

HMR strategic review 2010

Manchester Salford Pathfinder

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Housing market renewal

The housing market renewal (HMR) programme has been in place since 2003. Its focus is on tackling the problem of declining demand for housing in parts of the Midlands and North of England. Its aim is to deliver change on a large scale, working across areas with weak housing markets, irrespective of local authority boundaries. Manchester Salford pathfinder (MSP) is one of ten pathfindersⁱ working with partners to develop and deliver wide-ranging strategic plans for their housing markets, in what was originally envisaged to be a ten to 15-year regeneration process.

In October 2010, the government announced that funding for the HMR programme will end in March 2011. However, the coalition agreementⁱⁱ identifies policy direction that will impact on the future of renewal work, including in HMR areas. These include:

- devolving greater power and financial freedom to local government and communities;
- supporting Local Enterprise Partnerships (LEP)ⁱⁱⁱ and removing top-down targets and unnecessary regional bureaucracy;
- reforming the planning system so neighbourhoods decide the shape of their places with incentives provided for sustainable development;
- exploring measures to bring empty homes into use;

ⁱ 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)

ⁱⁱ published 20 May 2010, the agreement sets out a programme for partnership government over the next five years

ⁱⁱⁱ Local Enterprise Partnerships (LEPs) set to replace Regional Development Agencies by April 2012, will be locally owned partnerships between local authorities and business to drive economic growth across an economic area

- promoting affordable home ownership, including by Local Housing Trusts;ⁱ and
- improving the energy efficiency of new housing.

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

Our work supports the pathfinders' development and provides HCA and its sponsoring body, the Department for Communities and Local Government (DCLG) 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.

ⁱ Local Housing Trusts will be modelled on Community Land Trusts; local bodies that own or manage land and assets in perpetuity for the benefit of the community

Pathfinder strategic review

1 This report seeks to reflect the principles and focus of the developing agenda. There are three separate but interrelated elements to the assessment.

2 The first element explores how successfully the pathfinder performs across a range of themes.

- Productivity and performance - the cumulative impact of interventions including economic outcomes secured through HMR.
- Neighbourhood focus - what has been achieved in priority neighbourhoods of Lower and Higher Broughton in Salford, and Lower East and Greater Harpurhey in Manchester.
- Local influence, governance and accountability - the extent local people influence spending priorities, and engage in decision making.

3 The second part provides a perspective on the risk to pathfinder neighbourhoods from decreasing planned investment. It reports key market changes since the start of the programme and explores the nature and scale of the challenge remaining.

4 The third part considers the emerging plans for the area and preferred strategies for continuing the work started by pathfinders. It was confirmed in the spending review (SR)ⁱ, that there will be no dedicated HMR funding after March 2011. Local partners will be taking a different approach in each area - to suit local needs and available resources. But generally, the primary focus is likely to shift from housing and physical regeneration to encompass broader economic considerations.

5 Our previous work with pathfinders informs this strategic review. In February 2010ⁱⁱ, we reported MSP was performing strongly. In 2010/11, the overall position is unlikely to alter. In-year change and ongoing market difficulties brought continuing challenges, while positive performance was maintained; many uncertainties remain regards future delivery.

6 This report captures the evolving situation as at December 2010. Emerging plans for the area and preferred strategies and structures for continuing the work begun by HMR are outlined, but future arrangements will be further informed by ongoing discussions locally and by developments nationally.

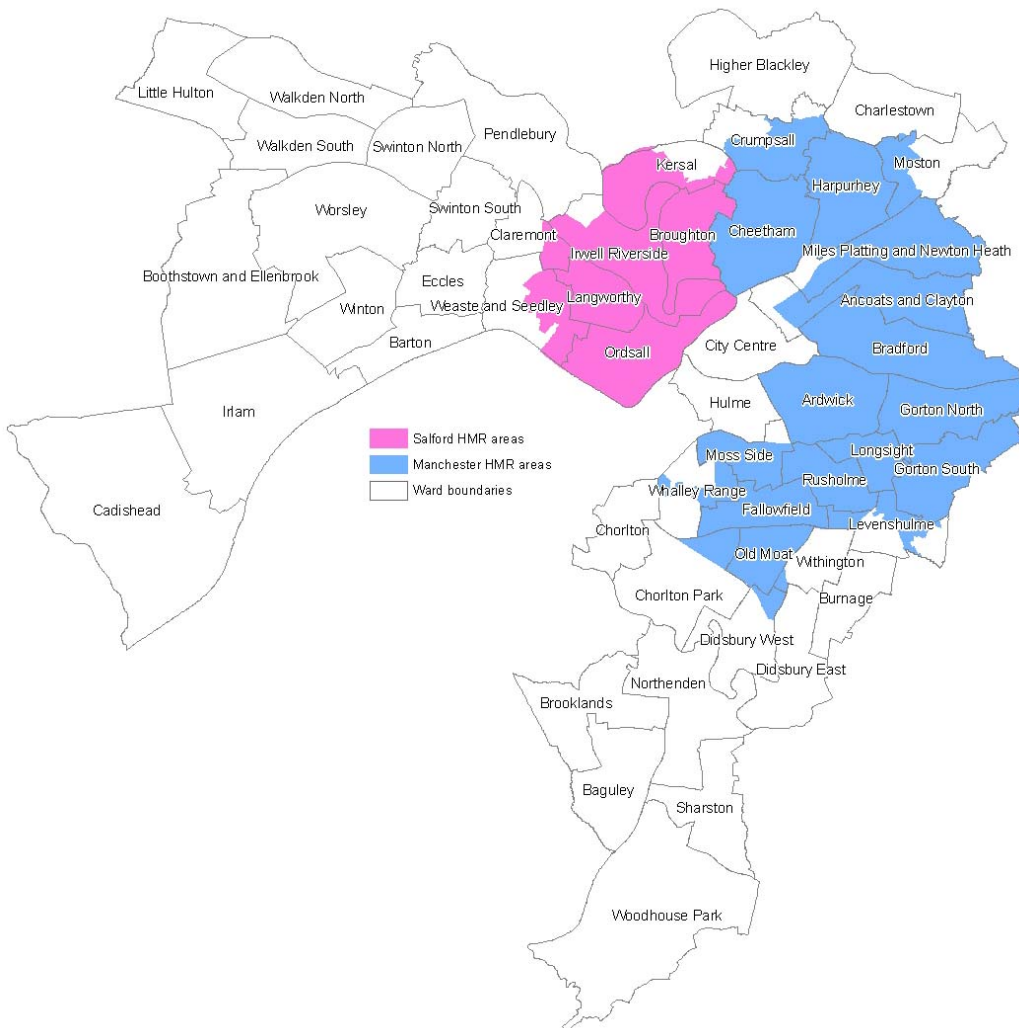
i the SR in October 2010 set firm and fixed four-year expenditure limits for government departments

ii the performance review report is available on the Commissions webpages at: <http://www.audit-commission.gov.uk/housing/marketrenewalpathfinders/reports/pages/default.aspx>

Context

7 MSP was established in 2003. It is situated at the heart of the Greater Manchester conurbation encompassing areas surrounding the city centre (see map below). The intervention area includes all or part of 19 of Manchester's 33 wards and eight of Salford's 20 wards. It covers an area of 6,379 hectares, some 30 per cent of the total area of the two local authority areas. It contains over 240,000 peopleⁱ, nearly 40 per cent of the total numbers living in Manchester and Salford overall.

8 Manchester and Salford Councils are two of the ten constituent local authorities of the Association of Greater Manchester Authorities (AGMA), which make up the Manchester City Region. In November 2010, the Government approved plans for this group to form the Greater Manchester Combined Authority.



ⁱ Census 2001

9 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. Historically residents have been unable to access economic opportunities in Manchester City Region because of low skills levels. Poor quality, low value housing and concentration of mono tenure estates contribute to this disconnection, and the self-reinforcing cycle of deprivation.

10 MSPs long-term vision is to create a mixed housing offer with a range of types, values and tenures that will meet the aspirations of both new and existing residents. Its aim is to maximise the productivity and competitiveness of the regional centre and to support the economic growth potential of the Manchester City Region.

11 MSP identified its core challenges as:

- the need to address the poor neighbourhood conditions prevalent across the area, one of the major barriers to securing the higher levels of development required in the region – fundamental to providing a housing market that supports economic growth;
- the inability or unwillingness of the private sector to lead and manage the complexity of remodelling, renewal, site assembly and new development, involving long programmes of consultation, preparatory work and construction to change fundamentally the conditions of blighted neighbourhoods; and
- the increasing challenge of managing neighbourhoods where private renting is increasing. This increases the fragility and sustainability of communities, even where house values have risen; and where new approaches to affordability, low cost home ownership and neighbourhood management are needed to ensure social cohesion.

Summary

12 From April 2003 to March 2011, MSP will have received £354.11 million of HMR funding. This is equivalent to about £154 per resident per year as compared to an average of £115 per resident per year across all ten pathfinders. MSP has successfully levered an extra £244 million complementary investment. It is estimated that this investment will have directly created or preserved some 7,700 jobsⁱ.

13 MSP has consistently met targets agreed with the HCA. By March 2011, it will have accomplished much of what it planned to do by this stage of its programme. While new build is less than anticipated, over 3,700 new homes have been built - the most secured by any pathfinder. It will also have improved over 14,500 existing homes, acquired 4,000, and demolished over 6,000 obsolete properties. Overall in the pathfinder area, developers have built some 15,000 new homes, making a significant contribution to the new housing supply in the City Region.

