

Scrutiny report

June 2004



# Market Renewal

**RENEW North Staffordshire Pathfinder**

## Market Renewal Pathfinders

Market Renewal Pathfinders are projects set up by the Office of the Deputy Prime Minister (ODPM) to tackle the most acute areas of low demand and abandonment in parts of the North and Midlands.

In April 2002 nine Pathfinders were announced to take forward new approaches to tackling low demand. The areas cut across local authority boundaries with the expectation that partnerships will be established to involve all stakeholders in developing strategic plans for whole housing markets.

The partnerships are to ensure that all the essential requirements of sustainable communities, especially good quality, customer focused public services and a pride in the community and cohesion within it, are addressed, in line with the wider National Strategy for Neighbourhood Renewal.

### The Pathfinder areas

The Pathfinders cover sub-regional housing markets that straddle parts of two or more local authority areas:

- ◆ Newcastle and Gateshead;
- ◆ Hull and East Riding of Yorkshire;
- ◆ South Yorkshire (Sheffield, Barnsley, Rotherham and Doncaster);
- ◆ Birmingham and Sandwell;
- ◆ North Staffordshire (Stoke on Trent, Newcastle-under-Lyme and Staffordshire Moorlands);
- ◆ Manchester and Salford;
- ◆ Merseyside (Liverpool, Sefton and Wirral);
- ◆ Oldham and Rochdale; and
- ◆ East Lancashire (Blackburn with Darwen, Hyndburn, Burnley, Pendle and Rossendale).

The areas were identified by research carried out by Birmingham University and subsequent analysis by ODPM of the sub-regions where the problems of low demand and abandonment are most acute. About 700,000 homes are included in the Pathfinder areas. This equates to about half of the one million properties in low demand based on 2002 estimates.

### Prospectus

Pathfinders are required to prepare a prospectus or strategy for approval by ODPM and to do this at their own pace.

Each Pathfinder will enter into a performance and funding agreement (quasi-contract) with the ODPM on the basis of their agreed strategic plan. Agreement will be subject to Ministerial approval. In considering plans ODPM and Ministers will have regard to the independent scrutiny of Pathfinder plans which will be undertaken (and published) by the Audit Commission.

### Audit Commission

The Audit Commission is an independent body responsible for ensuring that public money is used economically, efficiently and effectively. The aim is to be a driving force in the improvement of public services; to promote proper stewardship and governance and help those responsible for public services to achieve effective outcomes for users and the public.

The Audit Commission is a non-departmental public body sponsored by the Office of the Deputy Prime Minister with the Department of Health and the National Assembly for Wales. The Audit Commission has agreed a framework document with its sponsoring departments, and the Commission's Chief Executive acts as its accounting officer.

The Audit Commission report is set against the background of a scrutiny framework which was developed by the Commission, in conjunction with ODPM and the Pathfinders.

**Audit Commission**

1 Vincent Square London SW1P 2PN  
Telephone 020 7828 1212 Fax 020 7976 6187  
[www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)

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## Summary

- 1 RENEW North Staffordshire submitted its Market Renewal prospectus in early April 2004, and was the eighth Pathfinder to do so. This report presents an assessment of the prospectus against the Audit Commission's scrutiny framework for Market Renewal Pathfinders, which was agreed in March 2003. Most of the preparation work in North Staffordshire was carried out in the knowledge of the scrutiny framework. From May onwards the Audit Commission also made 'critical friend' support available to the Pathfinder.
- 2 This report identifies a number of areas where the Audit Commission thinks that further work needs to be carried out. These recommendations should not be seen as criticisms of the Pathfinder but as areas of opportunity to improve the base position.
- 3 The key question for scrutiny and assessment of the prospectus is will the proposals set out by the RENEW North Staffordshire Pathfinder lead to the sustainable communities over the next ten to 15 years? Housing markets are by their nature complex, and it is difficult to say at this stage with certainty that any set of proposals will succeed in restoring market confidence. In making a judgement as complex as this, one needs to take account of the risks involved, the management arrangements, the track record of the partners and dependency on them, the level of ambition, as well as the delivery vehicles to be deployed.
- 4 North Staffordshire faces some difficult challenges. It has a 'polycentric' urban form with six distinct centres, diluting the focus of commercial activity. Although few housing areas have suffered widespread abandonment, values are extremely low across the conurbation, and in recent years have diverged from the rest of the region. The weakest housing markets are in areas of terraced housing in the inner core, where the quality of housing and the environment is very poor. The problems are compounded by the very low incomes of residents, which prevent investment in properties.
- 5 The urban form in the inner core reflects its distinctive industrial past, with housing often sitting cheek by jowl with incompatible uses such as heavy industry. As industrial uses have declined, the vacant sites have often been used for equally inappropriate commercial uses. The shift away from manufacturing in North Staffordshire is relatively recent compared to other Pathfinders and further job losses are predicted. This is likely to have a continuing impact on the housing market. Ground conditions are also an issue in the conurbation. The use of waste from the potteries to provide foundations for houses has led to subsidence in some areas, and the problem is compounded by the natural fault lines running through the area.
- 6 RENEW have had very little to build on in the way of existing large-scale regeneration initiatives, but despite this have made a good start. The submission presents a clear vision for a new conurbation, based on a rigorous analysis of the sub-region's housing markets and a good understanding of the potential impact on adjacent areas. The submission provides an excellent analysis of housing market performance, population trends, migration patterns, economic change and the housing land supply.

- 7 A clear intervention framework has been established, identifying eight 'Areas of Major Intervention' – where the focus is on change, and six 'Renewal Areas' – where the focus is on retention. Within this spatial framework, the Pathfinder expects to demolish 14,502 homes, construct 12,528, and refurbish 36,134 to decent homes standard. This would achieve a net reduction in the housing stock of 1,974 dwellings. The 18 year programme amounts to £2.3 billion, of which £860 million would be met from Market Renewal funding.
- 8 The prospectus and its supporting documents convey a clear sense of the extent and nature of change required in each neighbourhood in the longer-term, providing a sound basis for further option appraisal and engagement with local communities. The outcomes in the short to medium-term are less clear, and further work will be needed to strengthen this aspect of the proposals.
- 9 Central to the Pathfinder's strategy is the rationalisation of the conurbation's poorly performing 'polycentric' form. There are plans to strengthen Hanley as the commercial core and Burslem, Tunstall, Longton and Newcastle as residential centres. Significant areas of new housing will be introduced to the west of Hanley in the currently derelict Etruria Corridor and the northern part of the Etruria Valley – the aim being to create a new, enlarged heart to the conurbation. Interventions for the central core are expected to account for about 80% of the programme, reflecting its strategic importance in promoting a sustainable conurbation. The Pathfinder sees few prospects for sustaining some other areas as major residential centres in the long-term. Here the programme is likely to focus on demolition and a gradual shift towards a more commercial character.
- 10 Improving environmental quality is another key theme in the programme, through the separation of housing from incompatible uses such as polluting industries and arterial roads, and extensive improvements to the quality of green space. The view is that North Staffordshire could be transformed into the 'greenest conurbation in Britain'.
- 11 Outside the urban core the interventions envisaged are less intensive. The focus is on diversifying monolithic and poorly designed social housing estates through relatively selective demolition, redevelopment and environmental works. Meir and Knutton and Cross Heath would be the first areas to benefit.
- 12 There can be little doubt that the Pathfinder's proposals have the potential to significantly strengthen the housing market in the Pathfinder area. However, the success of the strategy is highly dependent on factors over which it has limited influence, such as the pattern of economic development, a sympathetic planning framework, and an integrated transport strategy for the conurbation. This is recognised in the submission, which contains a thorough analysis of policy alignment on key issues. A dialogue has been established with all key partners, and there is every prospect that, if these efforts continue, the current policy conflicts identified can be resolved. However, significant risks remain. The consolidation of Hanley as a commercial centre are pivotal to the proposals, but given the currently dispersed patterns of commercial activity and increasing levels of car ownership, its success is by no means certain. Further work will be needed with key partners to develop a clear strategy for Hanley, and assess the potential impact on the housing market if it continues to under-perform.

