

NewHeartlands Interim Evaluation

Partner Perceptions

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Executive Summary

This paper is a review of the perceptions of NewHeartlands and the programme of housing market renewal on Merseyside from a range of partners and other stakeholders.

Perceptions of NewHeartlands were generally positive. There was a consensus that housing market renewal was needed, and that NewHeartlands has made a difference. It was taking a good lead in bringing partners together and linking in with other pathfinders. There had been effective engagement with communities, but they now needed to see results.

It was unclear among some partners as to whether NewHeartlands had direct responsibility for the programme, was a conduit for funding or had a coordination role. Related to this, there was a lack of clarity about the nature of the pathfinder's relationship with the local authorities. This linked with comments about frustration with project delivery by local authorities, where the pace was slower than had been hoped for. There was speculation among partners that in parts of some local authorities, appropriate priority was not being given to housing market renewal.

This perception testing has been used to inform this paper as part of the suite of reports comprising the interim evaluation. The information has also been used to inform the evaluation framework prepared as the basis for the ongoing evaluation of the NewHeartlands programme of Housing Market Renewal.

1.0 Introduction and methodology

As part of the NewHeartlands interim evaluation, ECOTEC carried out a series of in-depth interviews. The aim of these stakeholder interviews was to offer a qualitative understanding of and personal views on the work of NewHeartlands, particularly issues to do with market change, partnerships, policy and strategy. Interviews were carried out with a number of stakeholders agreed in advance with NewHeartlands staff. These included board members and other regeneration partners as well as developers and estate agents active in the Housing Market Renewal areas of Liverpool, Sefton and Wirral.

1.1 Methodology

A topic guide was used to structure the interviews. Each interview covered the broad areas of:

- ▶ Progress of Housing Market Renewal
- ▶ Impact of NewHeartlands
- ▶ Implementation of the Housing Market Renewal programme
- ▶ Policy and strategy
- ▶ Future priorities

These were used as the basis for a wider discussion to explore the issues raised. This section summarises our main findings in terms of issues raised by the interviewees.

NewHeartlands is a term naturally used throughout by respondents. This term can cover the core team, the partnership or the Board, however, does not always mean all three at all times. A deliberate decision was made by Ecotec in consultation with the client, to allow respondents to use the term freely, and not to ask them to define the term whenever it was used.

2.0 Understanding of objectives

One of the clear findings from the consultees was the level of commitment to and agreement on the need for Housing Market Renewal in Merseyside. The need for regeneration, repopulation of areas and reversal of housing decline was expressed collectively across the range of consultees. There was also recognition that this was a major task, that the funding involved may not be sufficient to deliver the change needed, and that difficult strategic decisions needed to be made to ensure HMRI funding was effectively directed and linked to other initiatives.

One of the issues consistently raised, and from different perspectives, was the difficulty in reconciling the interests of the three constituent local authorities. The extent to which NewHeartlands could should or is acting as a strategic lead for the local authorities was a regular theme raised by the interviewees. It was not clear to some stakeholders whether NewHeartlands were administering funds on behalf of ODPM, or whether the demands of such a large and complex programme were such that NewHeartlands should be tasked with more direct responsibility for implementation. A comparison with the Housing Corporation was made in terms of the dependency on other agencies to deliver.

A range of comments included:

"the power relationship between NewHeartlands and the local authority is unclear"

"it is difficult for NewHeartlands to act as a mediator(between the three local authorities) but they are chipping away"

"delivery teams are within the local authority offices so NewHeartlands are in limbo – a twilight organisation which tries to have a role but finds it very difficult"

"recognition that it is very difficult to impose a strategy on the three authorities. NewHeartlands is trying to be a commissioning organisation or a policy organisation, but there are tensions across the three local authorities"

"impression that NewHeartlands would like to be able to do more than they are able to. Perception that there is a frustration that

NewHeartlands would like to take more of a strategic role but are dependent on the delivery teams"

"the Pathfinder's director is trying to do a difficult task and achieving the best they can within current capacity restraints. At best all the director can do is be a co-ordinator and try to keep partners happy in circumstances where there is not enough resource to go round."