14 MSP has nearly completed its demolition programme and has made good progress on laying the foundation for long term transformation of the housing market in its major intervention areas. The HMR programme is starting to make an impact in wider outcomes for the City Region. The number of empty homes has reduced, there has been a growth in private homes, and the population has increased, reversing the long-term trend of decline seen over the previous 50 years.

15 MSP has consistently sought and responded to local views and ensured that community engagement is central to the neighbourhood renewal programme. Overall resident satisfaction within the pathfinder area has improved.

16 However, many challenges remain to meet the long-term vision for the area. MSP has previously been identified by the HCA as a pathfinder with larger pockets of market failure in need of restructuring but close to strong economies.ⁱⁱ This broad assessment remains accurate.

17 While the Greater Manchester economy is expected to recoverⁱⁱⁱ and employment to return to pre-recession totals by 2014, the pathfinder area continues to suffer above average levels of unemployment. There has been a significant rise since 2008, and almost 20 per cent of the working age population remains workless. House prices are significantly lower than levels achieved at the peak of the market in 2007, and values have not risen in line with other parts of the country. The MSP housing market relies heavily on public funding, and the subregional housing market is driven in

ⁱ see paragraph 39

ⁱⁱ see paragraph 72

ⁱⁱⁱ Manchester Independent Economic Review

part by HMR activity as about 25 per cent of all sales within the local authority areas are within the pathfinder.

18 In May 2010, the incoming government faced an unprecedented £156 billion shortfall. Tacking this was an urgent priority. HMR was one of many funding streams affected. A 17.5 per cent in-year cut across the pathfinder programme meant MSP's budget was reduced by over £6 million. The SR subsequently removed HMR as a separate funding stream and reduced the overall capital budget of the DCLG by 74 per cent by 2014. This means that any future funding for the pathfinder areas will have to compete with other local and subregional priorities.

19 MSP responded to the in-year cuts by reducing the improvement programme in Salford and stopping the acquisition and demolition of any more non contracted properties in Manchester. The end of dedicated HMR funding after March 2011, presents a significant challenge for Manchester and Salford City Councils. While no decision has been made about the future role of MSP, there remains a commitment to take forward the regeneration programme within both cities. Future investment priorities are being determined as part of the emerging plans for wider City Region regeneration and growth. The proposed new strategy places an emphasis on innovation, engagement with the private sector as investors, and developing solutions not dependent on public subsidy.

20 The Greater Manchester Combined Authority is expected to take effect from 1 April 2011ⁱ. This allows the City Region to take on greater responsibility for significant issues including transport, regeneration and economic development. The authority will function as the accountable body for the Greater Manchester LEP and will ensure a coordinated approach across the ten local authorities that make up the Manchester City Regionⁱⁱ. The LEP is seeking resources from the Regional Growth Fund (RGF)ⁱⁱⁱ, and MSP worked with partners to ensure HMR features in the bid. The outcome of this will be known by March 2011.

- i** ministerial approval was granted in November 2010. The Authority will be governed by a senate of ten council leaders, who will take decisions on issues concerning the city region
- ii** the ten authorities are: Bolton Council, Bury Council, Manchester City Council, Oldham Metropolitan Borough Council, Rochdale Metropolitan Borough Council, Salford City Council, Stockport Metropolitan Borough Council, Tameside Metropolitan Borough Council, Trafford Council and Wigan Council
- iii** the regional growth fund is a £1.4 billion fund that will operate for three years between 2011 and 2014 to stimulate enterprise by providing support for projects and programmes to create long term private sector led economic growth and employment. In particular it will aim to help those areas that are currently dependent on the public sector make the transition to sustainable private sector-led growth

Strategic review of progress

This captures and evaluates successful outcomes at both pathfinder and neighbourhood level. It focuses on overall productivity and performance, achievements in major intervention areas, and the extent to which local people have influenced decisions.

Productivity and performance at the pathfinder level

Local Impact - Cumulative outputs

21 MSP will have received £354.13 million HMR funding from April 2003 to March 2011. It has successfully attracted an additional £156.74 million public and £87.27 million private direct funding into its HMR schemes.

22 Almost half of its spending (49 per cent) has been on preparing sites for development through residential and commercial acquisition, demolition and remediation. There has also been large-scale investment in improving homes (17 per cent) and environmental improvements (13 per cent).

23 As Table 1 shows, while the pathfinder will not achieve all it has planned, it has made significant progress in its intervention areas since the start of the programme.

Table 1: **MSP Planned and Achieved outputs 2003 to 2011**

Intervention	Planned	Achieved ⁱ	Achieved to planned
New Build	5696	3807	67%
External Improvements	14072	14578	104%
Demolitions	6050	6014	99%
Properties acquired	4405	4031	92%
Land acquired (ha)	20.986	16.56	79%

Sources: MSP Business Plan 2008/11 and MSP returns to Audit Commission.

ⁱ 2010/11 outputs are final forecast agreed with HCA

24 While new build is less than anticipated, this was affected by the general slowdown in the housing market, and MSP is optimistic that momentum can be maintained in areas like New Broughton, Salford to continue and help deliver target numbers beyond March 2011.

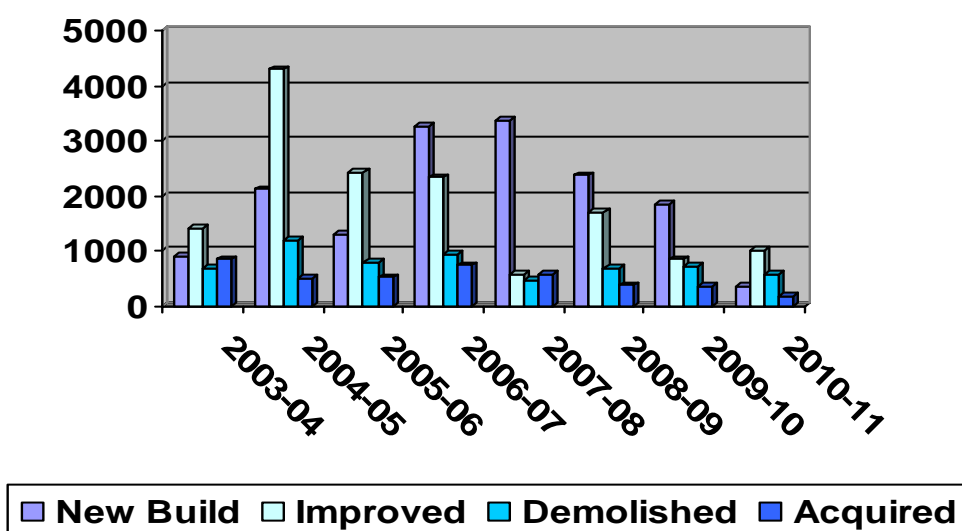
25 Fewer properties were acquired than planned, mainly as a direct response to resident feedback. In South Manchester, for example, HMR is funding internal and external refurbishments instead of acquisitions. Delays in acquisitions due to the market downturn also impacted with large-scale slippage of outputs in the New Broughton area and in the Top Streets area of Salford.

26 Underachievement of land acquired was also partly because of the effect of worsening market conditions. It was also because of a mistaken forecast within the 2008/11 Business Plan - the figure for Moss Side intervention area included nearly 2.34 ha of acquired land that should have been reported as land made available.

27 In 2008, the pathfinder updated its investment strategy to reflect the market downturn. The programme emphasis moved away from acquisitions and external improvements and towards targeted demolitions and supporting new build.

28 This strategy worked. As Figure 1 below shows, despite the impact of the market slowdown, the pathfinder has kept new build going through direct HMR funding. This has helped the area as a whole keep developer confidence. Overall in the pathfinder area, developers have built 15,000 new homes, making a significant contribution to the new housing supply in the City Region.

Figure 1: **MSP Outputs 2003-2011**



Source: MSP returns to Audit Commission (2011 estimated).

29 The housing market remains unpredictable but the pathfinder is still expecting to deliver 360 new build, 1014 improvements, 167 acquired, and 579 demolitions in 2010/11.

Local Impact - Cumulative outcomes

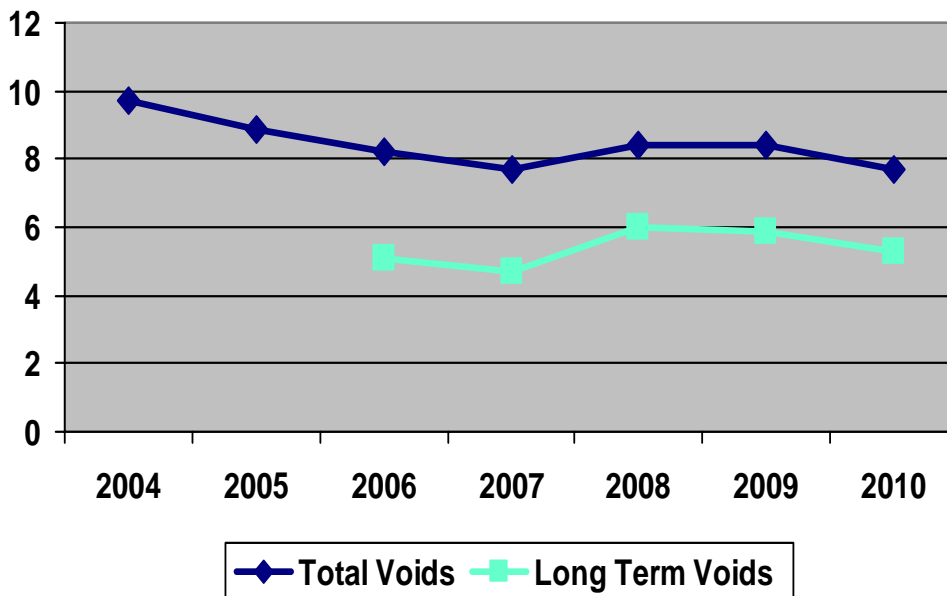
30 MSP has made good progress in several outcomes that show the impact the HMR programme is starting to make.

