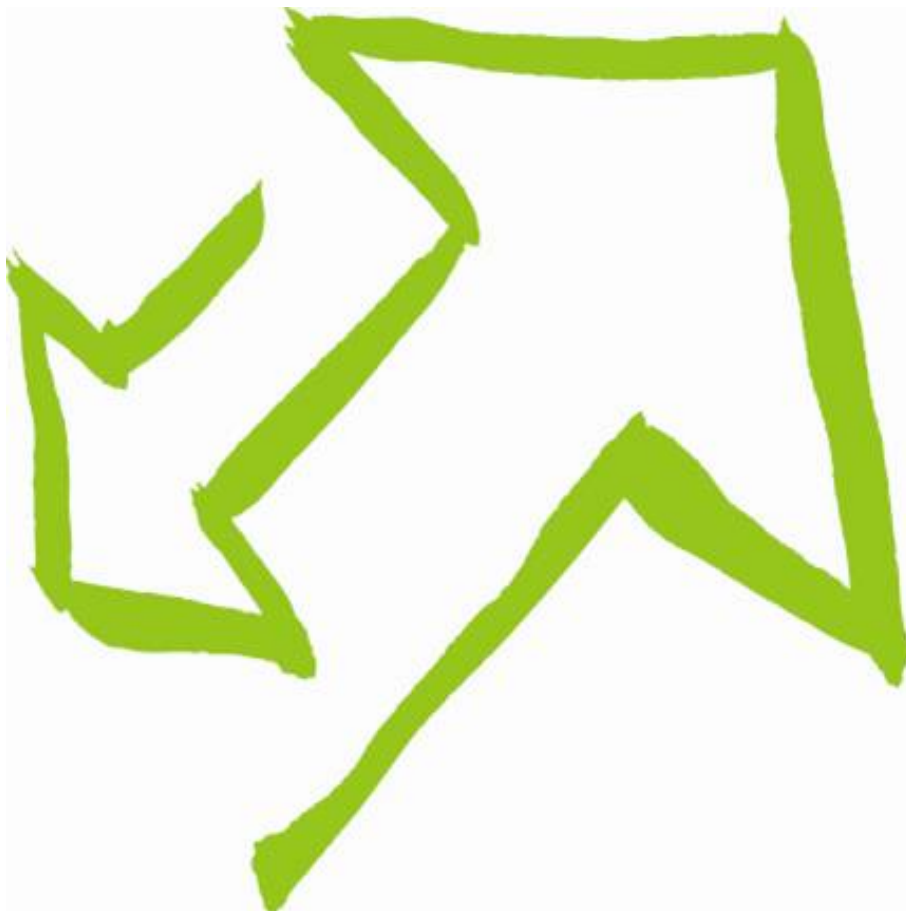


HMR Performance Review 2009

Manchester Salford Pathfinder

March 2010



Contents

Housing market renewal	3
Pathfinders performance review	4
The local context	5
Summary	7
Scoring	9
Recommendations	10
Report	11
Appendix	25

Housing market renewal

The government's housing market renewal (HMR) programme has been in place for more than six years. It focuses 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 they address the entire essential needs of sustainable communities, especially good quality, customer focused public services and a pride in the community and cohesion within it.

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 public and private partners, with the constituent local authorities having a key role in the partnership.

Since the programme's start, the Audit Commission has been assessing pathfinders' performance. 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 delivered locally. 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, suitable tests and questions to be applied consistently.

This performance review takes a comprehensive look at Manchester Salford Pathfinder (MSP) performance over the last year, 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 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 which are all available on the Audit Commissions website at:

<http://www.audit-commission.gov.uk/housing/marketrenewalpathfinders/pages/default.aspx>

- The performance review published in October 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 continuing work with pathfinders and uses the same framework and scoring method 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 MSP we assessed as performing strongly overall.

The local context

- 1 MSP is a partnership between Manchester and Salford City Councils set up in 2003 to develop and co-ordinate a long-term strategic programme to restructure the housing market in parts of north Manchester, east Manchester, south Manchester and central Salford.
- 2 Manchester and Salford Councils are two of the ten constituent local authorities of the Association of Greater Manchester Authorities (AGMA), granted City Region status by the government in December 2009. This devolves more powers and responsibilities from central government and ensures the region has much more of a say in its own destiny. This new powers and responsibilities include:
 - new statutory powers for the city region to be able to set its own skills policy, and new freedoms to decide priorities for adult apprenticeships;
 - several service delivery pilots throughout Greater Manchester which will focus on the need to drive up skills, increase employment, support children in their earliest years, as well as new service delivery models to transform deprived neighbourhoods;
 - more local influence over licensing of private landlords; and
 - identification of the region as the UK's fourth low carbon economic area (LCEA), the focus of which will be the built environment. Working with local, regional and national partner agencies, this will help by stimulating the wider supply chain, sharing learning and best practice with other regions.
- 3 The MSP area, as shown in Figure 1 below, covers all or part of 19 of Manchester's 33 wards and eight of Salford's 20 wards either side of the River Irwell. It covers an area of 6,379 hectares, some 30 per cent of the total area of the two local authority areas. These areas surround the Manchester regional centre and have suffered from severe population loss and a declining housing market.
- 4 The population in the last census was 240,370, nearly 40 per cent of the total people living in Manchester and Salford overall. This consisted of 102,085 households. Around 21.3 per cent of the population of the pathfinder area is from the Black and Minority Ethnic (BME) community, higher than both the overall proportions in Manchester (19 per cent) and Salford (3.9 per cent).
- 5 The pathfinder area has faced several challenges including severe concentrations of deprivation, collapse of traditional industries, and a population loss of 360,000 between 1951 and 2001. Replacement housing was of a poor quality and there was limited choice for homeowners with low levels of homeownership and high concentrations of social housing. Poor quality private stock resulted in areas of low property values and demand with high levels of abandonment.