This suggests that NewHeartlands role as a co-ordinating body is not fully understood by partners. This may be inevitable given the structure and newness of Housing Market Renewal. The comments perhaps reflect a structural tension between the strategic and the operational functions. It should also be remembered that the nature of a pathfinder programme is to pilot new ways of working. The comments also reflect the complexity of managing a programme on a housing market or sub-regional basis and the inherent tensions of delivering a co-ordinated programme across three different local authority areas. However differences, and competition, between local authorities can be positive in terms of raising standards and in developing and sharing best practice.

3.0 Progress of Housing Market Renewal

Discussions on early progress helped to highlight a number of areas where work is underway and an examination of areas of the programme that were perceived to be working well and areas where there was a perception of problems. As could be expected stakeholder views were based on the detail of their own areas of work so responses cover a range of different perspectives.

3.1 Partnerships

One of the areas consistently highlighted was NewHeartlands role as an effective broker of relationships. A number of interviewees pointed to the RSL Forum as an example of this in practice. The links to regional and sub-regional strategies were also highlighted and it was felt that NewHeartlands had shown an excellent commitment to fostering positive relationships between the three local authorities. Work with other HMR pathfinders in the North West was also highlighted and it was suggested that NewHeartlands had taken a lead in getting others on board. As one stakeholder commented, "the central team has strived to be inclusive in their approach and have been successful in keeping other agencies in the loop."

A further example is the lead NewHeartlands have taken on developing equity loans to assist with demolition, re-housing and renovation.

3.2 Delivering the programme

There was agreement that in terms of meeting ODPM targets and delivering HMR programme spend NewHeartlands were performing well, and better than many had expected.

Typical comments include,

"Seems that delivery is working well, spending the money has not been an issue at all. In terms of starting from a standing start and doing the job they are there to do they have done very well."

"Statistics show they are performing well, getting things moving to enable the money to be spent"

"The biggest thing done collectively is delivered on previous objectives, in terms of achieving the spend we set out to achieve."

However, in terms of delivery of change on the ground there was some frustration expressed, primarily by those directly involved in the development process, that the pace of delivery was slower than hoped for.

There was recognition that the programme was complex and that delivery was via local authorities with departments who may not be used to working together. This was seen as an issue within local authorities as much as between local authorities. A frequently expressed frustration was the lack of a mechanism to push housing market renewal to the front of the agenda when decisions needed to be made. One view was, "not everyone (in key local authority departments) understands the role of the pathfinder. It is seen as just another regeneration initiative" this was also expressed as, "the HMRI team do not have the power and resources to bring people in line when they need to – to cut across the red tape".

In terms of the lack of progress on the ground some negative comparisons were drawn by agencies working within other pathfinders where it was felt there was more tangible evidence of change to be seen on the ground. This might be because initial planning was further developed in those areas prior to housing market renewal. However the importance of sign up to housing market renewal across all local authority departments was seen as a key to driving through difficult decisions effectively.

A number of interviewees highlighted the proactive role NewHeartlands had taken in both articulating the case for Merseyside and demonstrating that Merseyside can deliver programmes successfully.

"the way NewHeartlands represents and lobbies for Liverpool has been strong. It has put forward a strong voice and the leadership of the programme has been good and worked well"

"we have been successful in turning around the myth that Merseyside can't deliver"

"NewHeartlands have been a strong advocate for this particular course of action, a unifying force across the three local authorities to articulate the need for the product"

3.3 Publicity and communications

There was a consistent acknowledgment amongst stakeholders that Merseyside had received "more than its fair share" of negative media coverage directed at housing market renewal and in particular the replacement elements of the programme.

There was a divergence of views as to whether this could have been better anticipated or not or whether the response to adverse publicity could have been swifter and stronger. Stakeholders did highlight a number of examples of areas where NewHeartlands had engaged with the media, including coverage of high profile visits, engagement with local media to interviews on Radio Four. However there was a common frustration that market renewal on Merseyside had consistently been the focal point of negative national media coverage and a high profile national anti-demolition lobby.