Empty Homes

31 As Figure 2 shows, overall the number of empty homes in the pathfinder has reduced. While numbers increased slightly between 2007 and 2009, they reduced again in 2009/10 to the same level as in 2006/07. Total void rates remain significantly lower in the pathfinder than they were in 2003. They currently stand at 7.7 per cent, although still higher than the 6.5 per cent for Manchester and 5.6 per cent in Salford.

32 Data for long-term voids (over six months) within the pathfinder is available from 2006, and shows a similar trend. However, the level in 2010 is higher than in 2006, and in parts of the area, such as North Manchester numbers increased showing a potential lack of demand. Most of the long term voids are in the East Central, Higher Broughton, Lower East Manchester and the Seedley and Langworthy intervention areas. Many of these properties are rented privately, and the pathfinder has been working with the two city councils to address an emerging problem of poor management practices in these areas.

Figure 2: **MSP Void rate**



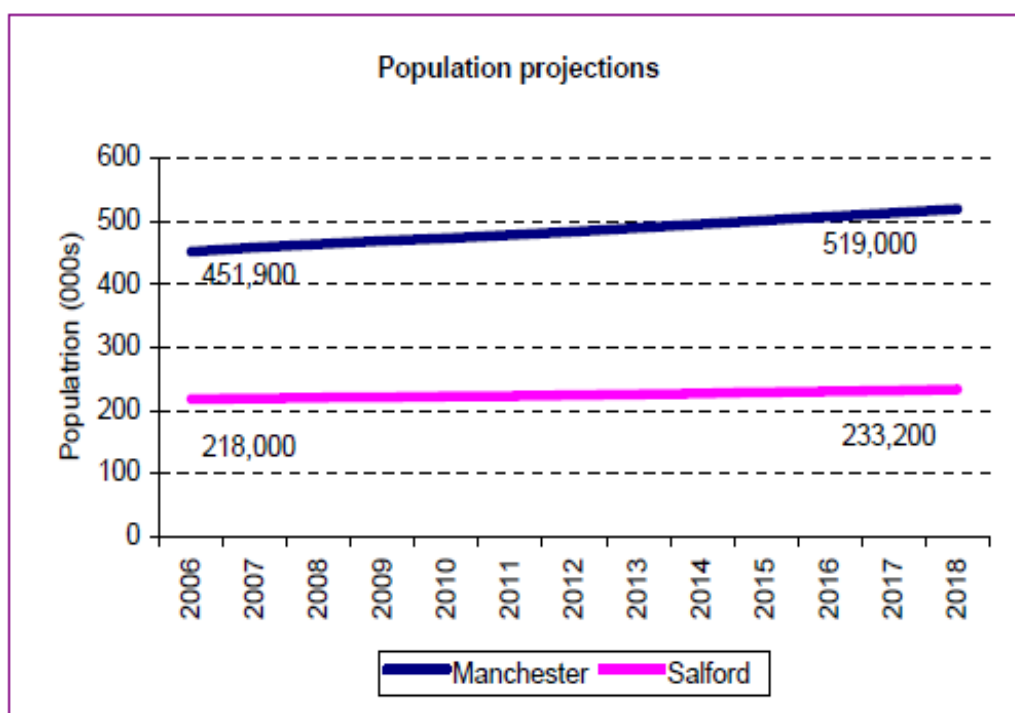
Source: MSP returns to Audit Commission

Population

33 Between 2003 and 2009 the total population within the pathfinder area increased by 7.2 per cent (19,210 people). The total working age population increased by 4,500 (a 3.8 per cent increase). This is a significant change in trend, and HMR funding is one of several funding streams that have contributed to this turnaround. The rise in population over the last ten years is in marked contrast to the declines witnessed in the previous century. This brings long-term social and environmental benefits for the area as more people are again living close to a major concentration of employment.

34 Figure 3 shows the latest projections for the two local authority areas, which predicts population continuing to increase overall and most rapidly in Manchester.

Figure 3: **Population trends**



Source: Oxford Economics, Greater Manchester Forecasting Model 2009.

Source: MSP

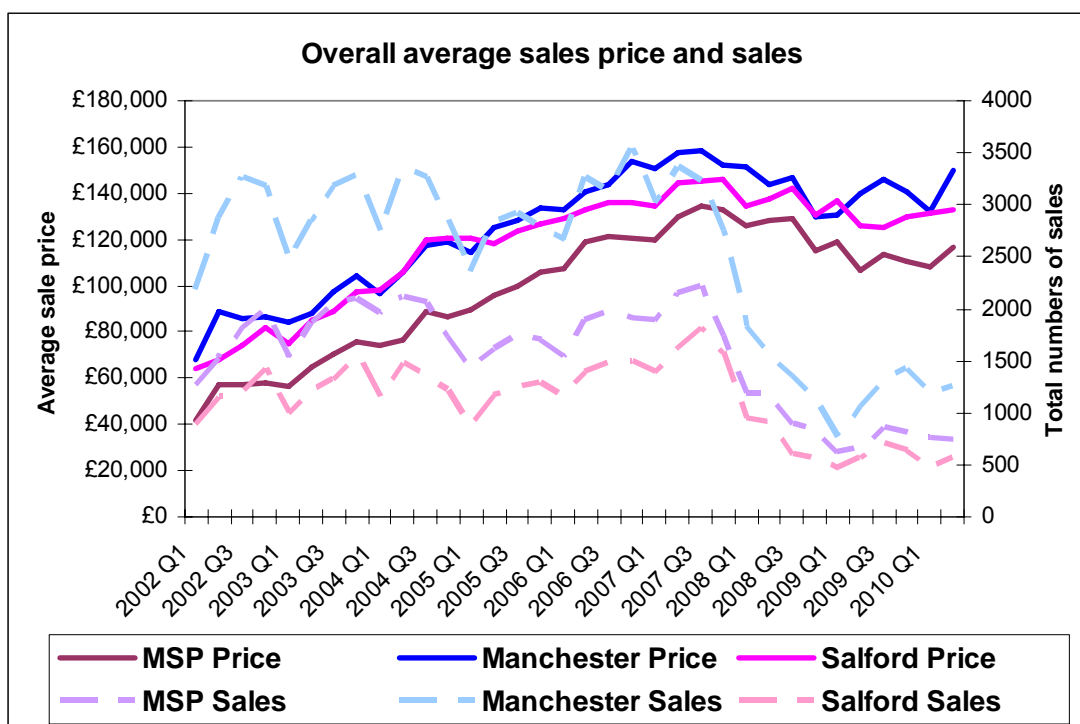
House prices

35 The MSP area has historically been one of low property values. Figure 4 shows prices in the pathfinder and the two cities increased from 2002 until the market slowdown in 2007. After the credit crunch prices in Manchester declined rapidly while those in Salford remained relatively stable. A drop in investor confidence in the City Centre market may in part explain the sharp drop in overall house prices in Manchester between 2007 and 2009. All prices have started to recover again in 2010, although still below the peak values in 2007. The gap between pathfinder prices and the

two cities had narrowed between 2002 and 2009, but has started to widen again more recently.

36 Figure 4 also shows that while the overall volume of sales has dropped, the proportion of all sales which are in the pathfinder area is still significant. Sales in the pathfinder area in March 2010 were over 60 per cent less than in 2002 and over 70 per cent less than the peak in 2007. However, the proportion of all sales in the subregion that were in the pathfinder was still 25 per cent in March 2010. This shows the continuing importance of HMR developments in the local housing market at a time of economic slowdown.

Figure 4: **Average house prices and sales**



Source: MSP

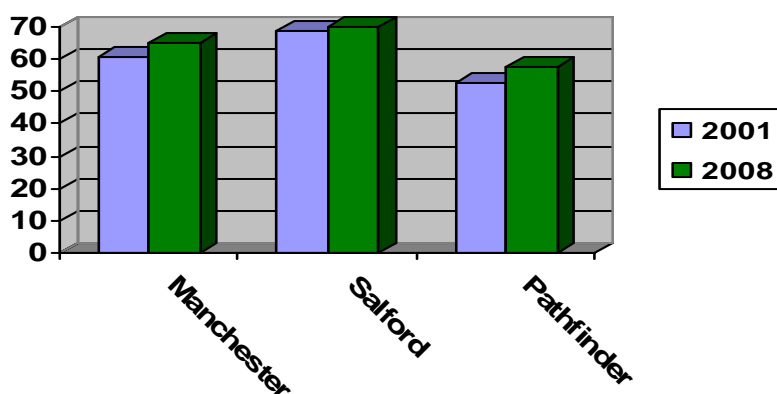
Tenure change

37 The pathfinder area is historically characterised by low levels of owner occupation compared with the national, regional and subregional averages. MSP set out to change the balance of the housing market, by demolishing unpopular and obsolete private and social rented housing, and providing a broader mix of tenures and house types.

38 Figure 5 shows the balance of tenures is changing, with more homes privately owned, though it is not clear to what extent this equates to a rise in owner occupation, or private renting. However, analysis by MSP of sales transactions shows that over half of all residential sales between 2003 and 2008 were to owner occupiers, suggesting that both have contributed to the growth. The near 5 per cent increase (52.7 to 57.6) in the percentage of privately owned homes in MSP is higher than for the wider Manchester and Salford Council areas.