Summary

- 8 Overall MSP is performing strongly. It has kept a strong focus in developing its understanding of the local housing markets, and on delivering holistic regeneration, improving the environment and the quality of life for residents within its intervention areas. It has kept momentum in its schemes despite the market downturn, and has increased delivery in key areas, though it did not meet all targets. It can show increasing impact of its interventions and has successfully attracted extra funding into its schemes. The preserved scores reflect this continued success in all areas, with overall strong progress, though there are several areas for development.
- 9 MSP continues to perform strongly its updating and use of housing market intelligence. It has continued to develop its comprehensive understanding of housing markets in the subregion, and is making good use of its research programme to contribute to strategy development. It has also reviewed its programme and has showed a clear reason for actions taken in response to the market downturn. Recent research is showing increasing resident satisfaction and population stability, and the pathfinder is continuing to examine the role of HMR interventions in creating sustainable housing markets, in the context of the changing economic environment.
- 10 MSP continues to perform strongly in its place shaping role. It has worked well with its partners to keep a strong focus on long-term holistic regeneration despite the economic downturn. It is continuing to develop its masterplans to ensure they effectively coordinate investment and that they are supported by the local community and it has kept a focus on environmental quality and sustainability. It is working with its partners to maintain momentum within its long-term regeneration plans, but it needs to strengthen its approach to marketing to complement its investment programme.
- 11 MSP continues to do well in developing affordable homes and mixed communities. It has worked well with its partners to show a consistent approach to affordability in development schemes. However, the market downturn has altered the balance of tenure within individual scheme, and it has not yet assessed the take up of affordable housing products. The pathfinder has continued to support its partners in raising conditions in private rented homes, but outcomes from this work are unclear, and it has not yet determined the long-term strategy. The pathfinder can however, display an example of good practice in the management of a mixed tenure scheme in a key intervention area within Salford.
- 12 MSP continues to do well in its approach to community cohesion, consultation and support. The pathfinder with its partners continues to provide a clear focus on equal opportunities, diversity and community cohesion, although there are limited outcomes from Equality Impact Assessments so far. With its partners it continues to offer support to residents in the HMR area, and to keep investment in community infrastructure and capacity building, and to focus activity to support vulnerable households.

- 13 MSP continues to perform strongly in the delivery and impact of its programme. It has kept strong overall performance despite the impact of the economic recession, and has performed well against several key targets. It has delivered 560 new homes, carried out external improvements to a further 1,600 and made good progress in its acquisition and demolition programme, although it has not met all targets. It has preserved strong capacity to deliver its programme and good governance arrangements despite personnel changes in the last year. It has continued to ensure a robust approach to project and risk management, and is preparing well for the future arrangements and potential changes to the HMR programme.
- 14 MSP continues to perform strongly in its approach to strategic and operational alignment. It has a good understanding of its role within the wider regeneration and development plans for the subregion. It has continued to support employment and training initiatives in the HMR area and has helped secure employment and construction training and apprenticeships for over 700 residents. It has continued to work well with its partners to address issues of anti-social behaviour and crime in its intervention areas and has produced a good practice guide to community engagement which includes approaches to ensuring community cohesion.
- 15 MSP continues to perform strongly in its approach to efficiency and effectiveness. It has attracted added funding into the HMR programme and has developed a strategic framework and an efficiency plan. It has made efficiency savings in some areas, and has developed its approach to benchmarking, although outcomes are not clear yet.

Scoring

- 16 We assess pathfinder performance as either:
- performing strongly;
 - performing well;
 - performing adequately; or
 - not performing adequately.
- 17 We have assessed MSP as performing strongly overall.
- 18 We found MSP to be performing strongly because it has a range of strengths including:
- increased understanding of housing markets in the subregion and using this information to develop strategies and review interventions;
 - continued evaluation of the impact of its programme, with demonstrable improvements in residents views and population stability;
 - continued momentum in programme delivery despite the economic downturn;
 - continued strong focus on holistic regeneration, sustainability and environmental quality; and
 - increased directly levered public and private finance.
- 19 However there are some areas which need improvement. These include:
- increasing place marketing to complement investment in its intervention areas;
 - responding to the emerging management problems in city fringe private rented sector;
 - assessing the take up of affordable housing products within pathfinder schemes;
 - continued work with partners on Equality Impact Assessments; and
 - developing clear efficiency and value for money outcomes.

