵, and Homeswap.⁶ In 2007/08, 96 per cent of owner occupiers who were offered the HOA service took it up. 42 per cent of these also used a NewHeartlands product or option, with an equity loan and Homeswap being the most popular.

⁴ Affordable housing - homes for rent or sale which households on lower income can access

⁵ Equity Loans. Financial products which assist homeowners purchase a replacement home by bridging the gap between the levels of compensation available for their current property and the purchase price of a new home, or help them pay for the cost of refurbishment of their existing home.

⁶ Homeswap. A scheme where the Local Authority will purchase properties in the intervention areas and complete full modern refurbishments, and make them available for sale to re-house and relocate residents affected by clearance.

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- 43** The pathfinder is also working with its partners to promote affordable housing products to attract first time buyers into new HMR developments. For example, an equity product, 'First Homes' has been introduced in the intervention areas in Wirral to encourage and support first time buyers into home ownership. However, the take up of equity loan products across HMR area has not been high and the pathfinder is exploring new and innovative ways to encourage home ownership in its intervention areas. Redevelopment partners are also developing new products to assist buyers, such as deferred purchase schemes, targeted to help unblock access to funding in the current climate of credit restrictions.
- 44** The pathfinder is also working closely with its partner local authorities to ensure the planning framework supports its aims. All three local authorities have introduced planning restrictions to encourage developers to invest in the pathfinder areas. Overall within the pathfinder area to March 2008, through HMR and matched funding, over 1,100 new build properties have been delivered, 708 (62 per cent) of which have been social housing. The pathfinder plans for 2008/11 are for an overall balance of 23 per cent social housing.
- 45** The pathfinder is working with its local authority partners to develop an overall strategic approach to affordable housing. They have assisted in the development of the Liverpool City Region Housing Strategy published in March 2007, with an objective to provide a range of affordable housing products and deliver a better choice of affordable housing.
- 46** All three local authorities are developing their approaches to support the sub-regional aims. Sefton currently has a requirement for 30 per cent of all new homes in the pathfinder area to be affordable. Wirral has completed a strategic housing market assessment and has produced a draft Affordable Housing Strategy due to be approved by the end of the year aiming at an overall affordable level of 40 per cent. Liverpool has completed its housing needs survey and currently requires all HMR schemes to meet the affordability needs for those displaced by redevelopment. In Anfield/Breckfield for example this has led to a 35 per cent affordable housing level for the first phases. It is planning to develop a city wide balanced and affordable housing strategy in the next year to fit with the wider sub regional approach.
- 47** The pathfinder is also working with its partners to address the growth in the private rented sector (PRS) and to support sustainable and mixed communities. Wirral is using its private landlord's forum to increase engagement with landlords and encourage greater levels of accreditation. They have also commissioned a survey of private landlords asking about intentions for the future. The pathfinder is establishing a regional working group to develop a strategic approach to PRS in recognition of its growing status. Current research commissioned by the pathfinder into the city centre housing market is examining buy to let activity and the investor market generally.
- 48** The pathfinder has set a local outcome target for achieving greater owner occupation, though progress is not clear. The 2006/07 annual report showed a level of 40.8 per cent owner occupation, though progress is not due to be reported until 2008/09. The current market slow down is affecting the future supply of new build properties in the pathfinder area, and while new build for social renting has increased in 2007/08, new build for sale has reduced. The pathfinder with its partners is beginning to consider the strategic response to the current market conditions.