Figure 5: **Privately owned homes - 2001 and 2008**

As percentage of all housing stock



Source: MSP Annual Housing Market Report October 2009

HMR contribution to the local economy

39 Pathfinders have only recently been required to record the economic impact of their interventions. No formal data is therefore available to report the total number of jobs and training places secured since 2003. However, it is estimated that based on funds granted and the activity reported up to March 2011, HMR investment in Manchester Salford will have:

- created some 4,700 jobs in construction and related industries as a result of new homes builtⁱ; and
- helped preserve over 3,000 jobs in the construction industry each year as a result of refurbishments to existing homesⁱⁱ.

40 Case study 1 provides examples of the way the pathfinder is working with its development partners to provide training and employment opportunities.

i calculated on HMR total new build; using data on jobs created reported in Government response to DCLG Committee's report on Housing and the Credit Crunch- follow up Sept 2009: HMSO CM7695 Crown copyright; which equates to at least 1.25 jobs created or maintained each new house built

ii calculated on HMR refurbishment (60 per cent of 90 per cent capital spend); using data in House of Commons written answers 28 June 2010; that DCLG in 2009 estimated every £1 million of investment in home refurbishment supported 17 net jobs for a year

Training and employment opportunities in Broughton, Salford

In Broughton, the B4Box programme, supported by the local development partners, aims to provide apprenticeships and work experience through the local developer. This focuses on a years work and training to NVQ 2 level. B4Box takes 80 per cent of its employees from people on benefits, who live locally.

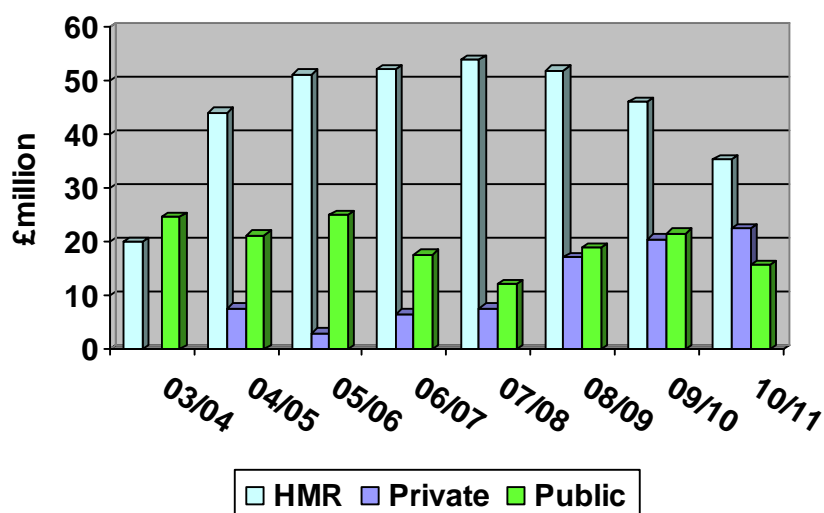
In the Lower and Higher Broughton major intervention areas, the Step 1 construction project provides training opportunities for disadvantaged local residents. Local developers, the housing association and the City Council jointly fund this project. It helps local unemployed people to develop skills suitable for construction industry as well as other jobs such as retail and resident consultation. The project has taken 28 local residents, 20 of whom achieved accreditation (71 per cent) and 8 (29 per cent) went on to added training or education. Only 25 per cent of the intake had any qualifications before joining the scheme, so this represents a significant improvement in the job readiness of local people.

41 MSP's research shows HMR has positively impacted on Council Tax revenues. Between 2005 and 2010, income increased in Manchester by 6.6 per cent and in Salford by 7.7 per cent. Significantly, however, in the MSP area the increase was 20.4 per cent. This in part was a result of the HMR supported new build homes.

Added value secured through HMR

42 Nationally, in 2009/10, every £1 of HMR investment directly attracted £0.50 of private investment and £0.68 of public investment. For MSP the comparable figure was £0.45 private and £0.47 public investment. While these figures are below the pathfinder averages, MSP has successfully increased the directly levered private investment in the last four years as Figure 6 shows.

Figure 6: HMR and Directly Levered Investment



Source: MSP Returns to HCA

43 The HMR programme has so far generated capital receipts of £1.83 million, which have been recycled into renewal schemes. The programme has overall accumulated about 59 hectares of land ready for development. MSP had identified that if sufficient funding is in place, over the next 5 to 10 years this land could deliver a further 3,000 homes and generate additional capital receipts of over £30 million.

44 The pathfinder coordinates HMR with other investment programmes to secure added benefits and increase the impact in the intervention areas, as shown in Case Study 2.

Increasing impact of investment

In Greater Harpurhey, significant public and private investment complement HMR. A new Surestart centre, new sixth form college and high school adding to the existing satisfactory supply of primary schools. The quality of education facilities available is improving and this is a key consideration for home buyers. Other public investment includes a new library, the metrolink, a new GP practice and the new Irish Heritage Centre. Nearby, the Manchester Fort shopping complex attracts private investment while the Central Business Park is a well-established centre for employment.

The pathfinder has helped to secure extra investment bordering its intervention sites in Lower Broughton. A private developer working with Salford University renovated a Grade 2 listed building and developed good quality homes on a site over the road from the New Broughton scheme. This has attracted some £1.7 million added public and private funding into the local area.

The impact of in-year budget changes

45 In May 2010, the incoming government faced an unprecedented £156 billion shortfall. Tackling this was an urgent priority. HMR was one of many funding streams affected, with a £50 million capital budget reduction, representing a 17.5 per cent in-year cut for each pathfinder budget. For MSP this equates to £6.7 million leaving a budget of £35.3 million for 2010/11. The government also removed the ring-fencingⁱ of HMR funds as part of a move to give councils more freedom over spending decisions.

46 The pathfinder reviewed plans for 2010/11 with the two city councils. In July 2010 they agreed a reduced programme. The main impact of the in-year budget cuts are as follows.

- In Salford, a cut in the programme in Seedley and Langworthy, means housing and environmental improvements cannot be completed. These programmes, developed with the community, support new housing and areas of retained housing. Rebuilding confidence among existing and potential residents is one of the key strategic goals for regenerating the area. The early ending of this investment could undermine confidence both among residents and potential private investors.
- In Manchester, the improvements to retained stock along with the acquisition and demolition of any additional properties did not proceed as originally planned. These include around Maine Place, the Redrow development sites and Moston Lane area in North Manchester, and the Ben Street area in East Manchester (alongside the proposed

ⁱ Ringfencing is when the government gives money and predetermines its use, rather than allowing the local authority to make the decision.

investment around the City of Manchester Stadium). All of this activity was designed to protect previous HMR investment by supporting the viability of key development schemes and related investment.

47 The longer term impact of the ending of HMR funding is considered later in this report.

Local influence, governance and accountability

Local influence

48 MSP has consistently sought and responded to local views and ensured that community engagement is central to the HMR programme. It produced a Good Practice Guide to Community Engagement in 2009, which brought together a toolkit of best practice from within the MSP area. The pathfinder, working through local delivery teams, has ensured that local plans developed for HMR schemes reflect residents' views and focus on the needs of the local community. (See Case Study 3)

49 Overall resident satisfaction within the pathfinder area has improved. The proportion of respondents satisfied with their areas as a place to live increased from 73.5 per cent in 2007 to 79 per cent in April 2009. The proportion of respondents across MSP who agreed that their new build property they had moved into had lived up to expectations improved significantly from 55 per cent in 2007, to 88 per cent in April 2009.

Resident engagement in regeneration plans

Local residents helped devise the plans for Lower Broughton. Recognising the need for effective community engagement, the developer used a variety of participation methods to help overcome residents scepticism and potential negative perceptions of a private developer. An initial listening event in 2003 attended by over 200 residents identified what the community liked and disliked about the area.

The developer then organised a study trip to Peckham in London and to Great Nutley in Essex, to demonstrate the success achieved by the developer there. A series of themed planning workshops involved all local stakeholders, allowing the exploration of detailed design issues. An information and consultation bus also toured every street in Lower Broughton for ten weeks in 2004.

The creation of a formal steering group, the Lower Broughton Regeneration Partnership with representation from across the area, has further strengthened community involvement. This group has successfully lobbied service providers to improve services locally, and has also worked with young people in the area to establish a youth forum that feeds into the main steering group.

Salix Homes, the delivery partner, has also engaged with local people using neighbourhood committees involving regular meetings with representatives from Council owned as well as private properties. To ensure all sections of the community can attend it provides taxis for elderly or disabled residents. Intensive one to one consultation is also undertaken to consider residents individual transfer requirements. In this way the HMR programme takes account of the views of local people in determining the shape of their neighbourhoods.

Governance and accountability

50 Pathfinder governance arrangements support local delivery teams, and have helped develop a joint approach to dealing with market issues and allocating HMR investment across local authority boundaries. The MSP Partnership Board includes representation from the two local authorities through their lead members for housing, funding agencies, and independent Board members from the academic, development and financial services sectors. It is a small group that balances representation from statutory and funding partners with independent private perspectives. The Partnership Board has two subcommittees one to consider strategy and to develop new approaches, and the other to look at delivery plans and performance. A

Core Management Team (CMT) of senior local authority officers services the Partnership Board, and is chaired by the pathfinder director.

51 The two local authorities have effectively determined strategic regeneration priorities and delivery arrangements. Investment priorities were developed by the local authorities and proposed to the Partnership Board by CMT. Area plans were also led by the local authorities within the context of the broader local authority led strategic regeneration frameworks, which include the two Urban Regeneration Companies, New East Manchester and Central Salford. In addition, Salix Homes, the regeneration ALMOⁱ operates in Central Salford and a New Deal for Communities partnershipⁱⁱ has operated in Charlestown and Lower Kersal in Salford.