- 13 The case for investing in suburban social rented estates is much less clear cut than for areas closer to the centre. The sums involved are not insignificant. Over the life of the programme, the areas outside the inner core are expected to receive at least £158 million in Market Renewal funding between them. Meir alone is expected to receive over £30 million, and Knutton/Cross Heath nearly £24 million. Although these estates are often stigmatised, they sit within relatively attractive areas and are likely to be more appealing to developers and private investors than areas within the inner core. As changes to the planning framework take effect, gradually removing development opportunities elsewhere, they will become more attractive still. Further work will be needed to assess whether the plans for suburban areas provide value for money. It is recognised that the scope for enhancing private sector leverage is constrained - radical change is unnecessary in many areas as demand remains healthy, and the outcome for some areas may be a net loss of stock. However, the Pathfinder will need to provide a clearer picture of the business plans of social landlords in these areas and consider how different development arrangements and Right-to-Buy scenarios might enable private sector investment to be used to better support the necessary restructuring of the market.
- 14 The plans envisage that around 40% of new housing will be affordable for people on low incomes. The target is based on a limited analysis of household incomes, and takes no account of future trends or the role of existing social rented housing. Further work will be needed to refine this figure and determine the dwelling mix at a local level.
- 15 North Staffordshire's track record in delivering regeneration is not strong. The North Staffordshire Regeneration Zone's spending performance was initially very poor, but has since improved. The authorities are relatively inexperienced in delivering large housing regeneration programmes, and as a result there has been a shortage of strategic and practical skills in this area. The challenges facing North Staffordshire require a complex response, with the delivery of economic regeneration and environmental improvements virtually inseparable from the housing market renewal programme. It is doubtful whether the strategy envisaged could be delivered using existing vehicles. The Pathfinder recognises this and has commissioned an appraisal of alternative delivery vehicles. At the time of writing, a business case for the development of an Urban Development Corporation (UDC) was being prepared. The creation of a UDC would be dependent on secondary legislation and could take at least 18 months to establish. This in itself presents a risk to the programme. The ODPM will need to ensure that an early decision is taken on this issue, to prevent the potentially damaging effects of continuing uncertainty on the momentum of the programme. In the meantime the Pathfinder will need to develop more robust interim delivery arrangements based on a thoroughgoing audit of capacity, along with alternatives should a UDC not be established.
- 16 Although the long-term outcomes of the programme are relatively clear, further work is needed to refine the activities to be delivered during the early years of the programme, and develop tools to support the process. Extensive preparation work is already planned in the Areas of Major Intervention, including option appraisals, survey work and consultation with residents. Work will also be needed to further develop the options for home owners and tenants affected by clearance, ensuring they are informed by a thorough analysis of circumstances, attitudes and value for money.

- 17 In developing its proposals the Pathfinder engaged a wide range of stakeholders at the strategic level, and put considerable effort into consulting and informing communities through interviews, focus groups and public meetings. Over the coming year it will need to develop a strategy to address community capacity deficits, and develop techniques for engaging difficult-to-reach groups such as younger people.
- 18 To summarise, RENEW faces some testing challenges in dealing with the fractured urban form and chaotic patterns of land use in the Pathfinder area. It has made a good start, presenting a clear and ambitious long-term strategy based on a sound understanding of the housing market, and extensive consultation with stakeholders and local residents. Provided that coherent planning, economic and transport frameworks are created, the Pathfinder's proposals to reshape the conurbation and strengthen the central core promise to create a significantly more sustainable housing market, as well as addressing broader economic and social goals. The case for investing in suburban social rented estates on the scale envisaged is less clear cut, and further work will be needed demonstrate value for money. The proposals put forward will be complex to deliver. Alternative vehicles such as a UDC are likely to provide a more effective means of doing so given existing capacity constraints. This issue will need to be resolved quickly, and in the meantime the Pathfinder should work on alternative arrangements.

## Recommendations

- 1 In relation to outcomes:
  - ◆ develop outcome targets for 2010 in addition to those for 2007 and 2019, and address the remaining gaps in the baselines and targets for 2007. This should be carried out within three months; and
  - ◆ establish a clearer picture of the anticipated relationship between resources (inputs), activity (outputs) and outcomes. This should be in place within nine months.
  
- 2 Commission an audit of the capacity of existing partners to deliver the first three years of the programme, and develop interim delivery arrangements, and alternatives to a Urban Development Corporation on the basis of this.  
This should be carried out within six months.
  
- 3 Review the intervention strategies for suburban social rented estates, to minimise their reliance on market renewal funding. This work will need to:
  - ◆ assess what kind of development/procurement arrangements would maximise private sector leverage in these areas and best capture increased land values to support the necessary restructuring of the market; and
  - ◆ model the potential impact of different levels of clearance and right-to-buy sales on the costs of these aspects of the programme.
  
- 4 The Pathfinder will also need to work with the Housing Corporation and partners in the social rented sector to consider the implications for the business plans of social landlords operating in these areas.  
This work should be carried out within six months.
  
- 5 Work with partners to develop complementary strategies, focusing on:
  - ◆ a clear commercial strategy for Hanley. This should be in place within two years;
  - ◆ a retail strategy for the conurbation, addressing the problems of smaller parades of shops as well as the main centres. This should be in place within 12 months;
  - ◆ a picture of the future role of the social rented sector and the private rented sector across the conurbation. This should be in place within nine months; and
  - ◆ a clear picture of the care and support needs arising from the programme, including the implications for Health and Social Care strategies. This should be in place within 12 months.
  
- 6 Carry out further work to develop the programme of interventions in inner core, including:
  - ◆ firming up the programmes illustrated in the business plan following more detailed survey work, consultation and option appraisal;
  - ◆ developing contingency plans should delays to development in the inner core impact on relocation plans;
  - ◆ development of relocation options for owners and tenants, based on an analysis of the suitability and cost effectiveness of options; and
  - ◆ clarifying how neighbourhood management interventions will be used to support the programme's objectives.

These should be carried out within 12 months.

- 7 Further develop the business plan and programme management arrangements, including:
  - ◆ reviewing assumptions about private sector leverage, dependencies in relation to public sector funding and commitments to RSLs. This should take place within nine months;
  - ◆ development and implementation of the risk management arrangements as set out in the prospectus, ensuring they are fully embedded into the programme management processes of the Board, the core team and the Pathfinder's delivery partners. This should be in place within three months; and
  - ◆ providing details of procedures relating to programme and project management. To be provided within three months.
- 8 Carry out further work to strengthen its information base and analysis of drivers, focusing on the following areas:
  - ◆ development of the initial economic analysis included in the submission to model different economic scenarios and fully consider their implications for the Pathfinder's strategy and those of its partners;
  - ◆ analysis of the future need for affordable housing across the three authorities, including the suitability of different low cost home ownership options and the implications for the existing social rented sector; and
  - ◆ further analysis of the existing and potential housing market for students and graduates, and BME communities.

This work should be carried out within 12 months.
- 9 Develop a strategy for monitoring changes in the housing market as the programme is delivered, including the impact on General Renewal Areas and further migration from the inner core.
- 10 Develop the Pathfinder's community engagement strategy to address community capacity building issues, and techniques for engaging difficult-to-reach groups such as young people and people with disabilities.
- 11 Produce a forward strategy for the Pathfinder area. This should include consideration of what will happen to proposed additional revenue funded services supported by market renewal funding this is no longer available. This will need to be in place within 12 months.
- 12 Develop arrangements for ongoing maintenance in order to protect the considerable levels of investment proposed by the Pathfinder. These should be within six months.

**Mike Maunder**  
**Market Renewal Team Leader**  
[m-maunder@audit-commission.gov.uk](mailto:m-maunder@audit-commission.gov.uk)

**Ann Pittard**  
**Market Renewal Pathfinder Co-ordinator**  
[a-pittard@audit-commission.gov.uk](mailto:a-pittard@audit-commission.gov.uk)