Community cohesion, consultation and support

- 49** 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.
- 50** NewHeartlands continues to perform strongly in this area. It has continued with its rigorous approach to involving local communities in key decisions that affect them, and is gaining support for its intervention programmes. It has maintained a focus on the promotion of equal opportunities, diversity and community cohesion, and continues to support residents through the process of change.
- 51** The pathfinder continues to ensure that the views of local people are sought and taken into account. The option appraisal framework includes a requirement to demonstrate the community consultation involvement for proposed schemes. For example, in the recent Stanley Road options appraisal, the pathfinder identified that support for the preferred option of redevelopment was not overwhelming. Architects were, as a consequence, asked to complete a further piece of work on the other two options (facade retention and refurbishment). This will shortly be completed and further consultation undertaken. This demonstrates that local residents and other stakeholder's views are taken into account when intervention schemes are proposed.
- 52** The pathfinder also ensures that the views of local people have been taken into account in the development of pathfinder masterplans. Recent design work groups involving residents, CABE, and other stakeholders have been established for the Stanley Road and Wavertree intervention areas in Liverpool. Their remit is to ensure good quality design is embedded within the development process. Account is taken of residents' views, as demonstrated by previous design changes to parking arrangements in the Fiveways development in Wirral to take account of resident preferences. In Anfield, residents' involvement in the design panels has led to changes to parking layout and property types.
- 53** The pathfinder is also building community capacity with 47 Wirral residents so far benefiting from the Compass scheme. This has proved successful in giving regeneration training, and enabling them to influence the nature of the final redevelopment schemes. Residents in the Church Road scheme in Wirral have taken part in tours of other developments which has helped them to adopt more innovative approaches to design. The pathfinder intends to widen the Compass scheme for residents from other areas.
- 54** The pathfinder has learnt from previous experience of resident opposition to its plans and ensures the option appraisal risk assessment includes the likelihood of local community resistance. For the Stanley Road scheme in Liverpool, mitigation action was identified such as enhanced support for and dialogue with the local community. In this way the pathfinder is working to ensure that its plans are well supported. Success across recent pathfinder schemes such as in Anfield/Breckfield can be measured in the absence of any formal opposition to published plans and the ability of the local authority to acquire properties voluntarily without the need for lengthy Compulsory Purchase Order (CPO) proceedings.

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- 55** The pathfinder is maintaining a focus on promotion of diversity and community cohesion. The pathfinder has designated an equalities champion, a senior officer within the accountable local authority⁷, to lead an equalities group which includes representatives from the three local authority areas, housing associations and NewHeartlands. This group is coordinating the pathfinder approach and overseeing the response to the Commission for Race Equalities' Race and Regeneration Review. Sefton and Wirral have completed equality impact assessments for pathfinder policies, and Liverpool has established a programme of reviews.
- 56** Following the completion of the Race Equality Impact Assessment of Liverpool's HMR Programme, the NewHeartlands Business Plan for funding 2008-2011 includes specific priorities for intensified activity in Anfield (where the speed of progress had been identified as potentially detrimental to the existing white working class population) and a focus for HMR funding in Granby (where it was identified that HMR funding could prevent a potentially detrimental impact on the local black and multi-ethnic (BME) population).
- 57** The pathfinder also continues to fund the Living through Change⁸ programme, which has contributed to a reduction in crime and antisocial behaviour and increased resident confidence in intervention areas.
- 58** NewHeartlands has also recently reviewed the overall community engagement⁹ strategy, and updated it with new guidance for its delivery agents in April 2008. This incorporates a check list of good practice and a toolkit to support effective participation.

Delivery and impact

- 59** 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.
- 60** NewHeartlands continues to perform strongly in this area. The pathfinders' programme is progressing well, with increased delivery of refurbishments and new build from the previous year. Although it did not meet all targets in 2007/08, demolitions and acquisitions are expected to over perform in the current year, bringing the programme back on track. Significant impact is being made by pathfinder activity, with visible improvements across all its intervention areas. Governance arrangements have been reviewed by external consultants, and the resulting action plan is being taken forward by the pathfinder.

⁷ Accountable local authority. The council which takes on the role and responsibility for generally overseeing financial matters for the pathfinder.

⁸ This initiative, recognised as good practice by the Audit Commission, provides a targeted joined up and intensive approach to neighbourhood management designed to support communities undergoing transition

⁹ Community engagement; working with communities, and getting communities involved in the regeneration of their areas