Recommendations

Recommendations	
R1	<p>Consider developing greater place marketing strategies especially at a time of economic downturn, to ensure the benefits of investment are recognised externally and to encourage greater confidence and to complement social and financial investment in the intervention areas.</p> <ul style="list-style-type: none"> • To be completed within 12 months
R2	<p>Continue to work with partners to strengthen developing equality impact assessments and to collate outcomes to inform the development of the pathfinder programme and wider regeneration plans.</p> <ul style="list-style-type: none"> • To be completed within 12 months
R3	<p>Work with partners to develop a coordinated response to the emerging issues from the review of accreditation and licensing scheme and to develop a strategic approach to the private rented sector.</p> <ul style="list-style-type: none"> • To be completed within 12 months
R4	<p>Assess the take up of low cost home ownership products in order to consider the future marketability of such products in the HMR area.</p> <ul style="list-style-type: none"> • To be completed within 12 months
R5	<p>Further develop the approach to efficiency and effectiveness by identifying clear outcomes from benchmarking and joint working with partners.</p> <ul style="list-style-type: none"> • To be completed within 12 months

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. We expect MSP by now to have moved well beyond the assembly and understanding of data, and to focus on using data to inform the selection of actions. It is also expected to oversee effectively changes in the local and subregional housing markets, particularly since the recession, and to evaluate the impact of its investment.**
- 21** In our 2008 assessment we found that MSP was performing strongly in its update and use of market intelligence. The pathfinder had comprehensive housing market intelligence that was being used effectively to inform the strategic approach both on a subregional, pathfinder and local area basis. The pathfinder had strengthened its approach to tracking change locally and had responded quickly to the impact of current economic conditions and their affect on local housing markets.
- 22** MSP is continuing to perform strongly in this area. It has further developed its understanding of the local housing market, and shares this widely with its partners. It has reviewed its programme following recent market changes, and is working with its partners to develop a subregional approach to future investment. It is also developing a framework to further evaluate the overall impact of HMR investment.
- 23** The pathfinder has continued to develop its comprehensive understanding of housing markets in the subregion. It has used its tracking neighbourhood change system¹ to provide detailed market reports on each of the intervention areas. These have helped shape the pathfinders work and have contributed to a wider understanding of market changes across the subregion.
- 24** The pathfinder is making good use of its research programme to improve its understanding of the housing market, and contribute to strategy development. A resident opinion survey completed in March 2009, identified that while there were high levels of satisfaction by residents in the intervention areas, poverty, crime and anti-social behaviour are still key issues for residents. These results are being disseminated through the two authorities and relevant stakeholder groups to inform strategic and operational responses. An ownership and investment survey completed in October 2008 identified the increasing role of private investors and fragmented ownership may result in poor property management. MSP continues to support its partners in raising conditions in the private rented sector. However it has recognised that it needs to further explore these issues and is commissioning more research into the private rented sector in 2010. These approaches are helping MSP to more fully understand local housing market changes and develop suitable strategic responses with its partners.

¹ The Tracking Neighbourhood Change (TNC) system has been developed by MSP to report on changing housing market conditions at the local level, and is used by the pathfinder and the two City Councils as an evaluation tool to both help understand the impact of the programme and to aid future investment decisions.

- 25 MSP is working well to keep its partners informed of changes in the local housing market as a result of the economic downturn. It oversees housing market trends quarterly, using the latest available data for a range of indicators. It provides overall trends to the two city councils and other partner organisations. These enable comparator analysis of the market position over time, and provide up-to-date data market information which partners and investors can use to track housing market changes and make investment decisions.
- 26 The pathfinder has reviewed its programme since the market downturn and has ensured that it formally considers options for proposed changes. The outcomes from an independent review¹ of the pathfinder's work were reported to the board in July 2009, and priorities for future investment were agreed. These include supporting high-profile development schemes and opportunities to improve access to home ownership, and providing detailed justifications about how new projects uphold a strategic focus. The pathfinder in this way provides a clear reason for selecting the most suitable action in response to emerging market trends.
- 27 MSP has also worked well with its partners to develop a wider review of the regional economy. It has contributed, through developing the Greater Manchester forecasting model², to the Manchester independent economic review³ published in April 2009, which provided a shared view of the City Region's economy. This has predicted an improvement in the conurbation's economy from 2011 with return to strong growth from 2015. The pathfinder has also worked with the two city councils to develop an early strategic review for the North-West Joint Economic Commission (JEC) in January 2009⁴. This is helping to identify how the two cities can best intervene to protect existing investments and to build the platform for speeded up development as market conditions improve.
- 28 The pathfinder is suitably beginning a wider review of its role and future strategic direction. It held an awayday with all stakeholders at the end of September 2009. This is the start of a far-reaching review of future programmes and subregional strategies in the light of the recent market downturn and potential changes to the HMR funding after 2011. MSP will continue to examine the role of pathfinder interventions in creating sustainable housing markets, in the context of the changing economic environment.

¹ An external consultant carried out the review between October and December 2008. The two cities also assessed the programmes in each of the intervention areas against the 2008-11 Business Plan and the 2008/09 appraisals

² The Greater Manchester forecasting model was originally developed by MSP, and provides an integrated economic, population and household forecast for the sub region.

³ The Manchester independent economic review consisted of a commission of prominent economists and business leaders, supported by a policy advisory group and secretariat, with responsibility for commissioning high quality evidence-based research to inform decision-makers in Manchester.

⁴ The North West Joint Economic Commission was set up to ensure the region's economy emerges from the current downturn in as strong a position as possible. It is chaired the by Regional Minister, Beverley Hughes MP, and membership comprises key regional bodies including the Regional Development Agency, Chambers of Commerce, private sector partners, the Government Office , the NHS, Jobcentre Plus, the Highways Agency, the Learning and Skills Council, and the voluntary sector. The housing sub group is led by the Regional Director of the HCA.