# Report

## Introduction to the Pathfinder

- 19 The North Staffordshire Pathfinder covers a large area of Stoke-on-Trent, part of Newcastle-under-Lyme, and one neighbourhood in North Staffordshire. It contains 67,700 dwellings and has a population of 146,000 in 62,400 households. The Pathfinder is a low-priced zone surrounded by high and medium priced areas, mainly rural in nature, serving the commuting destinations of Birmingham, Manchester and Derby. The Pathfinder area is diverse, incorporating dense areas of terraced housing, as well as inter-war and post-war council housing estates. Parts of the inner core have suffered severe market weakness along with high levels of unfitness and unstable ground conditions. A number of recent clearance programmes have been underway as a result.
- 20 The prospectus presents picture of a housing market with chronic rather than acute problems of low demand, with demographic changes leading to 'a slow but persistent weakening of housing markets'. Over the last 10 years, values between the conurbation and the areas surrounding it have been diverging and now represent about 60% of the regional average.
- 21 In common with many other northern conurbations, North Staffordshire's past was dominated by manufacturing and heavy industry. Ceramics, mining and steel production have all left their legacy on the urban landscape, contributing to North Staffordshire's unique urban form, which in itself brings considerable challenges for the Pathfinder. Two key features predominate:
- ◆ **a fractured urban form.** Stoke-on-Trent, although officially a City, is in fact made up of six distinct towns, which grew up around the mines and potteries, leaving it without a definable centre, although Hanley acts as the City Centre and houses the main shopping area. The dispersed nature of the conurbation has been compounded by recent patterns of housing development much of which has been in peripheral locations; and
  - ◆ **chaotic land use patterns.** Throughout the conurbation, housing sits cheek-by-jowl with heavy industry, and other inappropriate uses, often cut off from surrounding areas by major roads. This a pattern repeated on a large scale, particularly in the central and northern part of the conurbation.
- 22 Where North Staffordshire differs from other Pathfinder areas is in the extent to which it still relies on manufacturing within the local economy. The decline in ceramics has been more recent than the demise of shipbuilding, coal and textile industries affecting other areas. Many jobs have been lost in ceramics in North Staffordshire in the last year alone with the transfer of production abroad. The area's economic restructuring is continuing to have an effect on the housing market.
- 23 The population of Stoke-on-Trent has declined significantly over the last 30 years, as the table overleaf illustrates. Against this backdrop, the supply of new housing has continued in the sub-region, much of it on peripheral sites. The Pathfinder estimates that this has contributed to a crude surplus of 2,500 dwellings, which would continue to grow if new build rates continue at the level planned.

**Population change 1971 to 2001**

	1971	1981	1991	2001	% change 1971-2001
Stoke-on-Trent	264,800	252,300	253,100	240,600	-9.1%
Newcastle-under-Lyme	120,700	120,600	121,800	122,000	1.1%
W Midlands	5,096,200	5,186,641	5,265,500	5,267,300	3.4%

- 24 The development of the Pathfinder programme is being overseen by a partnership involving the four local authorities (including Staffordshire County), English Partnerships, Advantage West Midlands, Government Office and the Housing Corporation, Health, the Police, a private developer and housing organisations.
- 25 The partnership has produced a prospectus setting out how it intends to address housing market weakness over the next 20 years. Its total programme amounts to £2,317.6m, of which it expects £860m to be met from Market Renewal funding. The bid for the first two years of the programme is £41.5m.
- 26 RENEW's overarching aim is  
*"to promote the restructuring of the North Staffordshire conurbation, thereby providing a highly competitive urban form which is capable of retaining its population within a green and landscaped environment and facilitates the growth of an economy which has employment and income levels comparable to the regional average."*
- 27 The aims of the partnership are:
- ◆ *to balance the supply and demand for housing in North Staffordshire;*
  - ◆ *to provide sustainable neighbourhoods;*
  - ◆ *to retain and stabilise the conurbation's population base;*
  - ◆ *to radically improve the environment of the conurbation;*
  - ◆ *to meet housing needs and promote social cohesion;*
  - ◆ *to provide a quality housing stock which increases economic competitiveness and links to wealth creation; and*
  - ◆ *to reduce the incidence of crime and fear of crime in the Housing Market Renewal target area*
- 28 The Pathfinder's intervention framework identifies eight Areas of Major Intervention – where the focus is on change, and six 'Renewal Areas' – where the focus is on retention. Within this spatial framework, the Pathfinder expects to demolish 14,502 homes, construct 12,528, and refurbish 36,134 to decent homes standard.

- 29 Central to the Pathfinder's strategy is the rationalisation of the conurbation's poorly performing 'polycentric' form. There are plans to strengthen Hanley as the commercial core and Burslem, Tunstall, Longton and Newcastle as residential centres. Significant areas of new housing will be introduced to the west of Hanley in the currently derelict Etruria Corridor and the northern part of the Etruria Valley – the aim being to create a new, enlarged heart to the conurbation. Interventions for the central core are expected to account for about 80% of the programme, reflecting its strategic importance in promoting a sustainable conurbation.
- 30 The Pathfinder sees few prospects for sustaining some other areas as major residential centres in the long-term. Here the programme is likely to focus on demolition and a gradual shift towards a more commercial character.
- 31 Improving environmental quality is another key theme in the programme, through the separation of housing from incompatible uses such as polluting industries and arterial roads, and extensive improvements to the quality of green space. The view is that North Staffordshire could be transformed into the 'greenest conurbation in Britain'.
- 32 Outside the urban core the interventions envisaged are less intensive. The focus is on diversifying monolithic and poorly designed social housing estates through relatively selective demolition, redevelopment and environmental works. Meir and Knutton and Cross Heath would be the first areas to benefit.

# Analysis of the diagnosis of the current position

## Information base

- 33 A thorough analysis of the current state of the housing market and the context within which it operates is an essential foundation for developing market renewal strategies. It provides a starting point for understanding the drivers of decline and recovery, and enables a baseline to be established against which future changes can be measured.
- 34 The Pathfinder has assembled an extensive information base covering a wide range of potential housing market influences across the Pathfinder and beyond. This provides the basis for a very sophisticated analysis of the dynamics of the housing market on a number of levels, for effective option appraisal and decision-making about interventions, and also provides a detailed baseline against which future change can be understood. The areas addressed by the Pathfinder's information base include:
- ◆ economic change and economic performance the local, sub-regional, regional and national level;
  - ◆ socio-demographic characteristics and trends, including population and household trends and projections, income levels, economic status;
  - ◆ migration patterns and churn – using the initial information from the 2001 Census and residents surveys to identify the extent and nature of migration within and between neighbourhoods, typology areas and districts;
  - ◆ characteristics of the urban form, based on urban design and planning audits exploring the quality of the built environment, land use and opportunities for change, using both qualitative and quantitative data;
  - ◆ ground conditions – initial surveys targeted towards areas at risk of subsidence because of 'shallow fill' a by-product of pottery making, and old mine workings. More extensive survey work is planned as the programme unfolds;
  - ◆ new housing locations and planning permissions applications and planned housing sites;
  - ◆ investment by owners – average spend on repairs and improvements in the Areas of Major Intervention;
  - ◆ housing values and sales volumes and trends by type and location;
  - ◆ travel times to the City Centre and key employment sites from neighbourhoods in the conurbation;
  - ◆ indicators of crime, fear of crime and anti-social behaviour;
  - ◆ intentions aspirations and attitudes, both of existing residents and populations the Pathfinder may seek to attract in future. Research commissioned includes surveys of new buyers in the conurbation and the surrounding market towns, and interviews and focus groups with residents in the Areas of Major Intervention; and
  - ◆ rented market indicators, including turnover, waiting lists, relet rates, failed tenancies, death rates and vacancy levels.

- 35 One of the key strengths of RENEW North Staffordshire's submission is that it analyses the housing market at several different geographical levels, from the regional and sub-regional level down to neighbourhoods within and adjacent to the Pathfinder area. The former is seen as most important in understanding the housing market:
- "...a fundamental of Housing Market Renewal is that neighbourhoods are not the building block for Housing Market Renewal (as per neighbourhood renewal strategies, for example) but rather the end game. Cross-district, sub-regional drivers are the fundamental issue."*
- 36 This approach recognises that neighbourhood housing markets can only be understood in the broader context.
- 37 The Pathfinder makes good use of trend information to understand the drivers of decline and the dynamics of the housing market. The housing market analysis includes an array of historical data, including population data from 1921, data relating to economic restructuring dating back to 1960, and housing development data from 1880. The Pathfinder made good use of data from the 2001 Census, which was not available to some of the Pathfinders submitting their prospectuses earlier, and used this alongside data from the 1991 Census. The submission also includes population and household projections.
- 38 One exception is data on income levels, for which no trends are presented. The income data provides the basis for the proposed profile of new housing, which includes a significant proportion of Low Cost Home Ownership and social renting. It will be important for the Pathfinder to understand projected income levels under different economic change scenarios, and to build this into the development of interventions.
- 39 The submission also includes comparisons between areas, both within the Pathfinder and beyond. The survey results on neighbourhood satisfaction for example are compared with Heywood in Rochdale and Moss Side in Manchester. The analysis of economic futures included in the submission uses a number of comparator areas, including Liverpool and Middlesbrough.
- 40 The information base is less clear on some aspects of the policy context. The Strategic Spatial Assumptions document maps existing regeneration initiatives, but the impact of these, and the implications for the programme are not fully discussed. There is no clear picture of the social rented sector, how it is changing, progress on decent homes, or the plans of particular housing organisations.
- 41 The prospectus provides evidence that RENEW will continue data collection and analysis during the next phase of the Pathfinder's development. This will focus on the four Areas of Major Intervention, and include ground and stock condition surveys, and further consultation with residents.
- 42 To summarise, there are almost all strengths and few areas for further development in the Pathfinder's information base. The Pathfinder has compiled an extensive data base covering a range of demand and supply side indicators and potential housing market drivers operating at different geographical levels. The submission makes good use of trend information, comparisons between areas and 'soft' data. However, the prospectus gives an incomplete picture of demand trends and investment activity in social rented sector.