52 The two local authorities are effectively accountable to the public for pathfinder actions. They carry out extensive public consultation as part of area and neighbourhood planning, providing good accountability to the public at this level. Residents are engaged at various levels throughout the HMR programme, although they are not directly involved in the Partnership Board. Extensive community consultation and engagement underpins the HMR programme. Residents helped draw up Strategic Regeneration Frameworks for North, East and South Manchester and Central Salford. These integrated frameworks set out the physical, economic, social and environmental actions required to deliver renewal. Residents also helped with the local physical planning and masterplanning for priority neighbourhoods. At scheme level, residents help decide the nature of proposals and the specifics of projects.

53 The pathfinder keeps residents in regeneration areas well informed and supported. Residents for example have expressed high levels of satisfaction with the way that their transfer to a new build scheme was handled in New Broughton. Community representatives have said the pathfinder is good at telling residents about the progress on regeneration programmes through involvement at neighbourhood committees and through regular and easy contact with delivery staff. This has helped local residents feel engaged with the regeneration in their area.

Neighbourhood impact

Achievements in major intervention areas

54 Table 2 provides details of the HMR programme across four of the highest spend areas. In total, they account for 46.5 per cent of all HMR spend across the pathfinder area.

- i** 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
- ii** New Deal for Communities is a Central Government-led regeneration programme for the regeneration of some of the country's most deprived neighbourhoods

Table 2: **Cumulative investment and outputs in key neighbourhoods 2003 - 2011**

	Lower Broughton	Higher Broughton	Lower East Manchester	Greater Harpurhey ⁱ
HMR Funds	£22,882,000	£31,257,000	£73,137,476	£37,427,297
Direct and indirect Public funds levered	£15,076,110	£7,291,879	£21,784,634	£15,580,141
Direct and indirect Private funds levered	£65,000,000	£24,800,000	£3,732,000	£2,144,600
New Build Properties	685	248	96	40
External Improvements	19	573	1,429	1,776
Demolitions	625	625	943	628
Acquisitions	468	345	321	562
Land acquired (ha)	2.837	2.086	0	0

Source: MSP returns to Audit Commission, Jan 2011 (including forecast figures for 2010/11)

55 This review provides further details from two of these major intervention areas, one from each local authority, which illustrate progress at the neighbourhood level.

Lower Broughton, Salford

56 Lower Broughton experienced rapid population decline over a 30-year period beginning in the 1970s. The population of the area fell from about 12,000 to 2,000 people, leading to associated problems of social exclusion and deprivation. In recent years the area has suffered from serious crime, health, and unemployment problems. Before regeneration began, 70 per cent of homes in the area were within a low-density Council-owned estate.

57 Neighbourhood Planning began in Lower Broughton in 2003 prior to the formation of the HMR programme. Salford City Council worked alongside local residents and Countryside Properties to transform the area. In 2004 Countryside Properties and the Council entered a development agreement. A formal partnership between the Council, Countryside Properties and registered social landlords is investing £500 million over a ten to

ⁱ the figures are to March 2010 do not include private leverage of about £2.6 million and about 30 new build properties expected in Harpurhey during 2010/11.

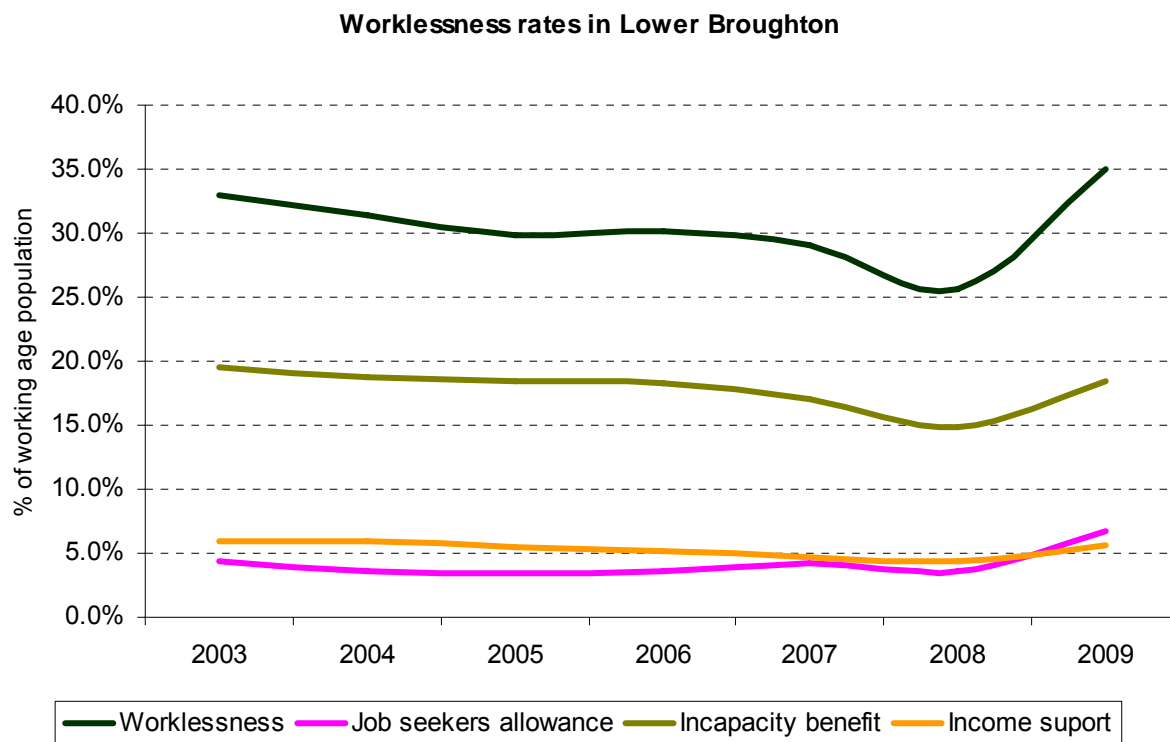
15-year period to build a new sustainable community, New Broughton. It will include more than 3,500 mixed-tenure homes alongside a full range of community facilities and services, including shops and leisure facilities, schools, open spaces and local employment opportunities.

58 HMR is helping to transform Lower Broughton in Salford. Construction of the first new homes at New Broughton began in autumn 2006. Up to 70 per cent of homes are earmarked for sale, with no visible difference between different tenures. Although at present market conditions have led to a higher proportion of properties for social rented tenure, the long term aspiration to significantly increase the proportion of owner occupation remains. So far, 516 new homes have been built and occupied, 150 by existing residents of the area. Newcomers have been attracted to the area, meeting the strategic aim of increasing the local population. New shops on Broughton Lane are serving local consumer demand, with space becoming available to hold even more new traders.

59 Historically a low demand area, average house prices in Lower Broughton stood at £25,773 (38.4 per cent of the Greater Manchester average) in 2000/01. This improved to £139,600 (93.5 per cent of the GM average) at the peak in 2006/07. They have since reduced to £109,442 (73.8 per cent of GM average) in 2009/10. This makes it hard to continue developer investment without compromising standards or involving public investment. Long-term vacancy in the area has decreased from 6.1 per cent in 2006 to 4.5 per cent in 2009.

60 Between 2003 and 2008 overall worklessness reduced from 32.9 per cent in 2003 to 25.6 per cent in 2008. (see Figure 7) However numbers have been increasing steadily since May 2008. This shows the need for continuing efforts to tackle long-term and deep-seated worklessness in this area.

Figure 7: **Worklessness in Lower Broughton**



Source: MSP Case Study submitted to Audit Commission

61 Income levels in Lower Broughton lag behind City Region and national averages. Latest available figures for 2008 show average incomes were about £5,000 less than the Salford average and about £8,000 less than the national average. This is making housing less affordable for local people and increasing the demand for social housing.

62 The rate of domestic burglaries in Lower Broughton has risen over the past three years from 22 per thousand households to 42 in September 2009, although the estimated rate for 2010 shows a decline to 30. Interventions linked to preventing domestic burglaries such as alley-gating, target hardening and security awareness campaigns continue in partnership between Salford City Council and Greater Manchester Police. The rate of car crime in Lower Broughton has fallen over the past three years from 204 per thousand households to 190 in September 2009, with the estimated rate for 2010 being 110. However, in each year the rate of burglaries and car crime in Lower Broughton has been above the City-wide rate. Police continue to focus on the area, with action aimed at tackling crime and anti-social behaviour, and improving the marketability of the area.

Greater Harpurhey, Manchester

63 Greater Harpurhey contains a mix of housing types dominated by pre 1919 terraced housing, which varies in quality across the neighbourhood. Tenure of this terraced stock is split equally between owner-occupiers, private landlords and registered social landlords. Larger semi-detached properties are found on the edges of the area, and are more popular,

bordering open spaces. Small pockets of social housing are found throughout the area with wide variation in terms of demand and condition.

64 The area had regeneration schemes prior to HMR. This includes small-scale new housing development between 1995 and 2005, providing a mixture of semi-detached family homes and townhouses. However, not all sites cleared under previous initiatives have been built out, and the area contains some vacant or derelict sites. Generally, the environment and public realm in Greater Harpurhey is of poor quality, although an improvement in some HMR target areas is beginning to be seen, for example around the 128 new homes due to be delivered on the Hanson Road site.