- 29 The pathfinder has gathered some new information about the impact of its programme, and work is underway to develop a formal programme evaluation to update the last one completed in 2007. The residents' opinion survey showed that satisfaction with the overall neighbourhood has improved since 2005 with a large proportion of residents expressing satisfaction (79 per cent). Fewer residents have moved address and neighbourhood in the last five years. Just under half of those interviewed (49 per cent) had lived in their current home for ten years or more, an increase from 37 per cent in 2005. Work to update the evaluation of the programme and of individual projects will start in November 2009, and continue until early 2011. The pathfinder is aiming to work with the consultant, once appointed, to develop the evaluation scheme and outcome measures. This will provide effective evaluation of the overall impact of the HMR investment.

Place shaping

- 30 **Place shaping is about tackling housing market weakness in a holistic way by ensuring a high-quality built environment which underpins and takes account of economic, environmental and social issues. The eventual goal is improving the quality of life for people now and in the future. Promotion of high-quality design and an improved focus on sustainable development is also expected.**
- 31 In our 2008 assessment we found that MSP was performing strongly in its approach to place shaping. We found there was a strong approach to master-planning and intensive support and consultation provided to local residents. Developments were of a high design standard, delivering high environmental and efficiency standards. The pathfinder was working well to improve local environments through external refurbishment and streetscape work.
- 32 MSP continues to perform strongly in this area. It is keeping a focus on holistic regeneration, environmental quality and sustainability within its interventions areas. It is further developing its master-plans and is working with its partners to keep momentum in the economic downturn, but it needs review its approach to marketing to complement investment into places.
- 33 The pathfinder has worked well with its partners to keep a focus on long-term holistic regeneration despite the economic downturn. The pathfinder has been working with the two city councils and developer and lead housing association partners to review development schemes in the prevailing market conditions. They identified key priority schemes for the JEC in January 2009. Further discussion with the HCA helped identify those schemes for consideration as part of the government's Kickstart¹ programme. The success of this approach led to all ten schemes shortlisted for the subregion being in the pathfinder area. So far, five schemes in Manchester and Salford have been funded.

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

- 34 The pathfinder is continuing to develop its master-plans to ensure coordinated investment, supported by the local community. In Moss Side, Manchester, it is amending the scheme because of the market downturn. Local residents, community groups and landlords, as well as developer partners are involved in reviewing the original plans for the area, remodelling the tenure mix and property type and delaying demolitions. In this way the pathfinder has enabled continued development of the area with a clear strategic focus taking account of economic, environmental and social issues.
- 35 The pathfinder continues to keep a focus on environmental quality. It has, with the Commission for Architecture and the Built Environment (CABE), delivered extra training courses on housing design skills for Council officers and has provided added planning guidance documents for its schemes such as for Pendleton, Salford. These are building on existing design codes within all pathfinder schemes and are helping to ensure a high-quality built environment, underpinned by high-quality design.
- 36 MSP has continued to ensure a focus on sustainability within its intervention areas. Manchester City Council held sustainable communities training in April 2009, in partnership with the HCA Academy and Salford University for a focused group of 20 private sector housing officers from its area delivery teams. The pathfinder is in discussions with partners about developing further training sessions across the pathfinder area. It is also exploring the opportunities for progressing sustainable development initiatives before build out. In New East Manchester, for example the delivery team has developed proposals for low carbon infrastructure funding¹ from HCA. This will look at delivering initiatives such as combined heat and power plants as part of the public investment in site preparation ahead of private development when market conditions become more favourable. Although these proposals are at an early stage, they show the partnership is continuing a consideration of environmental sustainability in developments.
- 37 MSP is working with its partners to keep momentum within its long-term regeneration plans, but it needs to strengthen its approach to marketing. The pathfinder has reviewed development plans within its intervention areas and has been successful in keeping developments progressing in key sites such as Maine Place, Manchester and Lower Broughton, Salford. Sales have also been continuing, despite the slow market, helped by strong marketing campaigns of private developers. However, the pathfinder has made savings in its marketing budget in the last year. Many of its intervention areas suffer historic negative views, and place marketing is key to overcoming the barriers to attracting new people. There have been moves to address this in East Manchester which has prepared a marketing strategy, due for approval in the autumn of 2009. The pathfinder needs to consider supporting greater place marketing and developing marketing strategies for other intervention areas. It needs to do this especially at a time of economic downturn, to ensure the benefits of investment are recognised externally and to encourage confidence and complement social and financial investment in the intervention areas.

¹ £20.96m capital funding has been made available from the Treasury housing stimulus package for low carbon infrastructure exemplars in the Growth Points and Growth Areas, to reduce carbon emissions from housing.