## Impact on adjacent areas

- 43 An analysis of the potential impact of the programme is essential both in terms of the potential impact on adjacent areas within and outside the Pathfinder boundary, and the constraints or opportunities neighbouring markets present for the Pathfinder programme.
- 44 RENEW's approach on adjacency issues is excellent, both in terms of analysing the potential impact of/on the programme, and managing negative impacts. The Pathfinder's analysis of household change suggests that, if current population trends continue, fewer dwellings will be needed in Stoke-on-Trent over the next 20 years, when in fact the remaining pipeline and structure plan allocations imply an increase of nearly 8,000 dwellings over the same period. Although there is evidence that additional supply can lead to marginal or discretionary household formation, the Pathfinder's analysis suggests that, with the exception of students, the potential is limited in North Staffordshire, because of the loss of population in younger age groups.
- 45 This analysis highlights a significant risk to the Pathfinder's proposals – that the increased supply of newer housing around the periphery, rather than attracting new populations, is simply exacerbating the outflow of population from the inner core. The risk would be compounded if projections for net out-migration are based on more recent trends (1999/2001) when levels increased. The submission recognises that constraining peripheral development is key to the success of the programme and the prevention of unwanted impacts on adjacent areas. The submission includes a thorough analysis and detailed mapping of the potential supply. This issue, which is essentially about the planning framework, is addressed in more detail on page 32.
- 46 In terms of analysis, one of the key strengths of North Staffordshire submission is the survey of new buyers in the conurbation and the surrounding market towns. This provides a very good picture of the origins of purchasers, the locations from which purchasers of new build housing would be drawn. It paints a picture of two very distinct markets – the market for the conurbation currently being very localised, with migration from other sub-regions more common in peripheral settings.
- 47 The Pathfinder also commissioned an analysis of migration flows into and out of the sub-region in order to define the 'sphere of influence' of the housing market. The analysis identifies three important 'areas of influence' – Newcastle-under-Lyme, Staffordshire Moorlands and Stafford district, which together account for nearly 90% of migration into and out of the area. However, there is very little evidence about the supply of housing in these outer areas, and further work will be needed to develop this.
- 48 The outcome of the Pathfinder's analysis of existing migration patterns is an extremely useful thematic map displaying the strength of housing market linkages between typology areas within the Pathfinder area and around it. The map is an example of the way in which RENEW has used relatively simple presentation techniques to convey clear messages from complex and detailed data.
- 49 The Pathfinder has also carried out a more localised analysis of migration patterns in relation to the Areas of Major Intervention, providing the basis for an assessment of potential displacement effects at neighbourhood level. All five Area Development Frameworks include an analysis of adjacency issues, based on an assessment of migration patterns, anticipated interventions and housing market performance. These will need to be developed further as part of the option appraisal process for neighbourhoods where major change is planned.

- 50 The Pathfinder has developed a number of potentially useful approaches to managing negative displacement effects on adjacent areas. Firstly, the Business Plan presents a clear picture of the activity profile year by year for the 15 activity units in the programme (some of which are geographical, some of which are activity-based). The profiles, which are presented as bar charts, show the expected volumes of acquisition, clearance, new build and refurbishment year on year over the next 20 years. The cumulative balance between clearance and new build year on year is presented as a chart for the programme as a whole, allowing the point at which rehousing pressures are likely to be at their greatest to be anticipated.
- 51 RENEW will need to develop this approach at a local level, in order to assess not only rehousing pressures created by the programme, but also where and when the risks of localised oversupply are likely to emerge. This will need to be analysed alongside information about housing market vitality and built into the Pathfinder's risk assessment. This is not to suggest that a temporary oversupply should be avoided at all costs. Preceding clearance with building can be a useful strategy for reducing disruption and anxiety about clearance, securing community support, promoting engagement in the design process, and reducing the costs of compulsory acquisition. North Staffordshire is fortunate in that there is a plentiful supply of land in suitable locations to enable this to happen. The Pathfinder will also need to consider the impact of and on areas of social rented housing near the Areas of Major Intervention.
- 52 The Pathfinder's strategy for dealing with potentially negative impacts on adjacent areas includes the identification of General Renewal Areas - relatively successful neighbourhoods close to Areas of Major Intervention (AMIs) where the approach is to focus on retention and environmental regeneration. This is designed not only to ensure that the areas concerned do not suffer as a result of investment in the neighbouring AMIs, but also to provide an attractive alternative for residents in areas affected by clearance. Six areas have been identified – Birches Head, Burslem Park, Dresden, Normacot, Smallthorne and Tunstall. Virtually all of the Pathfinder's resources and products to support stock retention and improvement are to be targeted towards the General Renewal Areas or the neighbourhoods within the Areas of Major Intervention not affected by clearance.
- 53 The designation of General Renewal Areas raises two issues for the Pathfinder to consider as it develops its proposals. Firstly, it is not clear from the submission whether the areas have the capacity to absorb residents displaced by demolition who might choose to relocate there, particularly in the short-term before new housing comes on stream. Indeed the data presented suggests that their contribution would be limited. Vacancy levels tend to be relatively low, and at least two of the three areas have growing BME populations. RENEW will need to monitor capacity carefully, and if necessary consider whether further 'overspill' areas need to be identified.
- 54 In this context, the delivery of new housing in the core of the conurbation becomes especially significant. A number of hurdles have yet to be negotiated, including site surveys, land assembly, the creation of development partnerships and financial arrangements. The Pathfinder will need to develop clear contingency arrangements should development delays hinder its capacity to house displaced residents.

- 55 Linked to this, there is already a risk that rehousing pressures from clearance areas may increase demand, and as a result prices, in these relatively attractive areas. Signalling that these areas will not only avoid clearance, but will also receive significant public resources for improvement may further fuel house price growth, potentially pricing out residents wishing to relocate from clearance areas. The range of options being developed for home owners in clearance areas, which includes Home Swap, Home Buy (customised equity share) and relocation grants, implies that the public sector would in many cases bridge the gap. Given the resources required for relocation, this presents a significant risk to the Pathfinder's business plan.
- 56 The prospectus indicates that the Pathfinder is aware of all of these risks, is actively monitoring them, and is willing to consider alternative approaches should this become necessary. Mitigating actions, which could include providing resources to support moves into areas other than the General Renewal Areas, will need to be considered as part of the further development of the risk management framework.
- 57 To summarise, there are mostly strengths and few areas for further development in the Pathfinder's approach to understanding and managing adjacency issues. The Pathfinder has carried out a thorough analysis of migration patterns and housing market performance in order to identify potential effects on adjacent areas. Its approach to programme planning and interventions reflects an understanding of the need to manage displacement effects. There remain however areas of risk around the capacity to rehouse displaced residents and a growth in values the General Renewal Areas. More detailed work will be required on this as the programme develops.

## Stakeholder involvement

- 58 It is important that the Pathfinder engages the full range of stakeholders in developing its strategy. This includes those who have a direct or indirect influence on the housing market and those affected by its plans. Effective stakeholder involvement helps to ensure that the problems and issues are properly understood, and assists programme delivery.
- 59 The Pathfinder recognises that a programme of change on this scale requires the engagement of a range of stakeholders, including the public, private and voluntary sectors. At the strategic level, the RENEW Board benefits from the expertise of representatives from English Partnerships and Advantage West Midlands, the Strategic Health Authority, the Police and a private developer.
- 60 The Pathfinder made considerable effort to engage a wide range of stakeholders in both its analysis of the local housing market, identification of drivers and the development of its strategy. Processes for engaging stakeholders included a wide programme of interviews with 17 stakeholders undertaken by consultants as the key research studies were beginning. The stakeholders at that stage were somewhat skewed towards the social and public sector housing field, eight of the interviews being with RSLs, and another three involving senior local authority housing managers. Only one formal interview - with a local building society, was undertaken with a commercial stakeholder, although the Pathfinder did engage local estate agents in its assessment of the private housing market. However, the three locally-based building societies have all been involved in the development of the programme through the North Staffordshire Housing Alliance.
- 61 The submission itself provides an invaluable means of engaging key stakeholders, including as it does an open analysis of the degree of alignment between HMR and related policies and strategies.