There was a feeling that this attention had prevented positive messages about the need for mixed and healthy housing markets to be widely received and understood. One comment was, "we have talked about demolition of the worst 10% of the terraced properties and we will still be left with 90%. When I take people round they don't realise just how many of this type of property there are." A number of stakeholders also commented that local people and communities were crying out for improved housing and that the voice of the majority did not seem to be effectively reported, particularly in the national media.

There was broad agreement that the current response of boosting the communications resource with a central manager and an officer within each of the deliver teams would be helpful. One interviewee did stress the need for the new posts to develop improved co-ordination with existing local authority press officers and ensure that there was "one voice" on key messages.

The new communications manager is now in post and issuing good news stories to the media. A number of these have been successfully covered in the local and trade media. This proactive approach is one of the prime objectives of this post.

There was also a suggestion that it would be helpful for this new resource to start to pre-empt press enquiries by maintaining pre-prepared information about a range of interventions. This information could include dates, funding amounts, relevant quotes regarding impact and support and could provide the basis for a very swift response to media enquiries or positive media releases.

A number of stakeholders proposed that the NewHeartlands brand should be stronger and used more effectively at all levels of public relations, from public consultation led by the delivery partners to communication with national and local media.

There was also an expectation expressed by a number of stakeholders that improved public relations would be a consequence of visible activity on the ground, that there were a number of "good news stories" waiting to happen and that the visibility of new high quality homes would be the major key to future positive publicity.

3.4 Market Intelligence

The work on market intelligence to inform both current progress and future strategy was highlighted consistently by stakeholders. This was seen as positive with a view that the research base put NewHeartlands in a strong position to be clear about the base and the justification for interventions. It was also seen as helpful in ensuring the Board developed a strategic overview. It was recognised that NewHeartlands had pulled the research together and had done a good job of this.

One respondent highlighted the way in which NewHeartlands had prompted local authorities to become much swifter about the need for market intelligence and the need for information to be current to reflect a rapidly changing market.

Respondents pointed to the Board being in a position to take a more strategic overview than previously based on a comprehensive research and evidence base. Getting this evidence base in place and the way it was now being used by NewHeartlands was seen as a key area of achievement for the HMR programme. This evidence base is also a necessary foundation for the successful implementation and delivery of HMR and forms an important output of the early stages of HMR on Merseyside.

4.0 Impact of NewHeartlands

The focus of discussion on impact was on the difference NewHeartlands had made in the first three years of its existence and on an assessment of the counterfactual – what would have happened if NewHeartlands was not in place.

It is extremely difficult to assess impact in the early years of a long term programme and this was recognised in the stakeholder comments. The responses received reflect a recognition that it is early days to expect to see major impacts but a commitment to the need to continue to implement housing market renewal in Merseyside. There was a unanimous recognition that if the pathfinder was not in place the intervention areas would have continued to decline.

Typical comments include,

" (without the pathfinder there would be) more rapid decline and housing market collapse in particular areas and little hope for communities of long term change and solutions a lot of developer interest would have been frittered away and they would have gone for easier options"

"without (the pathfinder) Merseyside would have been a lot worse off"

"if pathfinder was not in place areas would have become worse. There was little money available at the time and what was available was focussed on decent homes strategies which didn't impact on private rented and owner occupied stock"

"...(if no pathfinder) we would have continued to have a strategic policy vacuum which would have been detrimental"

"historically Liverpool has not been the first place investors looked at – struggled to get investors involved. There are two reasons why they are involved now, Regional Planning Guidancebut the fact there is national money there has also been an enticement. Having someone to approach local authorities on developers behalf has assisted."

4.1 Perceptions of Market Change

There was agreement amongst stakeholders that there had been an overall increase in house prices and a variety of views about the root causes of this and the challenges and opportunities this market change presented.

There was agreement that the rising cost of acquisition would inevitably impact on what could be achieved with the funding available. There was also concern expressed by a number of stakeholders that because house prices were viewed as such a key indicator that if they were seen to be rising there would be a perception that the problem of market failure no longer existed. It was articulated strongly that the Liverpool market was still far from robust and prices were still low in comparison to surrounding areas. There was concern that the most fragile areas were still particularly vulnerable to any negative change in the overall housing market.