Affordable homes and mixed communities

- 38 Pathfinders must ensure that interventions cater for the broad range of needs found in each community, encouraging existing residents to stay while seeking to attract a wider mix of residents to support developing mixed communities. It is important given the challenging socio economic characteristics of many pathfinder neighbourhoods, and the need to create conditions which promote long-term sustainability.**
- 39** In our 2008 assessment we found that MSP was performing well in its approach to affordable homes and mixed communities. MSP had worked with both councils to develop their individual affordable housing strategies and had adopted its own co-ordinated policy position for the pathfinder area. Work was underway to increase the supply of good quality private rented affordable housing and target selective licensing within HMR areas. The key pathfinder objective to diversify the housing mix by increasing the proportion of tenures which are currently under-represented had not yet been achieved in all areas and outcomes from the recent intermediate home ownership¹ models had yet to be seen. We recommended that MSP should set up a consistent framework for assessing, deciding and delivering the desired tenure mix in its schemes.
- 40** The pathfinder is continuing to perform well in this area. It has worked with its partners to address the recommendation from last year's review. However, the market downturn is affecting the ability to deliver a balanced tenure mix for its schemes. It has worked well to provide greater access to home ownership although it has not yet assessed the take up of intermediate products². The pathfinder has continued its work to promote improved conditions in private rented homes, but outcomes from this work are unclear, and it has not yet determined the long-term strategy. The pathfinder can however show good practice in a key intervention area in the management of a mixed tenure development.
- 41** MSP has worked with its partners to address the recommendation from last year's review to show a consistent approach to affordability in development schemes, although the market downturn has altered the balance of tenure within individual schemes. The pathfinder and its partners have devised a framework for assessing and deciding the supply of affordable housing. Manchester has set up a site appraisal group (which MSP attends) and Salford has a planning panel to agree and oversee the levels of affordable housing in line with their respective affordable housing guidance and policies. These have helped to coordinate the approach to developing good quality affordable homes within the two cities.

¹ Various ways to help first time buyers and those in need of a more affordable way to buy their own new build home.

² These include low cost home ownership options such as homebuy schemes and first time buyers initiative which involve part buy and part rent.

- 42 The pathfinder has reviewed its programme in response to the market downturn. It has agreed with its partners to alter the tenure balance, for more rented and affordable homes to keep momentum in individual schemes at risk of stalling. This will impact on the longer term strategic objectives for the subregion, to increase owner occupation, although current figures show an increase from 41 per cent in 2001 to 45 per cent in 2007. It will also, in next five years at least, affect the objective to pepper pot new affordable housing. The pathfinder accepts that it will need to review the overall objectives for tenure mix and increased home ownership in the HMR area because of the longer term impacts of the recession. It is including this as part of a wide-ranging strategic review which started with an awayday in September 2009.
- 43 MSP has worked well with its partners to develop and promote several options to provide access to new housing for low-income families although it has not yet assessed the take up of these products. This has included mixed tenure developments offering social rent and shared equity¹ as well as support for outright purchase. In Beswick Manchester, new financial products have been developed with the developers. Properties have been offered via a 'Try Before You Buy' scheme². A different approach has been taken in New Broughton, Salford by the Council and a local housing association working with the HCA. They make new apartments available under a mixture of social rent, shared equity, first time buyer and market sale units that were initially aimed purely at the market.
- 44 The pathfinder has also been working well to access government market stimulus packages such as Kickstart. These approaches have helped ensure a balance of interventions which promote long-term sustainability, including a range of homes to support developing mixed communities. However, the pathfinder needs to more fully explore the take up of low cost home ownership products to assess the marketability of such products in the HMR area.
- 45 MSP has continued to support its partners in raising conditions in private rented homes, but outcomes from this work are unclear, and it has yet to decide the long-term strategy. The pathfinder has provided funds for the private rented teams in both authorities, but it cannot guarantee continued financial support beyond 2011. The two city Councils' accreditation and selective licensing scheme has been running for over eighteen months. Although the outcomes of a review of the first twelve months are not yet known, anecdotal evidence is emerging of growing management problems in city fringe apartment developments. The pathfinder is planning a research project for 2010-11 focusing on private rented housing. The pathfinder needs a full understanding of this sector to ensure it is able to meet the HMR aims and vision for the area.

¹ Shared Equity scheme for first time buyers to help them buy property. Under the shared equity scheme, buyers could take a 75% mortgage with the remaining 25% covered by an equity loan from the lender and the government.

² Try before you Buy- a six to twelve month short hold agreement, with rental amounts paid during the period rolled up to assist with deposit payments if renters then agree to purchase the properties.

- 46 The pathfinder can show good practice in a key intervention area in the management of a mixed tenure scheme. The Lower Broughton development in Salford has over 500 homes currently built, with a mixture of owner-occupied, social and private rented and shared ownership homes. The plans are for a community of over 3,500 mixed tenure homes with no physical distinction between tenures. The developer partner has worked with the Council arms length management company¹ and the housing association, to provide a unified management service across all tenures, paid through a service charge for all residents. This is promoting long-term sustainability and attracting a wide mix of residents to the scheme.

Community cohesion, consultation and support

- 47 **Pathfinders must ensure that plans and interventions are developed in consultation with local communities; that they are supported effectively through change; and, work is actively managed to improve community cohesion, promoting trust, building community identity and developing relationships between citizens within a locality.**
- 48 In our 2008 assessment we found that MSP was performing well in this area. Across the pathfinder there was a strong focus on work to support community cohesion locally, with opportunities for local people to be heard and influence decision-making. The pathfinder had gathered new information about the wishes of BME residents across the pathfinder area and intensive neighbourhood management was providing good support for local people through change. However the absence of up-to-date and comprehensive equality impact assessments (EIAs) meant the pathfinder could not be confident that strategic and operational policies were being delivered equitably to all parts of the community. We recommended that EIAs be completed on key strategies across the HMR area.
- 49 MSP is continuing to perform well in its approach to community cohesion, consultation and support. The pathfinder with its partners continues to provide a clear focus on equal opportunities, diversity and community cohesion, although outcomes from EIAs are limited as yet.
- 50 Salford City Council has developed, in January 2009, a community cohesion strategy, setting out its ambitions and priorities in promoting cohesion across all communities in the city. Manchester City Council is developing a community change and perception monitoring tool. This is to be piloted in north Manchester in September 2009 to collect and map perception-based intelligence, and to provide an early warning about issues in neighbourhoods which could impact on community cohesion. The pathfinder has produced a good practice guide on community engagement with an emphasis on promoting community cohesion by ensuring that it addresses effectively barriers to participation and engagement, such as language and cultural differences. These approaches are providing clear strategic direction and ensuring that all members of the community can express their views and take ownership of decisions on the future of their neighbourhood.