- 62 RENEW's launch event included endorsements from Advantage West Midlands – the Regional Development Agency, English Partnerships, the Housing Corporation and the three partner authorities. The event, which was attended by over 200 local stakeholders, was preceded by an extensive programme of information and consultation aimed at both partner agencies and local communities.
- 63 The focus to date for RENEW has been on developing strategy at the sub-regional level. The more detailed work on the implications at neighbourhood level is only just beginning. The quality of stakeholder engagement at the neighbourhood level will depend to a large extent on success of the emerging neighbourhood management arrangements. It is clear that the authorities are fully committed to developing approaches to co-ordinate the management of services delivered at the local level, providing the means for partner organisations and local people to influence local decisions and service priorities. However, neighbourhood management structures are in their infancy and will need time to bed in. It is important that the local delivery teams are clear about their focus and priorities for stakeholder engagement at the neighbourhood level.
- 64 In Pathfinder areas it is vital that stakeholders have an understanding of broader strategy, and the role of their sectors play within it. Without this understanding, local decision-making can quickly run counter to the programme's objectives. RENEW and the local authorities have laid firm foundations for effective engagement with stakeholders at the neighbourhood level. Further work will be needed to define the relationship between the decision-making and consultation processes for market renewal and those for neighbourhood management.
- 65 In summary there are mostly strengths and few areas for further development in the Pathfinder's approach to stakeholder involvement. The Pathfinder has put considerable effort into engaging partners at the strategic level. The prospects for effective engagement at the local level look promising, but new neighbourhood management structures may take some time to bed in before they become fully effective.

# Scrutinising the drivers that have led to the current position

## Drivers

- 66 An understanding of the key drivers that have led to housing market weakness, and those likely to drive recovery, is essential if Pathfinders are to develop effective solutions. This includes understanding the level at which different drivers operate, their relative importance, and which can be influenced by the Pathfinder's interventions.
- 67 Here again RENEW's approach is excellent. Some other Pathfinders' submissions could be described as 'data rich but information poor' – in that they present a large amount of detailed data, but without adequately analysing it to understand the influences on the housing market, both positive and negative. In contrast, RENEW's submission uses the vast mine of data it has assembled to provide a sophisticated analysis of the market from regional level down to individual neighbourhoods.
- 68 The Pathfinder's headline analysis identifies three key drivers of decline:
- ◆ *obsolescence – compounded by prevalent low incomes, which have prevented an upgrading of the stock;*
  - ◆ *surplus housing – estimated to be 2,500-3,000 above the 2% level normally required for the effective functioning of the housing market. Most of the surplus stock is in the private sector terraced stock; and*
  - ◆ *unpopular neighbourhoods – concentrations of deprivation, unpopular property types and crime.*
- 69 This analysis is underpinned by a more complex set of drivers, some influencing the housing market at the macro level – those which affect the over all demand for housing, and others acting in a more localised way – those likely to affect the pattern of demand across and within different neighbourhoods.
- 70 The prospectus includes a detailed analysis of a number of macro-level drivers. Work was commissioned to develop population and household projections using the CHELMER model developed by Anglia University. The model allows for various housing supply, clearance and migration scenarios to be modelled. The model demonstrates that the balance between new build and clearance is critical in preventing the spread of vacant properties.
- 71 The Pathfinder also commissioned an analysis of the socio-economic context and its impact on the housing market. This provides an invaluable foundation for planning housing market change. Among the key trends identified in the study were:
- ◆ large and growing higher value added consumer products and medical technology sectors;
  - ◆ a continued decline in manufacturing projected, particularly in ceramics, which will continue to have an impact on the urban core;
  - ◆ continuing growth in the areas surrounding North Staffordshire, giving a degree of hope that the conurbation can benefit from this; and
  - ◆ difficulties created by the multi-centre form of the urban core, hindering the prospects of future investment.

- 72 Aspects of the economic analysis have already influenced the Pathfinder's plans, particularly its strategic spatial assumptions, which have at their centre the creation of a commercial core for the conurbation. However, three areas are less clear in the submission:
- ◆ Firstly the implications of labour market change, both growth and decline, for the local housing market – what housing choices are employees in growth sectors currently making, and how might they be attracted to the Pathfinder area? Where are employees in declining industries living, and what are their prospects of finding employment once they lose their jobs?
  - ◆ Secondly, is the analysis likely to influence regional and sub-regional economic strategy, particularly in terms of support for a focusing economic development in the core of the conurbation?
  - ◆ Finally, how sensitive is the housing market likely to be to different economic scenarios?
- 73 Further work will be needed to develop the initial economic analysis and fully consider its implications for the RENEW's strategy and those of its partners.
- 74 The Pathfinder also commissioned a detailed analysis of the local and sub-regional housing markets, encompassing a wide range of issues, including:
- ◆ the identification of neighbourhoods and clusters within the Area Development Frameworks;
  - ◆ the identification of sub-markets requiring housing market renewal support to meet need or support emerging market opportunities;
  - ◆ the impact and implications of recent housing completions and future development pipeline;
  - ◆ housing market profile including house prices and their future trajectory;
  - ◆ analysis of housing need and property condition from existing sources; and
  - ◆ forecasts of market trends in the absence of Housing Market Renewal.
- 75 A number of specific research issues/questions were addressed, including:
- ◆ mapping the degree of decline of the old towns within the wider city;
  - ◆ identifying patterns of population drift within North Staffordshire;
  - ◆ identifying the pattern of household growth and its relationship to the supply of new housing;
  - ◆ exploring the potential impact of age profiles on neighbourhood trajectories; and
  - ◆ examining levels of demand for the council stock and terraced housing.

- 76 The results of the analysis are used to provide a comprehensive picture of the housing market for the housing market as a whole, the Development Framework areas and the neighbourhoods within the Areas of Major Intervention. Two aspects of the Pathfinder's analysis of housing market drivers are worth highlighting:
- ◆ **population age pyramids.** The Pathfinder superimposed population age pyramids for 1991 over the same for 2001, allowing the significant changes in population to be detected very easily, and assumptions to be made about the relative impact of migration and natural change; and
  - ◆ **schools.** The Pathfinder's analysis of drivers provides a challenge to the received wisdom about the link between schools and housing markets. Despite a large proportion of out-migrants from the inner core being families, only 6% of those leaving the conurbation for market towns cited better schools as their reason for moving. The Pathfinder concludes that this does not appear to be a major driver of change.
- 77 Three gaps in the Pathfinder's analysis have been identified.
- 78 Firstly the future trajectories of neighbourhood and sub-market typologies. The data assembled allows for some projections to be developed based on existing trends, but this has not yet been attempted. For example:
- ◆ in Meir, one of the Areas of Major Intervention, the high turnover and problematic offers-to-lets ratio are highlighted, as is the existing age profile, but there has been no attempt to project forward on either variable; and
  - ◆ the Pathfinder's analysis of the age profiles within each of the sub-market typologies provides the basis for further work. In relation to the 'social periphery' for example, it shows that a large proportion of the cohort aged between 20 and 29 in 1991 was subsequently lost in the 10 years to the following Census. With a much smaller cohort behind them, there is clearly potential for a further downward shift in demand. There was also an outflow among those aged 40-49 in 1991, particularly males, albeit less marked than those entering their 30s - perhaps reflecting the use of redundancy money to trade up. These trends were not developed into an analysis of the future trajectories for sub-market typologies, neighbourhoods, or tenures.
- 79 This links to another area for further development already identified - providing a clearer picture of changing demand in the social rented sector across the three districts.
- 80 Secondly, the future trajectories of BME communities, which tend to be concentrated in the inner core, is touched on, but will need further analysis as part of the more detailed option appraisal within the Areas of Major Intervention. The population and household growth rates can be very different from more established communities. The Pathfinder will need to ensure that the intervention programme, and the local authorities' community cohesion strategies are informed by clear projections of the size and profile of these communities in future.

- 81 Finally, the Pathfinder's analysis of the future of the student housing market is somewhat anecdotal, relying on verbal evidence from the Vice Chancellor of one of the universities. Students and graduates represent an important market for the Pathfinder to capture and retain, and indeed, the Pathfinder has a target relating to student retention. The submission includes in its appendices data showing the existing location of students and student housing, but this is not developed in its analysis of the housing market. Given the expansion of Staffordshire University, the designation of a distinct University Quarter, and plans to introduce housing into the City Centre, it will be important to understand the future of the student market in the conurbation.
- 82 To summarise there are mostly strengths and few areas for further development in RENEW's analysis of housing market drivers. The submission provides evidence of a sophisticated understanding of influences on of the housing market, both positive and negative, and extensive use of data to develop solutions. It includes an analysis of the potential trajectories of neighbourhoods without intervention. Further work will be needed to develop the analysis of sub-markets in and around the Pathfinder area.