- 61** The pathfinder has put in place the necessary processes to ensure effective delivery and its interventions are making an impact. It has plans in place for all intervention areas, with strong project and programme review processes. The North West Development Agency (NWDA)¹⁰ report 2007 identified that progress is being made in developing pathfinder plans for investment linked to economic renewal and that significant outputs have been achieved in terms of new housing provision.
- 62** HMR funded outputs for 2007/08 include 301 new build completions, 599 homes refurbished (including 51 decent homes), 422 acquired and 256 demolished. This is an increase for acquisitions and demolitions from the previous year, and new build has increased from 174 in 2006/07. Total 2007/08 outputs, including non-HMR funded were 620 new build, 417 demolitions, 809 acquired and 2,650 refurbishments which exceeded the target of 2,240.
- 63** The pathfinder however did not meet all its targets in 2007/08. Lengthy compulsory purchase order (CPO) processes, now completed, in a number of schemes meant that the 2007/08 demolitions were significantly below target. Schemes were also affected by delays from utility companies' disconnections and reconnections of supplies. New build completions were also below target. Demolitions and acquisitions are expected to over perform in the current year, bringing the programme back on track. HMR new build is projected to increase to 409, although non HMR funded new build is expected to slow down as a result of the ongoing impact of the credit crunch. NewHeartlands is working with its partners and other pathfinders to address the delays caused by utility service disconnections and reconnections.
- 64** The pathfinder has reviewed its governance arrangements. A report produced by independent consultants in February 2008 identified that the pathfinder is a successful organisation and has secured good funding settlement for the next three years. It also recognises that the board will need to improve its governance arrangements and become more business like and better skilled for the future. It includes an action plan which is being progressed by the pathfinder, although the links with the developing Growth Point initiative have yet to be clarified.
- 65** The pathfinder can demonstrate significant impact of the HMR programme. Physical change is evident in all its intervention areas, with demolitions and site preparation ongoing in a number of areas, and well designed new build and refurbished properties now sold and occupied in others. Complementary target hardening focused through the Living through Change programme in Liverpool has contributed to an overall reduction in crime in the pathfinder area, and a 37 per cent reduction in domestic burglaries as a result of alley-gating schemes, as assessed by the University of Huddersfield review earlier this year.

Strategic and operational alignment

- 66** 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.

¹⁰ The Northwest Regional Development Agency (NWDA) is responsible for the sustainable economic development and regeneration of England's Northwest.

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- 67** NewHeartlands continues to perform well in this area. Its plans fit well with existing strategies, and they are particularly well supported by local planning policies. The pathfinder is working well with its partners to devise schemes which deliver holistic regeneration including health, education and employment opportunities. The pathfinder is part of the group developing the housing element of the new Multi Area Agreement (MAA)¹¹, and it will be part of the operational group delivering the emerging new Growth Point¹², though it is not yet clear how influential the pathfinder will be in the emerging approaches. It is also working with its partners to consider the strategic response to the current market conditions, which will include its developer partners.
- 68** The pathfinder's plans are supported strongly by and fit well with current wider strategic plans. The Regional Housing Strategy has HMR as part of its top priority of urban renaissance, and the Regional Economic Strategy includes a target action to set HMR within a strong economic context and ensure key strategies align. The recently announced Regional Spatial Strategy also has HMR as a priority. Liverpool City Region policies focus on a coordinated programme to maximise the economic potential of the city centre and the surrounding HMR area, and to support the HMR Initiative.
- 69** The pathfinder's 2006/07 external evaluation identified that there was a very strong alignment between regional and local strategies and the market renewal strategy. This is particularly evident in planning where bespoke local policies have been produced which are reinforced by the regional strategy.
- 70** The pathfinder works well with its partners to deliver holistic regeneration including tackling crime and antisocial behaviour. Liverpool and Wirral have been declared Respect Action Areas, and all three authorities continue to work effectively with partners to deliver improved outcomes in their intervention areas.
- 71** HMR funding is also linked to other initiatives to secure holistic regeneration. The HMR initiatives in Anfield are part of the wider North Liverpool Regeneration area and include major investment in housing, education, leisure, health, transport and community facilities. The Sefton Liverpool Local Enterprise Growth Initiative (LEGI) of £20.5 million is focused on six wards within the pathfinder boundary and the City Employment Strategy covers all the wards within the Pathfinder boundary.
- 72** NewHeartlands also works closely with Construction for Merseyside, Build Sefton, and Liverpool People Pool to ensure that local construction jobs are made available to and taken up by local people although outcomes to date are disappointing. For example the Development Agreement with Keepmoat for Bedford Queens, Sefton will lead to the employment of approximately 15 local apprentices. In the same area, the housing association employs a social enterprise to provide the Clean Team which employs local people who had previously been long-term unemployed. However, the number of jobs created overall for local people through such initiatives has not been as great as expected.

¹¹ MAA is a mechanism to help deliver the agreed investment priorities across a number of local councils, by facilitating the integration of physical and financial resources and a strong and accountable governance structure within a defined performance monitoring framework.