¹ An arm's length management organisation (ALMO) is a company set up by a local authority to manage and improve all or part of its housing stock.

- 51 MSP, in response to the recommendation from last year's review, has been collecting information on EIAs carried out by the two cities. However, few have been completed so far, and there has been no review of the outcomes from these. In Salford, an assessment has been carried out of the approaches by Salix Homes¹ to anti-social behaviour and crime reduction, and neighbourhood management. In Manchester, the draft affordable housing strategy and the forthcoming corporate housing strategy have been assessed. The Council is also looking to embed EIAs within its delivery processes, such as through the community change monitoring tool. However, the pathfinder has not yet collated the outcomes from current EIAs or identified a programme of action.
- 52 The pathfinder has continued to develop its plans in consultation with the local community. The early results from the residents perception survey were discussed with a series of detailed focus groups with residents living in the four strategic regeneration framework areas (North, South, East Manchester and Central Salford), completed in April 2009. The outcomes from these focus groups were fed into the emerging strategic response currently being worked up through the Council delivery teams.
- 53 The pathfinder, working through its delivery partners, continues to offer support to residents in the HMR area. Local delivery teams have provided updates on progress through regular meetings with residents groups and through newsletters. Recent work has for instance focused on explaining scheme changes because of the market downturn. The two city Councils are providing recession advice and information to residents across the subregion including the pathfinder area. Both Councils have created specific web pages giving advice on how to deal with issues such as mortgage arrears and repossession, and providing contact details for services. The Councils have also set up dedicated free recession advice telephone lines. These cater for people struggling with the credit crunch and the Councils have also set up strategic recession task groups to look at other measures to tackle the downturn.
- 54 MSP is continuing to work with partners to uphold investment in community infrastructure and capacity building, and to focus work to support vulnerable households. Approaches have included a scheme in Salford to link residents who don't work with members of their community who do to help and encourage people back into work. Another approach in North Manchester for example, is the facelift and environmental improvement work in Churchview, which includes large environmental improvements to community areas and gardens. Residents have been closely involved in a community art project funded by the Arts Council and HMRF to design new street signs. This has helped in strengthening the community and completing the scheme and was launched by a resident celebration.

¹ Salix Homes is the ALMO for Salford Council. It manages around 10,500 council-owned properties across Central Salford, and also manages the delivery of the HMR programme on behalf of Salford Council.

Delivery and Impact

- 55 Pathfinders need to keep 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.**
- 56** In 2008 we assessed MSP as performing strongly in its delivery and impact. The pathfinder had achieved many of its key target outcomes for 2007/08 and there were strong arrangements in place to oversee the delivery of the pathfinder programme and consult local people. Arrangements to measure performance had improved with outcome indicators agreed based on the new Local Area Agreements.¹ Risk management strategies had been refreshed and strategies put in place to help mitigate the impacts of the credit crunch.
- 57** The pathfinder has continued to perform strongly in this area. Compared to last year, while the number of new homes build has declined, other outputs have increased. It has successfully increased additionally levered funds into its schemes, making good use of government and other initiatives to deliver a range of innovative responses to the market downturn. It has kept strong capacity to deliver its programme, although it is still seeking more private sector representation on the board. The pathfinder has continued to ensure a robust approach to risk management.
- 58** The pathfinder received a grant of £51.96 million HMR funding in 2008/09, the same as the previous year. It spent the large majority (£32 million) of this on acquiring land and property including demolition and the relocation costs of residents affected.
- 59** The pathfinder levered £17.26 million of other public finance directly into HMR projects and activities during 2008/09. This means that for every £1 of HMR funding, 0.33 pence of other public funding was spent on HMR projects. This is an increase on the equivalent figure of 0.25 pence achieved during the previous year.
- 60** The amount of private finance directly levered into HMR projects and activities during 2008/09 was £18.93 million. This means that for every £1 of HMR funding, 0.36 pence of private funding was spent on HMR projects. This is an increase on the equivalent figure of 0.15 pence during 2007/08.
- 61** MSP has upheld strong overall performance despite the impact of the economic recession, and has performed well against several key targets. The pathfinder has delivered 560 new homes in 2008/09, almost meeting its target of 567, although this is less than the 639 achieved in 2007/08.
- 62** The pathfinder has also acquired 367 properties, exceeding its target of 359 and almost meeting the 377 delivered the previous year. It demolished 671 properties in 2008/09, exceeding its target of 660. This is significantly more than the 375 achieved in 2007/08.

¹ Local Area Agreements (LAAs) set out the priorities for a local area agreed between central government and a local area (the local authority and Local Strategic Partnership) and other key partners at the local level.