A number of stakeholders suggested that in their experience the increase in house prices was fuelled by speculation rather than local residents buying properties for owner occupation. The number of properties sold at auction which remained vacant several months on was highlighted. There was concern that this did nothing to increase the health of the local neighbourhood and had a negative impact by falsely inflating prices and raising the expectations of residents that they would be able to "name their price" if their home was subject to clearance.

There were a number of views expressed as to the cause of house price rises. It was suggested that Capital of Culture status had precipitated a boom in speculation while some thought that potential housing market renewal intervention had fuelled speculation in some areas. One respondent outlined, "the market had been stagnant in a period of overall growth. People were abandoning their properties and handing their keys in. Intervention has suddenly generated a market, so those people who wanted to leave but had no purchaser could sell to the local authority. This has sustained values in the area to some extent, but is too early to be influencing the overall housing market."

One respondent suggested that the increase in house prices was not just a challenge in rising acquisition costs but created a potential opportunity for home owners in providing some equity that was not previously there. Finding a way for these home owners to release this equity could help in bringing these properties up to modern standards. It was suggested that this was something that could best be promoted jointly with other pathfinders.

NewHeartlands have taken a lead on this work, nationally, to develop equity loan products to support Housing Market Renewal. This has included organising a recent national seminar for all pathfinders to look at the implementation of innovative equity loan products.

Stakeholders involved in scheme development suggested sales prices would be in line with their original predictions with prices steadily moving up and good take up of reservations for units. A significant scheme in Liverpool 8 was described as having "flown out of the door" without any marketing, based on the quality of the new product.

In South Sefton Housing Market Renewal was cited as having a major impact on the market already. For the first time in decades there was private sector speculative developer interest. This contrasts with the two years before Housing Market Renewal started when there was not one single planning application for residential property. In a very short space of time there had been a move from activity only via renovation grants to major housing led regeneration.

4.2 Perceptions of neighbourhood change

Again there was broad agreement that it was still too early in the process to start to assess the impact of NewHeartlands on particular neighbourhoods or intervention areas. However stakeholders did point to some successes and there was some agreement that for a number of individuals their housing problems were being resolved – but it was too early to say that neighbourhoods had been turned around yet. It was highlighted that there had been significant progress in acquisitions and in

supporting people through processes, "Living Through Change" for example.

The work that had gone in to neighbourhood renewal assessments and the effective engagement of communities in this process was highlighted by several respondents. There was a broad recognition that there was now a need to move forward with visible differences that communities could see on the ground.

The complexity of this process was also highlighted and a concern that the complexity of the people issues and delivering neighbourhood change on the ground was not fully understood at a national level.

4.3 Implementation of the programme

This was the area where there was the least consistency in the overall views of stakeholders. Respondents, as expected, highlighted issues from their particular perspective within the process and these reflected the mix of geography, expectations and experience.

Broadly the developers expressed frustration in terms of the speed of decision making within the local authorities and the time it was taking to get "a spade in the ground". A consistent theme was that NewHeartlands did not have enough staffing resource or statutory powers to speed up and stream-line decision making and activity within the local authorities. Day to day contact was with delivery teams rather than NewHeartlands and there was a suggestion that NewHeartlands may not be sufficiently aware of the difficulties and frustrations on the ground and that planners and politicians had not embraced Housing Market Renewal. Perceptions of working with the local authorities was of disparate groups rather than joined up departments an example was given of a planning application submitted over 14 months previously with a promise that it would be fast tracked. Planning permission was still awaited.

There was however recognition of the difficulties of administering funds through three different local authorities which by their nature can be pulled in different directions by wider policy and politics. It was raised that timetables determined by the delivery teams (and

developers) could put housing associations in a precarious position in terms of meeting Housing Corporation programme spend targets.