¹² Announced in December 2005, the New Growth Points initiative is designed to provide support to local communities who wish to pursue large scale and sustainable growth, including new housing, through a partnership with Government

- 73** The pathfinder has been involved in the development of new strategic plans, although the alignment of HMR plans with emerging developments is not yet clear. It has contributed well to the development of the Local Area Agreements across the three boroughs and has a major role in delivering a number of the targets. The pathfinder is also part of the group developing the economic development transport and housing elements of the Multi Area Agreement across six Local Authorities¹³. This is planned to be in place by April 2009, and is expected to reflect the existing regional housing and economic strategies with which the pathfinder is closely linked.
- 74** The pathfinder will be involved in the delivery of the proposed new Growth Point along the Mersey River, encompassing parts of Liverpool and Wirral (Mersey Heartlands). The emerging governance arrangements include NewHeartlands as part of an operational group, which is responsible for the submission of the Programme of Development by October 2008. This document will set out the Mersey Heartlands partnership's plans and ambitions for growth. The overall steering group is led by senior officers from Liverpool and Wirral together with the lead developer. The proposed Mersey Heartlands Growth Point presents opportunities for wider regeneration within the region, although without close alignment with the HMR programme, it could mean that the housing market continues to polarise creating separate communities that are not respectively benefiting from economic growth. It is not yet clear how influential the pathfinder will be in ensuring that growth does not conflict with pathfinder plans.
- 75** NewHeartlands is working with its partners to assess the impact of the current market slow down, and is planning an awayday to consider its strategic response. It has received an initial report assessing the impact, and evidence is emerging of slowing sales though this is not uniform across its intervention areas. Some plans are being reviewed in the light of the marked reduction in demand for apartments, and challenges are arising to the strategic plans for integrated tenure, and increased owner occupation. The pathfinder is planning a strategic review, and will need to ensure the views of the private sector are included when it considers its response.

Efficiency and effectiveness

- 76** 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.
- 77** NewHeartlands is assessed as performing well in its approach to efficiency and effectiveness. It has developed an effective options appraisal process which ensures that all schemes contribute to pathfinder objectives, and has introduced new requirements for new schemes from this year to, in addition, identify the added value over existing programmes, and to demonstrate that value for money has been sought and achieved.

¹³ The local authorities of Liverpool, Wirral, Sefton, St Helens, Knowsley and Halton.

- 78** The pathfinder has successfully increased the level of levered private sector financing into its programme. During 2007/08, while it retained almost the same level of public funding as 2006/07, it has increased the private sector contribution by £4.5 million. The total pathfinder HMR expenditure for 2007/08 amounted to £50.81 million (an increase from £46.8 million in 2006/07). Additional public sector funding amounted to £37.8 million (a reduction from £41.1 million in 2006/07). Private sector funding amounted to £30.9 million (an 18 per cent increase from £26.1 million in 2006/07).
- 79** The pathfinder is working with its partners to attract other public sector resources. The Anfield Breckfield area has recently attracted an additional £2 million funding from English Partnerships (EP), and NewHeartlands is working in collaboration with EP and the Housing Corporation to develop an asset backed Special Purpose Vehicle to maximise the impact of its investment.
- 80** The pathfinder's investment is making a positive impact on the attractiveness of the intervention areas. The NewHeartlands residents survey of 2007 identified that neighbourhood turnover has been reduced, with turnover rates for some neighbourhoods falling from a rate in excess of 23 per cent in 2001 to below 5.3 per cent in 2006. The reduction in overall crime is also contributing to increased attractiveness of the intervention areas. For example in the Picton Renewal area of Liverpool, a successful new build private sector led development of houses for sale has been completed within the last year without any HMR funding demonstrating private sector confidence in the overall pathfinder approach to restructure local housing market conditions.
- 81** The pathfinder is working with its partnering local authorities to achieve efficiencies through procurement and partnering processes. Working with the corporate procurement unit in Liverpool City Council the void security contracts have been re-tendered with competition between the existing contractors and an improved specification to ensure improved value for money.
- 82** There is also agreement with local authority partners to recycle capital receipts¹⁴ within schemes to maximise value and increase impact. The asset management strategy ensures that all capital receipts are notified to the pathfinder, and that allocation of HMR funds takes into account the notional value of any receipt in each scheme. This effectively ensures that capital receipts generated within HMR schemes are recycled within that scheme. Recently, £665,000 of the HMR receipts generated by the sale of refurbished properties through the Home Swap¹⁵ scheme in the Liverpool HMR area has been approved for use to refurbish and bring back into use vacant houses. In addition, future phases of the Triangles environmental improvement scheme in Wirral will be financed through resident's contributions.
- 83** The pathfinder and its partners have revised the way they use consultants to ensure increased efficiencies. NewHeartlands itself has reduced the use of consultants over the last year thus reducing costs, while Sefton has employed consultants to help secure £1.5 million of savings in consultations for developer agreements.