- 63 MSP has also carried out external improvements to 1692 properties, exceeding the 1577 achieved in 2007/08, although short of its target of 2081 due to delays in issuing completion certificates.
- 64 The pathfinder has been working well across the region with the city Councils and government agencies to identify strategically important schemes and uphold momentum in the face of the economic recession. It has reviewed its delivery plans through robust options appraisals and has developed a range of interventions to support key schemes in the pathfinder area. It has made good use of government and other initiatives to deliver a range of innovative responses working with developer and housing association partners and the city Councils through regular meetings. This has included supporting altering the tenure mix of developments to allow completion of schemes in Broughton Salford, and Maine Place and Toxteth Road in Manchester. This has helped to keep developers on board and meet or exceed many of its targets, although it will affect pathfinder objectives of tenure mix within its schemes.
- 65 The pathfinder has preserved strong capacity to deliver its programme and good governance arrangements despite personnel changes in the last year. It has successfully recruited to key posts in the core team and it has undertaken an independent review of the 2009/10 programme, to identify and remove potential blockages to delivery. Regular performance reports continue to be sent to the board, which ensure that board members are fully told of programme delivery. MSP has worked quickly to ensure that departing board members have been replaced by high calibre appointees, and key roles such as chair of the performance subcommittee have been filled until permanent replacements are found. Extra private sector representation on the board is however still being sought. The MSP board will not be fully effective without high calibre personnel from both the private and public sectors
- 66 The pathfinder is preparing well for the future arrangements and potential changes to the HMR programme. The awayday in September 2009 focused on agreeing an updated joint story for HMR among partners given the doubt about future funding. MSP is planning for potential big changes in funding arrangements after the current funding round ends in 2011.
- 67 The pathfinder has continued to ensure a robust approach to risk management. An external technical adviser has reviewed all risk and conditions logs in the last year. It has strengthened its risk management to ensure coordination of delivery with partners' practices to allow issues and risks to better managed together. The pathfinder has also shared its experiences by publishing a 'good practice guide to risk management'. The new approach has helped resolve valuation disagreements with property owners.

Strategic and operational alignment

- 68 Pathfinders must work within the context of regional and subregional 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.**
- 69** In our 2008 assessment we found that MSP was performing strongly in this area. The pathfinder was working well to ensure there was a good strategic fit at all levels, with strong links aligning renewal work and growth. Strategic regeneration frameworks formed a sound basis to coordinate and review capital investment programmes. Partnership working was helping to increase capacity across the pathfinder including effective joint work with the respective crime and disorder reduction partnerships¹. In our Respect Update Report published in June 2008, we identified the pathfinder could do more to share best practice and fully engage more housing associations in this agenda.
- 70** MSP continues to perform strongly in its approach to strategic and operational alignment. It has a good understanding of its role within the wider regeneration and development plans, and potentially could develop a more direct role in development of the urban core. The pathfinder is continuing to support employment and training initiatives in the HMR area, and has strengthened alignment of the HMR programme with other key approaches within the subregion. It has also continued to work well with its partners to address issues of anti-social behaviour and crime in its intervention areas.
- 71** The pathfinder has a good understanding of its role within the wider regeneration and development plans for the centre of the Manchester and Salford conurbation, including growth point status². Local people recognise the value of its work in pulling together a range of agencies and strategies in pursuit of an agreed set of common outcomes. Manchester and Salford Councils are considering a role for MSP as a strategic partnership within the urban core of the Manchester-Salford area as part of the developing governance arrangements for the Association of Greater Manchester Authorities (AGMA). This has the potential to embed the restructuring of housing markets into wider regeneration plans, although this could weaken the pathfinder's current housing focus.

¹ Crime and Disorder Reduction Partnerships, subsidiary bodies of the Local Strategic Partnership charged with promoting effective approaches to tackling crime and antisocial behaviour.

² Growth Point is one of a range of measures outlined by the newly established Homes and Communities Agency to help deliver increased levels of housing provision and tackle rising problems of affordability. It represents a commitment by Government to fund proposals within authority areas to deliver new housing to meet the rising demand.

- 72 MSP recognises the growing importance that public capital programmes will play during the economic downturn in keeping employment and skills in the region. It has continued to support employment and training initiatives in the HMR area. For example, it has helped secure employment and construction training and apprenticeships for over 700 residents through Salford's construction training partnership. The Young People into Construction initiative has created 60 apprenticeships, and 11 trainees have started brick-working courses at the Maine Road Training Centre in Manchester. However, precise numbers associated with the pathfinder programme are difficult to assess. MSP is looking to work with other pathfinders and the HCA to develop more robust methods of quantifying the level and range of jobs created or safeguarded through HMR investment.
- 73 The pathfinder has strengthened the alignment of the HMR programme with other key approaches within the subregion. MSP now manages the growth point programme for AGMA. It is also a key member of the planning and housing commission support group of AGMA, helping to develop a single strategic approach to housing and economic development across the new pilot City Region. It is also a key member of the new growth point steering committee covering four AGMA authorities¹ developing a coordinated approach to land remediation, utilities, flood plain solutions, transport and access. In this way, the pathfinder is ensuring a continuing close alignment between HMR and other economic development initiatives in the region.
- 74 The pathfinder has continued to work well with its partners to address issues of anti-social behaviour and crime in its intervention areas. MSP has produced a good practice guide to community engagement published in September 2009, which includes approaches to ensuring community cohesion. It has continued to work through local teams to increase involving housing associations in addressing anti-social behaviour (ASB), and all housing associations in the MSP area are now signed up to the Respect standard². Partners have produced ASB guidelines to further help in this work locally and one partner has developed specific commitments as part of its overall management action plan. This work will help the pathfinder and its partners improve conditions and quality of life in pathfinder neighbourhoods.