# What solutions are being proposed and will they be effective?

## Outcomes

- 83 The Market Renewal Pathfinders will need to establish clear outcomes for their programmes, informed by the key drivers identified, and underpinned by clear objectives against which progress can be measured. There are two issues to consider.
- 84 Firstly, the nature of the outcomes. Are they realistic given the resources available? Are they sufficiently ambitious given the scale of change required to ensure sustainable communities? Are they informed by the key drivers identified?
- 85 Secondly, how they are defined and expressed? Do they give a clear sense of the nature of change the Pathfinder is seeking, and do they enable progress to be measured effectively?
- 86 RENEW's overarching aim is:
- “to promote the restructuring of the North Staffordshire conurbation, thereby providing a highly competitive urban form which is capable of retaining it's population within a green and landscaped environment and facilitates the growth of an economy which has employment and income levels comparable to the regional average.”*
- 87 This is underpinned by a number of more specific aims:
- 1 *Balance the supply and demand for housing by removing surplus properties and providing a better choice of homes in appropriate locations.*
  - 2 *Provide sustainable neighbourhoods through better management and increasing population by building at higher densities.*
  - 3 *Reduce outward migration from Stoke-on-Trent and retain and attract new population to the Pathfinder area.*
  - 4 *Improve the environment radically by removing housing from heavily polluted roads, from areas of polluting industry and from areas with no long-term residential future. Quality open space will be provided on former housing land which is no longer needed.*
  - 5 *Promote social cohesion by ensuring ethnic minorities can access new build housing and by reducing overcrowding.*
  - 6 *Link to wealth creation by supporting the new commercial core, town centres and by providing construction training to local people.*
  - 7 *Reduce crime and the fear of crime in order to promote safe neighbourhoods.*
- 88 Each of these aims is supported by up to three objectives, for which outcome measures have been identified, along with a baseline, a target for 2007 and a target for 2019.

- 89 The outcomes described in the prospectus manage to convey a clear sense of the focus and priorities of the programme and the nature of change sought in the longer-term. For the most part they avoid falling into the ‘motherhood and apple pie’ trap of some programme objectives, and do not shy away from potentially controversial areas, for example removing housing from polluting roads and industry. One gets a clearer sense of what different parts of the Pathfinder area will become by reading them alongside the strategic spatial assumptions (SSAs), which describe the physical and spatial changes needed to meet the Pathfinder’s objectives, and the Neighbourhood Action Plans for the Areas of Major Intervention. The targets are for the most part valid in terms of their relationship with the objectives, and are clear and easy to measure. One good example is the target relating to migration. To *‘halve the three year average of net outward migration for Stoke-on-Trent’*.
- 90 However, two areas for further development have been identified in relation to outcomes.
- ◆ Firstly, the choice of timeframe for interim targets. Only five of the 21 targets for 2007 have measures against them. This is for two reasons – either there is further work to do before a target can be set, or it is considered too early to set a specific target. Some of those with measures against them have only modest targets, or reflect a short term worsening of the situation. The target for voids for example envisages an increase from 5.7% to 6% between 2004 and 2007. Whilst this may be realistic, it adds little in terms of understanding the potential value of the early investment by the Pathfinder. A longer interim timeframe would be of more value, perhaps with a five to seven year horizon, when the programme is at its peak and the outcomes of the investment in the current spending review period have become apparent.
  - ◆ Secondly, although inputs and outputs are linked in the business plan model, the Pathfinder has made no attempt to relate these to outcomes, or to model the potential impact of different resource and intervention scenarios on outcomes. Clearly this is easier for some outcomes than others – housing markets are subject to complex influences. However, many of the existing outcome measures concern the supply side, and as such would be relatively easy to link directly back to Pathfinder activity.
- 91 In terms of nature of the aims and objectives, there is no doubt that fundamental change is needed in the structure of its urban form of North Staffordshire if it is to achieve sustainable neighbourhoods in the core of the conurbation. As far as they can, the objectives convey this. As highlighted earlier, the strategic spatial assumptions are a useful tool in conveying the change sought.

- 92 The Pathfinder is advised to review its objectives on affordability. The targets include 40.5% affordable housing in new developments. This is based on the Pathfinder's analysis of current income levels, which are among the lowest in the country. 27% of the affordable housing would be in the form of low cost ownership, allowing for flexibility should the target prove too high, but this is likely to be of a modest standard, and so its capacity to attract higher income groups in future would be limited. The proportion of RSL new build would increase to 15%, from the current level of 10% in Stoke-on-Trent, although the targets are inconsistent on this. The analysis on which these targets are based is indicative, and further work will be needed to provide a realistic basis for planning the dwelling mix in new developments. The existing analysis has a number of limitations:
- ◆ it takes no account of potential changes in the economic profile of residents displaced by demolition as the programme progresses (as a result of improved job opportunities for example, or deaths of elderly residents);
  - ◆ the income data is primarily self reported – which tends to under-estimate income;
  - ◆ the analysis takes no account of the lending products which could potentially be developed by the Pathfinder; and
  - ◆ there is no clear picture of the role existing social rented housing could play in providing housing for residents displaced by clearance.
- 93 Further work will be needed to review the objectives for affordable housing as the results of more detailed survey work come to light. A regular review of the affordability targets will be needed throughout the programme.
- 94 To summarise, there are more areas for further development than strengths in the Pathfinder's outcomes, objectives and targets. The prospectus conveys a clear sense of the nature of change sought in the longer-term, and most of the targets set are clear and easy to measure. However the Pathfinder will need to establish a longer timeframe for its interim targets, and describe more clearly what outcomes it expects its investment to achieve. It will also need to review its objectives on affordable housing.

## Solutions

- 95 The solutions proposed by the Pathfinder should aim to comprehensively address the causes of market failure, and be sustainable in the longer-term. They also need to link clearly to the outcomes identified by the Pathfinder. The solutions need to be deliverable in the timescales agreed between ODPM and the Pathfinder, and effective risk management arrangements should be in place. The Pathfinder will also need to provide evidence that it is working towards alignment with other key policies and strategies.

## RENEW's approach

- 96 Unlike some other Pathfinders, North Staffordshire had very little to build on in the way of existing large-scale regeneration initiatives. In some respects this is an advantage – the commitments of existing area-based regeneration schemes can conflict with market renewal objectives, and unpicking them once they have been agreed with communities and partners can be difficult. However, it needs to be acknowledged that developing solutions and engaging communities takes time, and in this respect, North Staffordshire is some way behind many other Pathfinders.

- 97 RENEW have made a good start. They have presented a clear vision for a new conurbation, based on a rigorous analysis of the housing market. The submission has managed to convey a clear sense of the aspirations for most of the neighbourhoods within the Pathfinder area – their desired character and urban form, and the market for which they are expected to cater. The extent and nature of change likely to be required in each neighbourhood is already apparent, providing a good basis for further option appraisal and engagement with local communities.
- 98 RENEW have also developed a policy framework for major interventions. This identifies:
- ◆ eight Areas of Major Intervention – areas where major remodelling is likely to happen, to be delivered in two phases;
  - ◆ six Renewal Areas – relatively successful areas where the focus is on retention, partly to provide relocation opportunities for residents displaced by clearance; and
  - ◆ clearance areas – where clearance is required outside the Areas of Major Intervention.
- 99 Activity within these zones will be complemented by financial support for new private and social sector build, environmental programmes, particularly focusing on removing housing from arterial routes, and neighbourhood management.
- 100 RENEW are only at the beginning of the process of defining interventions. Nevertheless, the submission includes a detailed business plan setting out an outline programme. This includes inputs, outputs and funding sources, year on year, for its 15 activity areas over the 20 year life of the programme.
- 101 Neighbourhood Action Plans have been prepared for the four Areas of Major Intervention. At this stage these are seen as the basis for further consultation over the next 12-18 months. Relatively few activities are likely to be delivered immediately. Further survey work, option development and consultation are planned over the coming year.
- 102 So we see a Pathfinder that has developed a strong framework for delivery and clear set of solutions, but with a programme that may be subject to change as consultation and option appraisal progresses, and with very few outputs expected to be delivered before year two of the programme.