¹⁴ Money the pathfinder or its partners receive by selling off land and buildings

¹⁵ Homewap. A scheme where the Local Authority will purchase properties in the intervention areas and complete full modern refurbishments, and make them available for sale. Available to owner occupiers affected by clearance who cannot obtain a sufficient commercial mortgage.

- 84** The pathfinder has worked in collaboration with others to reduce costs, although there is scope for further improvements through greater sharing of best practice. Through sharing benchmarking information on demolition costs with other pathfinders and between the three local authorities, Sefton has re-procured its demolition contracts at lower rates. However, there is scope to improve the shared learning on the use of section 106 between local authorities and between planners and housing departments within local authorities in order to achieve greater outputs especially for affordable housing.
- 85** The pathfinder is also developing an overall strategic approach to efficiency. It has produced a draft value for money plan in September 2008, which pulls together the various approaches into an overall plan for delivering value for money, although this plan still requires some further work.

Progress in addressing areas for improvement

- 86** The two areas identified for improvement within the Strategic Review report of February 2008 were:
- the pathfinder board needing to be robust in its control over the use of capital receipts; and
 - better securing opportunities to help secure broader economic benefits for some local communities in the sub-region.
- 87** The pathfinder has made progress to strengthen its approach to the use of capital receipts and other contributions. The pathfinder has successfully ensured the recycling of capital receipts in the HomeSwap scheme in Liverpool. The Asset Management Strategy effectively ensures that such receipts are used to reduce any HMR funding. In addition resident's contributions to the environment improvement scheme in Triangles, Wirral is leading to the extension of the programme without the need for more HMR funding.
- 88** The pathfinder is working with its partners to better secure broader economic benefits for local communities, although it acknowledges that outcomes to date have not been as great as hoped. It has ensured that development agreements incorporate local labour agreements, and it is working with its partners to maximise the impact of the HMR programme. Wirral has held open days to encourage local companies to meet with developers and become part of the supply chain, and in Sefton the Bootle neighbourhood management team includes a Jobs and Employment Training (JET) manager to ensure interventions are addressing individual employment needs. Liverpool is also carrying out an audit of job and training opportunities provided or potentially provided through regeneration programmes, and partners are developing a new policy and strategy to work across zones within the city including HMR intervention areas, to increase the take up of the opportunities created as part of wider regeneration.

Appendix 1 - Summary of review activity undertaken

Interviews and meetings with the following.

NewHeartlands staff

Dave Farley, Craig Bramwell, Peter Flynn, Pauline Davis.

Liverpool Council staff

Peter Farmer, Chris Villar, Dave Highton, Elaine Stewart, Steve Guy.

Wirral Council staff

Chris Bowen, Lynn Ireland, Karen Locke. Emma Foley.

Sefton Council Staff

Tom Clay, Sally Lumley, Karen McComish, Lee Payne, Neil Davies.

Residents

Kate Sharkey (Wirral), Roz Groves (Liverpool)

NewHeartlands Board Members

Alun Lunt, John Glester, George Davies, Kieran Gordon

Other agencies and organisations

Brian Gowthorpe (Gleesons), Trevor Gee (Keepmoat), Paul Dickson (Regenda), Paul Spooner (EP), Richard Sorenson (HC), Dave Harrison (NWDA).

Visits to view key intervention areas, and talk to local delivery staff and residents in Liverpool, Wirral and Sefton.

Review of a range of relevant documentation including the following.

- Performance and other reports to NewHeartlands Board; Business Plan; Scheme Update.
- Review of Home Ownership Service; Kensington, Picton, Princes Park Consultation Reviews; Anfield/Breckfield Options Appraisal and Joint Venture Proposal.
- Merseyside Social Inclusion Observatory Report No 7, 2005; Governance Review Report May 2008; various ECOTEC papers; five years Review of Evaluation, Nevin Leather Associates, July 2008.

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