65 The main focus of housing regeneration has been on external improvements and demolitions to make way for new homes. The pathfinder has made good progress in frontage improvements and clearing large sites for new homes, but the new homes are still in their infancy. The external improvement programme has upgraded the appearance of the mainly terraced streets. Places that once had 40 per cent of homes abandoned now see full occupation. The work, consisting mainly of acid cleaning to brickwork and rendering, new walls and alley-gating has acted as a catalyst for other spending by residents and landlords. Residents told us that crime and anti-social behaviour had reduced significantly and it was clear the work had brought the community together. Arson in particular had fallen and trees, plants and hanging baskets improve the overall appearance. The benefits to the public purse of less crime, arson and better health have not been assessed but are likely to be substantial. The evidence for the housing market is clearer - in Greater Harpurhey the average terraced house price in 2004 was £23,000, which was well below half of the Manchester average and a quarter of the national average. Between 2004 and 2009 they rose by 160 per cent, the second highest rise in the city. They now stand at £65,300, nearly 60 per cent of the Manchester average.

66 New housing construction assisted by HMR continues to take place in Greater Harpurhey in the face of uncertain economic conditions. MSP worked with the Council and Redrow to create a financial model reducing the risk to the developer, by deferring payment for the land until the sale of each home. A long-term agreement between the Council and Redrow ensued for building 405 family homes on six previously cleared sites. This will increase the proportion of owner occupation and achieve a more balanced community. Support for residents unable to get high street mortgages is available through a shared equity product: The Council keeps a 25 per cent share, repaid on sale or after ten to 15 years. In this way four bedroom homes can be bought for £99,000, which is affordable to many more local families.

67 But Greater Harpurhey is 'work in progress'. Large swathes of land are awaiting construction of new market homes. More terraced streets need facelifting, to support demand for new homes and to meet expectations of residents who have seen other streets benefit. Major intervention in places such as Collyhurst is in its infancy. Many underused, vacant and vandalised

individual buildings - especially pubs - blight the area. Failing to complete these outstanding challenges brings associated risks, as outlined later in this report.

Scale of HMR activity in context

68 Table 3 shows the scale of HMR activity in MSP and its constituent local authorities. The Major Intervention Areas (MIAs) containing around 15 per cent of all homes across the two constituent Councils.

Table 3: **Total homes in pathfinder and constituent council areas**

	total number of homes in constituent councils'	total number of homes in HMR area boundary	HMR as % of council total	total number of homes in MIAs to 2011	MIAs as % of HMR area	MIAs as % of council total
Manchester	195,825	94,051	48.03%	31,253	33.23%	15.96%
Salford	102,146	31,253	30.6%	13,537	43.31%	13.25%
TOTAL	297,971	125,304	42.03%	44,790	35.75%	15.03%
Lower Broughton				2,551	2.04%	2.5%
Higher Broughton				4,214	3.36%	4.13%
Lower East Manchester				6,590	5.26%	3.37%
Greater Harpurhey				13,500	10.77%	6.89%

Source: MSP returns to Audit Commission

69 Nationally, by March 2011, HMR investment will have averaged about £115 per resident a yearⁱ. For MSP the comparable figure is £154.ⁱⁱ

70 Nationally, HMR activity peaked in 2007/08 when HMR funding was at its greatest. External refurbishment is the dominant HMR activity, accounting for more than 60 per cent of total reported outputs between 2003 and 2011.

ⁱ HMR average figure is based on 2008 population estimates best fitted to actual pathfinder/HMR boundaries - excluding West Cumbria and West Yorkshire - totalling 2,123,856

ⁱⁱ based on 2001 census data and total HMR spend figure

71 In MSP, outputs peaked in 2006/07. HMR funding peaked at over £53.6 million in 2007/08 and has averaged over £44 million each year since 2003/04. External refurbishments account for 51 per cent of all outputs, less than the average. Site preparation (acquisition and demolition) has been significant accounting for 36 per cent of all outputs. New build accounts for 13 per cent of all HMR outputs. The low level reflects the impact of the recession, the high leverage of private funding supporting this activity, and the time-lag between site assembly and delivery of new homes.

Assessment of strategic risk

This examines the nature and extent of the market challenge remaining in the pathfinder area. It identifies specific areas most at risk of continued market weakness and most vulnerable to variation from programmed activity.

Economic and housing background

72 In February 2008, we provided a view of the relative need for investment of each of the pathfinder areasⁱ. MSP had a significant need for investment. The assessment came with many caveats. All HMR areas suffer from multiple deprivation and have a strong need for continued investmentⁱⁱ.

73 Drawing from this work, the HCA subsequently identified three typologies of HMR areas, each presenting different challenges requiring customised support:

- pathfinders with contained and reducing pockets of market weakness close to functional economies;
- pathfinders with larger pockets of market failure in need of restructuring but close to strong economies; and
- pathfinders with significant areas of structural failure remaining severely detached from the economic mainstream.

74 The HCA identified MSP as being in the second category, where the scale of physical and social deprivation will require continued funding and prioritisation. This broad assessment remains accurate.

75 Independent research in September 2010ⁱⁱⁱ found that both local authority areas are among the most vulnerable to cuts in public spending. Manchester is ranked 217 out of 324. It suffers from a high crime rate and a high proportion of the population claim unemployment benefits and are vulnerable to long-term unemployment. In addition, there is a low level of social cohesion and a small proportion of the workforce is self-employed. Salford is ranked 227 out of 324. Average house prices are low, the crime

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

ⁱⁱ multiple deprivation - areas showing signs of poor environment, low educational achievement, above average unemployment, low wages and high crime

ⁱⁱⁱ [BBC News - Spending review - Resilience rankings explained](#)

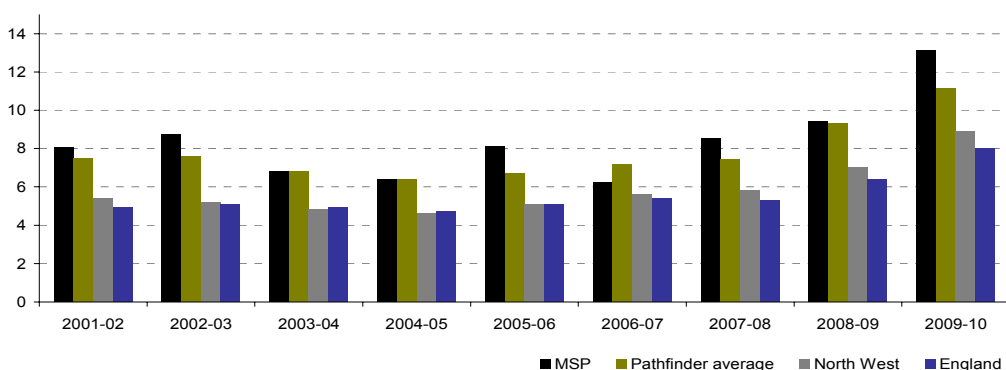
rate is high, and a high proportion of the population claim unemployment benefits. In addition, there is a high level of business insolvency and a low level of social cohesion.

Current housing and economic challenges

76 The Manchester Independent Economic Review published in April 2009 showed that the Greater Manchester economy is expected to recoverⁱ and employment to return to pre-recession totals by 2014. However, significant challenges within the City Region still remain.

77 Figure 8 shows that the MSP area continues to suffer above average levels of unemployment, with a significant rise since the credit crunch in 2007.

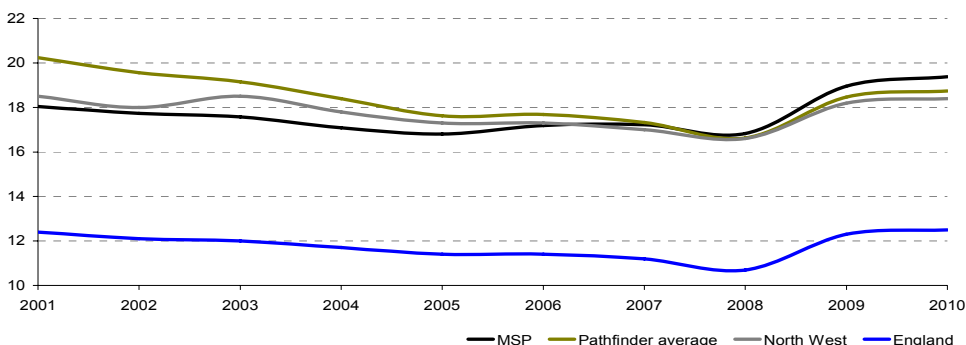
Figure 8: Unemployment data



Source: ONS

78 Figure 9 shows that for all out of work benefits, the MSP area is above regional and pathfinder averages. This is a reversal of the position prior to the downturn in 2007. In 2010 almost 20 per cent of the working age population is claiming out of work benefit.

Figure 9: Out of work benefit claimants

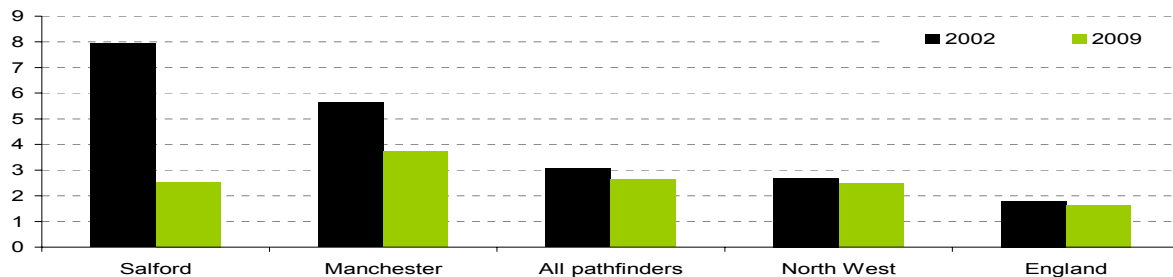


Source: ONS

ⁱ [Manchester Independent Economic Review \(MIER\) Website](#)

79 Figure 10 shows that despite a significant reduction in the percentage of long term empty properties between 2002 and 2009, the two cities remain above the national average. Salford, in 2009 was however lower than the average across all pathfinders and on a par with the North West average.