- 103 Central to the Pathfinder's strategy is the rationalisation of the conurbation's poorly performing 'polycentric' form. This has the following key elements:
- ◆ **strengthening the central core** – there are plans to strengthen Hanley as the commercial core, improving urban design and linkages to and from neighbouring areas. More diverse uses will be encouraged, including City Centre housing. The surrounding residential areas and derelict and vacant land will be the main focus for investment by the Pathfinder. Existing housing areas to the south are expected to be remodelled and reintegrated into the centre. Significant areas of new housing will be introduced to the west of Hanley in the currently derelict Etruria Corridor and the northern part of the Etruria Valley – the aim being to create a new, enlarged heart to the conurbation. Immediately to the north, Middleport will also be the focus for redevelopment. The nearby centre of Burslem, which has an attractive historic centre but very little housing, will also become the focus of investment – with the introduction of new housing to boost its failing shopping centre, and complementary investment through SRB and English partnerships to promote commercial regeneration. Interventions for the central core are expected to account for about 80% of the programme, reflecting its strategic importance in promoting a sustainable conurbation;
  - ◆ **incompatible uses** – in all the Areas of Major Intervention, of which Hanley South and Burslem are two, the Pathfinder will be working with partners such as English Partnerships and the Regional Development Agency to separate incompatible uses such as polluting industries from residential areas;
  - ◆ **less viable centres** – in its strategy to rationalise the centres and land uses within the conurbation, Tunstall and Newcastle-under-Lyme and Longton are also seen as viable residential centres, with exploitable physical assets and sufficiently large catchments. The Pathfinder sees few prospects for sustaining some other areas in the long-term. In these areas the programme is likely to focus on demolition, with little investment in refurbishment and new housing, and a gradual shift towards a more commercial character;
  - ◆ **arterial roads** – another element of the programme across the Pathfinder will be the removal of poor quality housing from arterial roads with poor air quality;
  - ◆ **greening** - North Staffordshire already contains a large amount of open space when compared with other conurbations of the same size, but much of it is of poor quality and inaccessible. The view is that North Staffordshire could be transformed into the 'greenest conurbation in Britain'. The Pathfinder programme would contribute through greening.
- 104 Outside the urban core the interventions envisaged are less intensive. The focus is on diversifying monolithic and poorly designed social housing estates through relatively selective demolition, redevelopment and environmental works. Meir and Knutton and Cross Heath will be the first areas to benefit, Meir being seen as a pilot for other areas. Resources will also be used to tackle a range of problems in former NCB estates now in diverse ownership. Enhanced neighbourhood management will form part of the solution for these areas, but more work will be needed before the Pathfinder is clear whether structural change is also required.
- 105 Within this spatial framework, the Pathfinder expects to demolish 14,502 homes, construct 12,528, and refurbish 36,134 to decent homes standard. This will achieve a net reduction in the housing stock of 1,974 dwellings.

- 106 To support its objectives, the Pathfinder is developing a range of re-location options aimed at households affected by clearance, including shared ownership, Home Buy – an equity sharing option, Home Swap, and relocation grants. Measures to support private sector home repair and improvement in areas where housing is not being cleared include renovation grants, energy efficiency works, home repairs assistance and grants for landlords joining the Landlord Accreditation scheme. The majority of options for home owners will only be available in Areas of Major Intervention and designated Renewal Areas.

## Key issues

- 107 There can be little doubt that the Pathfinder's strategy for the core of the conurbation, as set out in the prospectus, would significantly strengthen the housing market in the longer-term. It is entirely appropriate that the Pathfinder's resources, and those of partner agencies, are targeted towards this central element of the programme. The strategy and outline programme provide clear evidence of a willingness to prioritise, on the basis of a strategic framework which also seeks to advance broader economic and social goals.
- 108 That is not to say that the relatively modest interventions in peripheral areas should not be questioned. The case for investing in these areas is much less clear cut than for areas closer to the centre. The sums involved are not insignificant. Over the life of the programme, the areas outside the inner core are expected to receive at least £158 million in Market Renewal funding between them. Meir alone is expected to receive over £30 million, and Knutton/Cross Heath nearly £24m. Although these estates are stigmatised, they sit within relatively attractive areas and are likely to be more appealing to developers and private investors than areas within the inner core. As changes to the planning framework take effect, gradually removing development opportunities elsewhere, they will become more attractive still. Further development will be required on this issue to assess whether the plans for peripheral areas provide value for money. It is recognised that the scope for enhancing private sector leverage is constrained - radical change is unnecessary in many areas as demand remains healthy, and the outcome for some areas may be a net loss of stock. However, the Pathfinder will need to provide a clearer picture of the business plans of social landlords in these areas and consider how different development arrangements and Right-to-Buy scenarios might enable private sector investment to be used to better support the necessary restructuring of the market.
- 109 A distinctive feature of RENEW's programme is its openness in identifying the anticipated future of areas, including areas where clearance may not be followed by redevelopment. The strategy adopted by many other Pathfinders is to talk in these terms only after consultation with the individual communities involved, even though the prognosis may already be clear. RENEW's approach brings risks. It is not yet clear what effect it may have on the market, or in the communities affected by change. The submission provides evidence that the risks are being carefully managed. It is useful to see a distinctive approach being taken from which others can learn.
- 110 The year on year activity profile over the life of the programme shows high levels of refurbishment and new build in the early years of the programme, with acquisition and demolition taking place at a much slower pace. This enables the provision of alternative housing for residents displaced by demolition, including both newly built and refurbished properties. It also has the value of building confidence in the programme.

- 111 The prospectus includes a broad assessment of the ‘policy off’ outlook for neighbourhoods in the Pathfinder, and also a detailed option appraisal in relation to the acquisition of the Middleport East site – a site of strategic importance for the Pathfinder. The Pathfinder has also commissioned an initial option appraisal around delivery vehicles, and further work is underway on this. The programme for the coming year also suggests that further detailed option appraisal work will take place within the Areas of Major Intervention. However, the submission contains no details of the Pathfinder’s general option appraisal methodology.
- 112 The submission includes an initial development framework for the commercial core of the conurbation, but a clear strategy has yet to be developed. Consolidation of the centre will take many years to achieve, and is dependent on significant investment from the commercial sector. Its success is by no means certain given the currently dispersed pattern of commercial activity and increasing car usage. Given the importance of the City Centre to RENEW’s strategy, further work is suggested in two areas. Firstly further analysis and an ongoing dialogue with key partners such as the Regional Development Agency to develop a clear strategy for the commercial core. Secondly an assessment of the potential impact on the programme if the centre continues to under perform, to be built into the Pathfinder’s risk analysis. The Pathfinder will also need to ensure that its proposals to develop housing close to the City Centre do not constrain the potential for an expansion of commercial activity necessary to create a sustainable commercial centre.
- 113 In relation to City Centre housing, the night-time economy is recognised as a potential barrier to successful City Centre housing in both Newcastle-under-Lyme and Hanley, and yet the strategies for addressing this are unclear at this stage. The Pathfinder will also need to assess the risk that the strong Newcastle offer could undermine attempts to introduce successful City Centre housing in Hanley.
- 114 The prospectus contains a specific policy on assistance for residents affected by the proposals, including a list of options to be offered to home owners. Most of the products have yet to be developed, and early work will be required to develop options for people affected by the initial clearance programmes. The relationship between the evidence base and the menu of solutions on offer is not clear, and further work will be required to hone the solutions according to the needs and aspirations of residents. The Pathfinder will also need to consider the cost/benefits of each option in more detail, and build this into its business plan modelling.
- 115 The prospectus states that arrangements for rehousing tenants and leaseholders will be determined by social landlords in consultation with residents. The relocation options available to existing owner-occupiers do not appear to be available to tenants. The Pathfinder will need to consider what alternatives it can offer, in the context of redevelopment, for people who no longer wish to rent.
- 116 It is not clear what objectives the Pathfinder has in relation to the size of the private rented sector. It will need to consider whether objectives to control or reduce the size of the sector in specific areas would be useful, and the mechanisms it could use to achieve this. The prospectus suggests that there will be no geographic targeting of the grants for landlords joining the accreditation scheme. The Pathfinder will need to clarify whether this is the case, and if so consider how the risks of investment in areas likely to undergo change will be managed.