However other respondents pointed to successes in getting a very difficult programme off the ground and a significant amount of activity that was taking place across the three local authorities. Joint work around equity products was highlighted with one consultant working across the three local authorities to develop a consistent approach. There was a view that it was incredibly difficult to secure long term agreements with developers and they had gone through a major cultural change in terms of working with local authorities and being realistic about what each could offer.

There were differences in views as to the extent that Housing Market Renewal was acting as a catalyst for more joined up working within local authorities and had increased the level of co-operation. Some respondents pointed to a major positive step change with others suggesting that the local authority focus was a continuation of existing schemes and plans rather than working in a different way with Housing Market Renewal at the forefront. Inevitably these perceptions reflect to some extent the different local authority and market environments in which stakeholders are engaged.

5.0 Wider Policy and Strategy

The stakeholder interviews examined the perceived links between NewHeartlands' objectives and other policy areas and the extent to which NewHeartlands was aligned with these other policies. There was broad consistency of views that there should be alignment with policy and strategy at the local, city-regional and regional level. However a range of views were expressed in terms of the extent to which this was happening and NewHeartlands appropriate role in acting as a catalyst or partner of this "joining up".

Key areas highlighted by interviewees where alignment of strategies was appropriate were transport, economy and education. The need for these links was highlighted in terms of aligning regional funding allocations to concordats with service providers at a neighbourhood level. The impact of Local Area Agreements was also raised as an issue that would need to be looked at in the NewHeartlands context. While there was an aspiration that links should be there it was highlighted that this was work in progress and that it was complex to influence organisations working to different budgets and priorities.

The work NewHeartlands had put in to build co-operation with agencies in Merseyside and in fostering positive relationships with partners was put forward as a very sound building block for linking to wider policy and strategy. NewHeartlands were also applauded for the time spent nurturing the three local authorities and other stakeholders and for a recognition that they cannot deliver alone.

Stakeholders recognised the picture was complex with local authorities responsible for delivering co-ordination via local strategic partnerships and responsible for service delivery. Some consultees questioned whether this was too big an agenda for NewHeartlands to attempt to take on or was outside their remit and resources.

NewHeartlands role in the sub-regional agenda was seen as positive, in acting as an "honest broker" and in engaging those local authorities not directly involved in housing market renewal.

There was some agreement that it would be helpful to have the discussion and clarity on definition of roles and responsibilities.

One respondent described, " a pretty crowded landscape" in terms of regeneration and neighbourhood renewal and the need for clarity of responsibilities within this.

In terms of implementation of links on the ground some very positive examples were put forward of "joining up" in practice, with Housing Market Renewal cited as the direct catalyst for these. This included work with education to review primary and secondary school provision, work with the Primary Care Trust to relocate a Doctors practice as part of a redevelopment scheme and impacts on a local transport plan to develop safe and accessible routes to local stations.

The Gold Zone policing initiative in Sefton was highlighted as an example of working successfully with partners and communities to tackle crime, one of the key issues impacting on failing neighbourhoods:

Five bespoke officers for Housing Market Renewal neighbourhoods worked with partners and communities to identify priorities and targets. From April 2006 this scheme will be funded by via neighbourhood regeneration and the success of the scheme has helped to influence the way neighbourhood policing is tackled on Merseyside.

6.0 Conclusions and recommendations

There was a consistent view expressed that NewHeartlands were undertaking a difficult job in difficult circumstances, and that the NewHeartlands team, although small, had grasped a range of difficult issues and processes and worked very effectively in building and nurturing relationships.

There was a unanimous respect expressed for the role and leadership key individuals in the NewHeartlands team had taken, in particular the Director. The nature of an evaluation of stakeholder perception is such that criticism is specifically invited as part of the process. However a feature of nearly all the points of disagreement or frustration outlined by respondents was that these were countered with a statement that these were either the result of things outside either the control or the current resources of the NewHeartlands team. There was clearly a great deal of respect among the range of stakeholders for the work of the NewHeartlands central team as well as commitment to the objectives of Housing Market Renewal.

Comments included;

"NewHeartlands have been able to give focus and support and have brokered solutions that wouldn't otherwise have been possible."