Figure 10: Long term voids



Source: DCLG

80 In May 2010 prices in Manchester, Salford and MSP were significantly lower than levels achieved at the peak of the market in 2007. Values locally have not responded to the prices rises reported nationally in other parts of the country during 2010. To recover peak values, prices in Manchester as a whole would need to grow by 11.1 per cent and in Salford by 9.4 per cent. A larger rise of 17.7 per cent would however be required in the MSP area to equal values achieved in the third quarter of 2007.

81 Sales have plummeted in both cities and MSP, and activity shows no signs of a recovery. Sales in May 2010 remained 68.8 per cent below the market peak in Manchester and 78 per cent below in Salford. The position in MSP is worse, in quarter two, 2010, sales 72.6 per cent below the market peak, and down by 15.5 per cent on the previous quarter.

82 The pathfinder has worked with its partners to provide various products targeted to enable the purchase of new homes. A recent pathfinder study looking at a sample of house sales in developments covering 1,379 properties showed that 40 per cent of homes built had been bought using some form of support. The First Time Buyers Initiativeⁱ has been popular, as has Homebuy Directⁱⁱ and Rent to HomeBuyⁱⁱⁱ. This has been successful in

- i the First Time Buyers' Initiative (FTBI) aims to make more affordable homes available to first-time buyers priced out of the housing market. This scheme enables key workers and other eligible groups to purchase a new build home on a designated FTBI development, with an affordable mortgage and government assistance
- ii HomeBuy Direct is a shared equity scheme designed to help first time buyers. The scheme is offered on specific new build properties brought forward by developers. Buyers are offered an equity loan of up to 30 per cent of the purchase price, co-funded by Government and the developer
- iii for those who can't afford to buy a low-cost home. The 'Rent to HomeBuy' scheme offers a reduced rent on a new home in order to save money for a deposit to buy a share of it later

linking prospective homeowners to properties they would struggle to buy or be reluctant to buy in the current climate. An emerging gap identified by the pathfinder is a product that supports buyers to offer a larger deposit and access a lower priced mortgage.

83 Table 4 shows how intermediate housing has been critical in securing sales on several key development schemes in the MSP area. In some areas, for example Fairfields, 100 per cent of homes were bought using equity loans and shared equity.

Table 4: **Supported house sales in selected schemes in MSP**

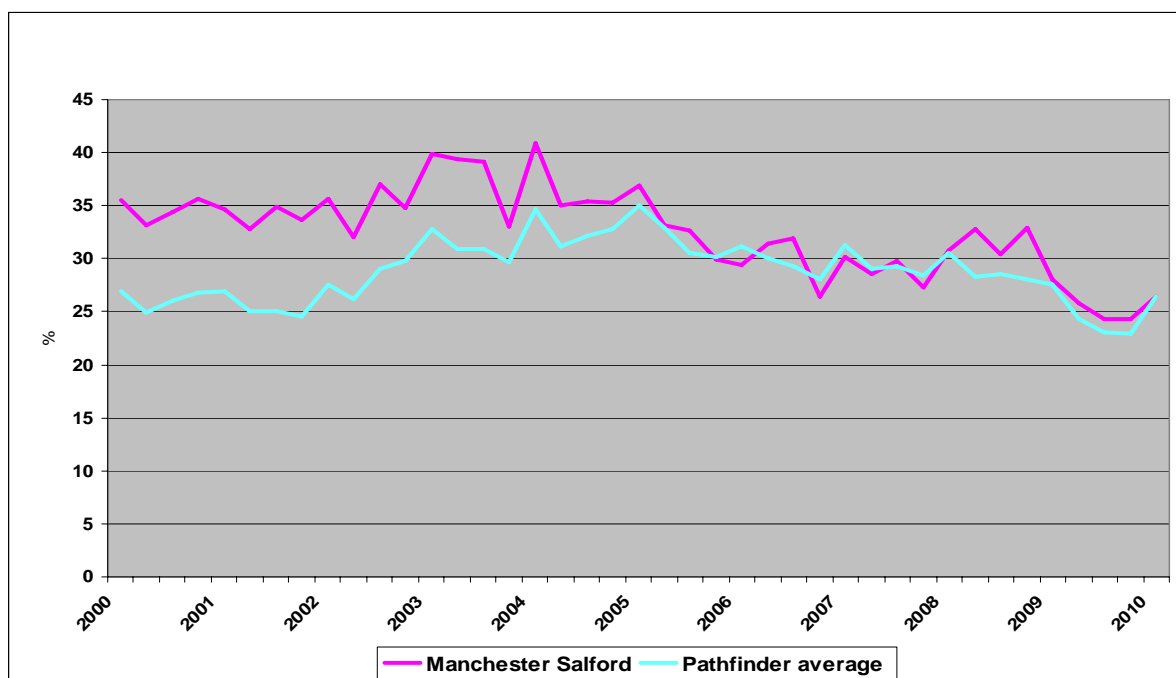
Development	City	No of units sold	Units sold with support	%	Products offered
The Way - Lovells and GNC only	MCC	130	39	30%	Rent to HomeBuy (RTH)
Maine Place	MCC	50	35	76%	First Time Buyers (FTBI), Homebuy Direct (HD), In-house shared equity
Fairfields	MCC	58	58	100%	Relocation equity loan, In-house shared equity
Chips	MCC	55	34	62%	RTH
Spinning Vale	MCC	62	45	73%	HD
New Broughton	SCC	557	132	24%	FTBI HD, In-house shared equity
Unity Quarter	SCC	58	29	50%	HD, In-house shared equity, Relocation equity loan
Chimney Pot Park	SCC	307	96	31%	FTBI
Hulton Square	SCC	102	63	62%	In-house shared equity, FTBI
Total		1262	531	42%	

Source: MSP submission to Audit Commission September 2010

84 The sub-regional housing market is in part driven by HMR activity. Figure 11 shows the proportion of all sales in the two local authority areas that were in the MSP pathfinder area compared with the national pathfinder average. This demonstrates that although the proportion decreased between 2005 and 2010, pathfinder sales still make up a quarter of all sales in the sub region, the same as the national pathfinder average. This

displays the susceptibility of the subregion to changes in the HMR programme.

Figure 11: Pathfinder sales as a proportion of all Local Authority Sales



Source: Land Registry

Programme risks

85 HMR will cease as a dedicated funding stream from April 2011. Other funding streams such as Working Neighbourhood Fund and Sure Startⁱ are also being cut and significant cuts in constituent council budgets will also be made. HMR is just one of a number of activities competing locally and nationally for more limited resources.

86 Table 5 shows the reduction in revenue support from government to local authorities in the pathfinder area 2011/13. Reduction in housing and regeneration capacity and capability is likely, although at this stage, it not yet possible to assess the final impact of these cuts.

ⁱ the Working Neighbourhoods Fund is a resource to help get people in the most deprived areas of England back to work. The Sure Start programme provides services for pre-school children and their families

Table 5: Revenue Spending Power - Local Authorities 2011 to 2013

Revenue Spending Power	2011-12		2012-13	
	£ decrease	Percentage	£ decrease	Percentage
Manchester ⁱ	- £67.915m	-10.9%,	- £38.617m	-6.89%
Salford ⁱⁱ	- £24.847m	- 8.87%	- £9.95m	- 3.95%

Source: DCLG

87 MSP has largely completed its current demolition programme. Prior to the budget cuts it was preparing for the next phase of its plans - developing the cleared sites in order to transform the housing offer in the intervention areas. Some areas such as Lower Broughton and Charlestown Riverside still require a large amount of complementary infrastructure investment in order to realise the potential for the cleared sites. Other areas require additional investment to remediate the land and support fragile markets to secure developer-led housing in suitable locations close to the Regional Centre. These include the Stagecoach site in Moss Side, Manchester and Seedley and Langworthy in Salford.

88 MSP has identified some key risks to the wider economy if it cannot deliver the planned transformational change within the pathfinder area. This analysis has assessed that there will be a failure to create extra jobs and apprenticeships, a reduced ability to attract and keep economically active residents and a loss of extra council tax revenue. In addition, disused sites and homes will need greater management. There are also communities, such as in Higher and Lower Broughton, and in the Toxteth Street area of Higher Openshaw, where the demolition of some vacant homes needs to be conducted and there are significant areas of vacant land where a future programme will be required to address current dereliction and complete the transformation of the neighbourhoods. Also the progress made in some communities such as Greater Harpurhey and Beswick could be put at risk unless some ways can be found of maintaining developer momentum. Unless this happens some neighbourhoods could start to regress again and the cost of this decline could be significant to the public purse. The assessment identifies the greatest risk associated with the continued imbalance of tenures and the pepper potting of new and run-down homes which will undermine the pathfinder area's reputation and lead to a return of housing market failure.

89 In March 2010, MSP submitted to DCLG an assessment of the level of future financial commitments. It identified almost £23 million legal commitments from 2011/12 to 2013/14. This included over £6 million to

i the Government has allowed a £13.073 million Transition Grant in 2011/12, capping the reduction at 8.9 per cent

ii the Government has allowed £0.204 Transition Grant in 2011/12, capping the reduction at 8.8 per cent

complete Compulsory Purchase Orders (CPO) and for associated compensationⁱ. In addition it identified almost £70 million required in this time to meet community expectations from the master plans agreed with local residents.