¹ Initially focused on the Cities of Manchester and Salford and the Boroughs of Bolton and Trafford.

² The Respect Standard for Housing Management forms part of a drive to ensure that local agencies tackle unacceptable behaviour and its causes to improve quality of life for residents - particularly those in the most disadvantaged communities and is aimed at social landlords. It is a voluntary Standard which the Government wants as many landlords as possible to sign.

Efficiency and effectiveness

- 75 To underpin successful delivery, pathfinders need to achieve and show 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.**
- 76** In our 2008 performance review we judged that MSP was performing strongly in its approach to efficiency and effectiveness. The pathfinder was continuing to work with its partners to ensure the delivery of outcomes and efficiency savings. In our Use of Resources Assessment published in January 2009¹, we found MSP to be performing strongly and recommended it develop an overall strategic approach to value for money, including an improved approach to benchmarking.
- 77** MSP is continuing to perform strongly in this area. It has attracted extra funding into the HMR programme to help deliver lasting and positive change for local communities, and has developed a strategic framework and an efficiency plan. The pathfinder has made efficiency savings in some areas, although it has not achieved all planned savings. Its approach to benchmarking is developing, although the pathfinder has not identified clear outcomes from this yet.
- 78** The pathfinder has successfully secured extra funding for local communities within its intervention areas. The amount of public finance directly levered into HMRF projects and activities increased from £13.23 million in 2007/08 to £17.26 million in 2008/09. Similarly extra private funds increased from £7.65 million to £18.93 million. This means the pathfinder was able to get an added £0.36 private funding for every £1.00 of HMR funds.
- 79** The pathfinder is working effectively to secure continuing funding for positive and lasting change in its intervention areas. It has successfully attracted HomeBuy² and other public investment during 2009/10 to help keep momentum in its programme through the economic downturn. All 10 schemes shortlisted in the subregion for consideration under the government's Kickstart initiative are within the MSP area. So far, five schemes have been approved, amounting to £16 million to provide over 470 new homes for sale or rent by March 2011.

¹ . The report can be found [here](#).

² HomeBuy enables social tenants, eligible key workers and first time buyers to buy a share of a new home through additional government loans to qualifying applicants.

- 80 The pathfinder has recognised the need to consider an ever-wider range of funding to support the pathfinder programme in the future. It has started to consider options for a local asset backed vehicle¹ and local housing company² investment models. The pathfinder has also recognised the need to bring in external expertise to help it develop initiatives that will continue the development programme in the future. It has set up an expert's reference group to advise and test options to help develop solutions for stalled development sites, although it is too early yet to see the outcomes from this group.
- 81 The pathfinder has continued to develop its approach to efficiency in the last year, and it has identified some efficiency savings, although it has not achieved all planned savings. It has developed a value for money framework to show an overall strategic approach and it has updated its efficiency plan with outcomes for 2008/09 and developed a new plan for 2009/10. It achieved savings on the costs of staffing, neighbourhood management and in collecting and sharing housing markets intelligence. However, it did not achieve the predicted savings in the private rented licensing scheme and it is unclear what efficiencies it secured in joint research and marketing work. Unit costs have been subject to an independent appraisal by the pathfinder's technical adviser, but the outcomes and impact of this work are unclear. The pathfinder also intends to achieve extra savings through, for example, jointly procuring a review of private rented licensing with both Councils. Hard targets for these are however unclear.
- 82 The pathfinder is sharing its knowledge with others which will potentially help to improve efficiency and effectiveness. MSP has developed good practice guides in areas such as risk management and working with developers, which it has shared widely with its partners and others. The pathfinder is also working well with its partners in the subregion to align strategies and AGMA has for example chosen it as the delivery partner for the growth point. These approaches will potentially achieve economies of scale, although hard outcomes are unclear so far.
- 83 The pathfinder has not yet fully developed its approach to benchmarking. MSP has identified involvement in the pathfinder wide benchmarking group as a key action within its efficiency plan. It has attended meetings and noted that unit costs will be reviewed by an external agent but outcomes from these have not been identified.

¹ LABV; a 'public-to-public' vehicle, into which the council would inject sites, which could then be 'matched' by contributions from the homes and communities agency.

² The Local Housing Company model is a joint venture between the public and private sectors, with local authorities 'investing' land in the development process and private developers and other investors providing funding to an equivalent amount. Both organisations will share the risks and benefits (such as an uplift in land values) of the development process.

Appendix

Summary of review work undertaken

- 1 During this assessment, the Audit Commission assessment team undertook the following work.
 - Visits to areas in which the pathfinder is working to see what changes are visible to residents of Manchester and Salford.
 - Meetings with local residents.
 - Interviews with managers and board members of the pathfinder.
 - Focus groups of local authorities and other stakeholders.
 - A review of documents to found on the pathfinder website.
 - A review of the current set of plans, performance reports and other documents provided by MSP.

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)

- 2 Management of a mixed tenure scheme.
 - The pathfinder is working with its partners to provide a single housing management service for all common parts across a mixed development of properties for sale and rent. The Lower Broughton development in Salford has over 500 homes currently built, with a mixture of owner-occupied, social and private rented and shared ownership homes. The plans are for a community of over 3,500 mixed tenure homes with no physical distinction between tenures. The pathfinder has worked with the developer partner, the Council arms length management company and the housing association, to provide a unified management service across all tenures, paid through a service charge for all residents. This is promoting long-term sustainability and attracting a wide mix of residents to the scheme.

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