(the NewHeartlands Board is) "operating and delivering as effectively as it can - well chaired and well supported by Managing Director. It manages budgets well and builds its case well."

"Leadership of the programme has been good and worked well."

From discussion with stakeholders a number of key areas did emerge where there was some agreement that these should be priority areas for future discussion or focus of work. These are outlined below.

7.7 Role and structure

There was broad agreement amongst stakeholders that NewHeartlands role had started to change since it was first set up, and different views to the extent to which NewHeartlands should be taking on a more strategic role or focussing on a programme management role. There is clearly a discussion to be had on the most appropriate role for NewHeartlands in delivering Housing Market Renewal and for the results of this to be communicated clearly to stakeholders. Interestingly the appropriate role and structure of NewHeartlands was one that the wide range of stakeholders interviewed had some view on, not just those closely involved in current governance.

There was a view that NewHeartlands had clearly acted as an effective programme manager but that there was a need for a body with a more active role than reconciling the needs of the different authorities. It was outlined that the current size of the central NewHeartlands team would preclude this unless expanded. There was a suggestion that the delivery teams could be seconded, or report directly, to NewHeartlands to ensure a more "direct line of sight" in terms of delivery.

Other stakeholders suggested that external pressures had brought about changes in the initial remit of NewHeartlands – but these had evolved without addressing the changes and how they fit with other priorities, "it started off as a horse and now it's a kangaroo." However the suggested responses to this ranged from reverting to an early co-ordination role, with local authorities leading innovation and delivery, to setting up a new vehicle with planning powers and with clear responsibility for delivery.

However as one respondent articulated other agencies, Liverpool Vision or Liverpool Land Development Corporation for example, are not dealing with the "people issues" involved in Housing Market Renewal. When you are involved in moving people from their homes local people and local politicians will inevitably be closely involved. A different structure or delivery vehicle would not change this complex aspect of the programme.

7.8 Option Appraisal

The need for effective option appraisal has been highlighted in Audit Commission reports and this was raised by a several interviewees. It was highlighted that this was a challenging and difficult process but that there was a need for option appraisal that could be more flexible, to cope with changes in funding levels for example. It was suggested that external expertise may be needed to support this process and carry out effective appraisals. The current option appraisal was seen as an effective project level tool but too blunt an instrument to support strategic decision making or phasing.

It was suggested that a more investment focussed model might be more appropriate than the current Treasury "Green Book" model. This would look at where you would put your money as an investor. For example public realm improvements may have more impact on value than housing improvements. It was suggested that this approach may work better as a strategic tool.

Developing a more effective option appraisal process is something that NewHeartlands have reported they are taking forward, with the aim of developing a process that is less mechanistic and less labour intensive. Clearly this is work in progress and needs to be an evolving process.

7.9 Market Intelligence

Stakeholders expressed the view that the collation of effective market intelligence was something that NewHeartlands had done very well and that this needed to continue. It was recognised that the markets in Merseyside were subject to rapid change and there was a need to ensure the evidence base was maintained and understood. There was also a view that the subtlety of markets needed to be understood, the different needs of Sefton and Wirral for example. The market intelligence that is there needs to be used effectively to inform the programme in future years.

The view was also expressed that in addition to the existing base of market intelligence the outputs would need to be pulled together and interpreted in terms of their direct impact on the neighbourhood and wider impact.

7.10 Government Commitment

A number of stakeholders expressed concern that national changes could undermine the long term commitment to the pathfinder programme and specifically NewHeartlands. There was concern that major Compulsory Purchase programmes were now underway and a point has been reached where it would be unthinkable for NewHeartlands to be unable to deliver change in these neighbourhoods.

Some stakeholders described an unease that the necessary resources may not be there in the long term and the need for rearguard action to try and keep the resources allocated.

Given this "point of no return" for the commitment to restructuring failing neighbourhoods in Merseyside, it was seen as a priority by stakeholders for NewHeartlands to be continuing to ensure Government was aware of the priority. One stakeholder commented, "All Pathfinders need to be aware of selling their achievements if they are to gain support from the rest of the region and continue to receive Government funding."