Neighbourhood risk and vulnerability

90 The continued weak and relatively fragile performance of the local housing market affects the pathfinder as a whole. However, the risks of a reversal of recent progress are greatest in the areas of major intervention. Here, there are still vacant sites, CPOs that have to be completed and nearby properties that need improving to safeguard investment already made.

91 In Broughton, Salford, without further investment, areas could become blighted through delays in plans to clear and demolish the worst stock. Residents we spoke to as part of this review in Higher Broughton related a cautionary tale of their experiences of living through previous programme delays. In the late 1990s/early 2000s the Gainsborough Street area experienced a flight of owner-occupiers and an increase in privately rented properties with absent landlords after the previous plans for the area could not be delivered. Residents saw a rise in anti-social behaviour and crime. A coordinated programme of external property improvements, landlord licensing, and intensive neighbourhood management is tackling this now, and residents feel that it is stabilising although problems remain.

92 In New Broughton without significant public investment, new homes would not have been built, due to the difficult conditions associated with the site and the area. The scheme had stalled during 2008/09 but a package of funding including HMR, Kickstartⁱⁱ, Homebuy Direct, the National Affordable Homes Programmeⁱⁱⁱ and Salford City Council's own resources has enabled the developer to restart work on the scheme, and re-employ local apprentices.

93 Although new homes continue to be built in New Broughton, the stopping of HMR is expected to have an adverse effect. There are significant concerns for the future phases of the development. Without continued public funding for added acquisition and demolition, infrastructure (including flood mitigation) and equity products it will be difficult to complete

- i** a compulsory purchase order (CPO) is a legal function that allows certain bodies which need to obtain land or property to do so without the consent of the owner.
- ii** the Kickstart scheme administered by the HCA was targeted at stalled sites and to support construction of high quality mixed tenure housing.
- iii** the National Affordable Housing Programme (NAHP) is aimed at increasing the supply of affordable homes in England. Between 2008/11 Investment Partners and organisations that meet Specialist Provision requirements can bid for part of the £8.4 billion funding to deliver 155,000 new homes a proportion of which will be made available for low cost home ownership and social rent

the development. In particular there is a danger of significant areas of cleared land being left with little immediate prospect of development.

94 In Maine Place, at Moss Side, South Manchester sales initially went well. However, in December 2007, roughly two thirds of reservations were lost when buyers were unable to secure mortgages because of low levels of deposit, lack of availability of mortgage products or concern about the wider housing market. The development stalled at this point, but again support through Kickstart enabled the scheme to restart on site during 2010. 60 homes have subsequently been completed; 10 sold to a housing association and 50 sold by the developer, with 38 of these (76 per cent) utilising a low cost home ownership product.

95 In Moston, Harpurhey (North Manchester) six sites have been cleared through HMR and HCA support. Two preferred developers were selected in 2007 to redevelop the sites. However, because of market conditions, the developers were not able to take the developments forward as proposed. A new developer was secured early in 2010. However, this has only been possible through public funds providing a 25 per cent equity product to aid sales, and an agreement which defers payment of the land value until properties are sold.

96 MSP continues to work with the two cities to seek to ensure that suitable mechanisms are in place to maintain or restart development. It held a series of meetings with all developer partners to understand their perspectives on their ability to continue to deliver new housing in accordance with existing development agreements. All indicated that some additional public support is likely to be necessary if the ongoing task of transforming neighbourhoods is to be concluded. Developers also expressed particular concern regarding the availability of mortgage finance and the impact that the ending of the homebuy direct scheme may have.

Analysis of future plans

This considers the emerging plans for the area and preferred strategies and structures for continuing the work begun by HMR pathfinders. It captures the evolving situation as at December 2010. Future arrangements will be further informed by ongoing discussions locally and by any further developments that may emerge nationally.

Future plans

97 MSP has been working with the two city councils to help decide future investment priorities for Manchester and Salford. MSP is developing a forward investment framework, together with the two city councils which seeks to identify future priorities and align investment with that of the wider City Region. In particular a second Local Investment Plan is being developed by AGMA which is itself aligned with the Greater Manchester Strategy and the emerging Greater Manchester Spatial Framework.

98 The Greater Manchester Combined Authority is expected to take effect from 1 April 2011, allowing the City Region to take on greater responsibility for significant issues including transport, regeneration and economic development. This complements the development of the Greater Manchester LEP and will ensure a coordinated approach across the ten local authorities that make up the Manchester City Region.

99 The end of HMR funding after March 2011, and lack of transitional arrangements presents significant challenges for Manchester and Salford City Councils in terms of maintaining momentum in their key investment areas and a continued focus on growth and renewal at the core of the conurbation.

100 MSP has worked with the two cities to identify the core of a new approach to HMR to support the developing Greater Manchester approach. It is based on the outcomes from the Manchester Independent Economic Reviewⁱ published in April 2009. This concluded that Greater Manchester

i the Manchester Independent Economic Review (MIER) 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

offers a high quality of life, but it needed to further improve the housing offer at the heart of the conurbation to attract more skilled people.

101 The new HMR strategy is based on five elements of intervention with an emphasis on innovation, engagement with the private sector as investors, and developing solutions not dependent on public subsidy. The five core elements are as follows.

- Housing Investment Fund. Using legacy land assets and other funding to work with private investors, including institutional investors, to bring forward housing proposals to meet market demand in the urban area at the core of the conurbation.
- Developer Support. The costs of assembling sites, remediating land coupled with fragile markets makes securing developer-led housing a challenging task in many of the locations close to the Regional Centre. While Manchester and Salford have brought forward several sites, further development is dependent on some added developer support being available.
- Low Carbon Neighbourhoods. The commitment to a low carbon economy means tackling the unsustainable use of energy in inefficient housing stock and finding new ways of making neighbourhood services more sustainable are a priority. The two Cities are seeking to work with the government to develop new and cost-effective means of retrofitting housing stock in low-income neighbourhoods and piloting approaches to waste reduction and recycling initiatives led by the community.
- Innovation Fund. There are several housing challenges that do not have a straightforward market solution and where public subsidy is either limited or not suitable. Some major issues, such as empty homes, need more innovative solutions and these need to be developed and tested to provide sustainable solutions.
- New Financial Products. The limited availability of mortgages, increased values of deposits, and gap between wages and house prices requires new solutions for many of those wishing to become homeowners.

102 The pathfinder currently estimates that to meet these market renewal objectives will require an average of £38 millionⁱ a year for the next three years, including the legal commitments identified earlier. This renewal and growth programme is intended to complement other plans for new and affordable housing, the remodelling of existing social housing, and PFI Schemes. All the programmes will require public funding which was expected to come from HCA National Affordable Housing Programme and be complemented by Housing Association investment.

103 The pathfinder is still aiming to take forward its revised approach as part of the wider Greater Manchester strategy. It is looking to bid for future resources from the RGF to support the two cities' housing renewal and growth objectives, potentially through the Greater Manchester LEP.

ⁱ at January 2011, a forward investment exercise was being undertaken to determine more precisely the level of investment needed

104 MSP is also looking at complementary work with the HCA and other partners to develop new investment models and to maximise the use and value of existing assets to lever in further investment. A key first stage of this process will be to map and fully understand the nature of existing assets. As part of this strategy MSP is also exploring the potential for Jessicaⁱ funding as part of the consortium, led by the Association of Greater Manchester Authorities (AGMA) and Manchester City Council. This consortium has been selected by the European Investment Bank to lead the North West Evergreen Fundⁱⁱ. This aims to kick-start a 'sustainable transformation' of the region. The pathfinder has also been looking at the New Homes Bonusⁱⁱⁱ as another potential future funding stream.

105 MSP is continuing discussions with both Councils about the role of the pathfinder and other regeneration bodies in the delivery of the City Region's housing and regeneration objectives. It is also continuing talks with Partners in Action, the Oldham and Rochdale HMR pathfinder partnership, about future closer collaboration.

106 At December 2010, no decision had been made about the role of the Core Team, and the board was yet to formally consider its future.

107 There is still substantial work to do to identify how ambitions for the pathfinder area can be taken forward. The pathfinder needs to work with its partners in the wider City Region to identify how its priorities can be funded. It will also need to ensure continued community involvement in any future programmes. This will also require managing the impact on communities of reductions and delays in regeneration activity as a result of reduced funding levels, and the ending of the HMR programme.

- i** Jessica, or the Joint European Support for Sustainable Investment in City Areas
- ii** the North West Fund is a new £184.8 million evergreen fund for Northwest businesses (previously known as the Venture Capital and Loan Fund or VCLF) and will be one of the largest public sector funds of its kind in Europe and the largest in the UK. Between 2010 and 2015 the Fund is expected to create/safeguard almost 14,000 jobs and improve the economic performance of England's Northwest with an estimated GVA increase of £700 million. The fund received applications for funding between July and August 2010
- iii** the New Homes Bonus is a new government scheme announced in November 2010 to provide incentive and rewards for councils and communities who wish to build new homes in their area. The government has set aside nearly £1 billion over the Comprehensive Spending Review period for the scheme, including nearly £200 million in 2011/12 in year 1 and £250 million for each of the following three years

Appendix 1 Review activity

- A literature review of research reports, strategies and plans, performance reports and board reports.
- Interviews with key stakeholders including MSP staff and representatives from the constituent local authorities.
- A tour of key schemes.

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