- 117 The Area Development Frameworks contain a good description of the key strengths and weaknesses of neighbourhood shopping centres. The rationalisation of the larger commercial centres is addressed as part of the Pathfinder's solutions. However, more work is needed with partners to develop a comprehensive retail strategy for the Pathfinder area, which also encompasses some of the smaller parades of shops. This should set out how complementary resources will be employed to ensure that derelict neighbourhood centres do not detract from the success of nearby housing investment.
- 118 The local authority housing strategies identify a number of specific 'housing needs', including people with support and care needs and older people, which are likely to be reflected in redevelopment plans. The evidence to support this is not presented as part of the submission. It is not clear whether the needs identified are in fact for support or care rather than housing. Further work will be needed to define the need for support, care and specialist housing arising out of the programme, and the implications this is likely to have for Supporting People and health and social care strategies.

## Neighbourhood management

- 119 The submission describes the progress all three authorities are making on the introduction of neighbourhood management. The commitment of all three authorities to improving the co-ordination of services and their relevance to local needs is clearly demonstrated. In Stoke, Area Plans are to be developed covering a range of issues pertinent to the market renewal process, including anti-social behaviour, transport and environmental management. Devolved arrangements for decision-making, service delivery and community engagement are being put in place across the city, with neighbourhoods within the Pathfinder boundary being prioritised during the initial implementation phase. The approach in Newcastle and Staffordshire Moorlands is more targeted, concentrating the development of neighbourhood management on the more deprived neighbourhoods, which primarily fall within the Pathfinder area.
- 120 However, there are a number of limitations in the approach to neighbourhood management described in the prospectus. The submission says little about the Pathfinder's approach to neighbourhood management *interventions*. Measures such as enhanced environmental management and additional crime prevention work can support neighbourhoods undergoing change, and provide holding strategies for areas where restructuring cannot happen immediately. In this context, neighbourhood management measures, and the resources to support them, need to be carefully planned in line with the phasing of the programme. Linked to this, it is not clear how the process of planning 'market restructuring-related' neighbourhood management connects to existing localised decision-making processes. This issue is particularly important in Stoke, where neighbourhood management is being delivered through 47 neighbourhoods and 10 Community Forum Areas which do not coincide with the market renewal boundary. Finally, the prospectus is unclear what additional value Market Renewal resources will bring, and what mainstream resources are adding to the market restructuring process.

## Strategy alignment

- 121 A number of important foundations for effective strategy alignment exist in North Staffordshire. One is the North Staffordshire Group Leaders partnership, which brings together Group Leaders and Chief Executives from the four local authorities, with a focus on regeneration and market renewal. The prospectus conveys a real commitment to collective leadership, and co-operation for the collective good of the sub-region. There is also evidence of early work between the North Staffordshire Regeneration Zone and the Market Renewal Pathfinder Board to develop a joint strategic framework for economic development, housing, transport and planning.
- 122 The Area Development Frameworks also include an assessment of the degree of alignment between HMR and other strategies, identifying:
- ◆ policies and initiatives firmly in line with the ADF strategy;
  - ◆ those broadly in line with the strategy;
  - ◆ those that may require amendment to be in line with the strategy; and
  - ◆ those potentially in conflict with the ADF (for which actions are identified).
- 123 Again, this degree of honesty about the potential conflicts between strategies is rare. It provides a sound basis for work with partners to achieve alignment.
- 124 Several key areas of strategy alignment are considered in more detail. Firstly planning. Given that the housing supply context presents a major area of risk for the Pathfinder's strategy, its relationship with the formal planning framework is critically important. The Pathfinder's analysis of alignment on planning issues is very thorough, and highlights a number of issues where further work is needed. Some progress has already been made since RENEW submitted their prospectus.
- 125 Regional Planning Guidance (RPG) for the West Midlands reflects the policy shift towards an urban renaissance, and away from less sustainable dispersed forms of development. Its emphasis on improving the quality and choice of housing in the region's Major Urban Areas (MUAs) is entirely consistent with the aims of the Pathfinder. However, its policy response is somewhat ill-defined in relation to North Staffordshire. Whilst it is clearly seeking to increase the level of housing capacity in the major West Midlands conurbation, in North Staffordshire, levels of net additional provision remain largely unchanged – a building rate of 600 a year is allocated for Stoke-on-Trent, and 3,000 for the county as a whole for the period up to 2011.
- 126 The modelling of household formation commissioned by the Pathfinder included an analysis of the potential impact of maintaining this level of development. Even with unprecedented levels of clearance (500 a year) the net level of out-migration from Stoke-on-Trent would need to reduce significantly to avoid vacancy rates rising further. The submission presents a convincing case for reviewing the levels of new-build and demolition in RPG

- 127 Such tensions with regional and local planning frameworks are not unusual in Pathfinder areas – a number of Pathfinders are leading the development of sub-regional spatial strategies based on an improved analysis of the housing market. Elsewhere these reveal gaps in existing planning frameworks, and in some cases provide a direct challenge to planned patterns of spatial development. In North Staffordshire, the prospectus is unclear about how the issues will be addressed - whether the significant reductions in net provision required can be accommodated through a 'Plan, monitor, manage' approach, or whether a more fundamental review of the distribution of new housing within the county will be needed.
- 128 Against this challenging backdrop however, there is evidence of growing co-operation between local planners and RENEW North Staffordshire to deliver the programme's objectives. Local planners appear committed to tightly managing the land supply outside the Pathfinder area, within the constraints of existing planning guidance. The Pathfinder will be supporting this by putting together evidence to support decisions where planning permission is not granted. Relationships are also being established with developers. Where planning permission has already been granted, the Pathfinder may offer land swaps to direct the development towards more appropriate areas.
- 129 The second key area of strategy alignment to be considered is economic development. The prospectus presents a clear analysis of the local and sub-regional economic context including the economic policy context, based on a study commissioned by the Pathfinder. The report addressing Strategic Spatial Assumptions provides a spatial analysis of existing regeneration initiatives, highlighting the lack of a framework within which to direct economic interventions.
- 130 There is already considerable economic development activity in North Staffordshire, much of it directed through the North Staffordshire Regeneration Zone using resources from a range of partners including the Regional Development Agency. Economic regeneration is recognised as of primary importance. However, a clearer picture of the future economic strategy for the sub-region will be needed if the implications for the housing market are to be fully understood. Of particular importance will be the area's economic functions in relation to those of the strong growth poles nearby - particularly Birmingham, Warrington and Manchester. If the conurbation is seeking to develop clusters (for example around medical technologies) it will need to be clear about their relationship with emerging clusters elsewhere.
- 131 The prospectus highlights a number of conflicts between existing economic strategy and the approach to development proposed by the Pathfinder, for example:
- ◆ the Chatterley Valley Premium employment site for example is to receive funding for Advantage West Midlands of up to £1.3 million in 2004/2005 for land acquisition and remediation economic use, detracting from plans for a revitalised commercial core in the City Centre; and
  - ◆ the prospectus identifies a number of problems which need to be addressed in commercial and industrial areas, but for which no resources have been identified. Among them is the Clough Street area – a key gateway to the commercial core, and an area of former industrial uses and vacant land, which currently has a detrimental impact on the image of Hanley South. It is not clear whether investment an area such as Clough Street would be consistent with regional economic strategy and thus able to benefit from Regional Development Agency resources.

- 132 The third key area is transport. The Pathfinder's long-term plans to fundamentally reshape the fractured urban form in North Staffordshire will have significant implications for the area's transport infrastructure. The prospectus includes a detailed analysis of the transport issues for the conurbation, and the potential implications of Housing Market Renewal. Early indications are that the proposed solutions, with their strong emphasis on environmental sustainability through the creation of walkable neighbourhoods and urban centres, will have little adverse effect on transport pressures. Clearance of housing from arterial routes may provide the opportunity for new bus corridors on key routes. A detailed study is now underway as part of the development of the Integrated Transport Strategy. The prospectus does not explicitly mention the engagement of transport planners and providers in the development of its strategy, but it can be assumed from the quality of the submission that this has taken place.
- 133 The Area Development Frameworks include an analysis of existing and planned transport provision (e.g travel to work times, traffic congestion hotspots, walkability) and the potential impact, in broad terms on regeneration. This is a useful starting point. As the plans across the Pathfinder evolve, further work will be needed to explore the potential travel patterns of the communities the Pathfinder is seeking to attract. The Neighbourhood Action Plans include an initial assessment of accessibility by car and public transport. This identifies the key strengths and weaknesses of the existing transport infrastructure.
- 134 In terms of education, the prospectus conveys a real commitment among partners to improving educational attainment in order to make neighbourhoods in the inner core more attractive. This is particularly apparent in Stoke, where attainment has improved markedly since the late 1990s, albeit from a very low base. Improved standards will be complemented by major PFI investment in new schools – Stoke-on-Trent being the only city in the country covering the whole of the schools estate. There is some evidence that investment is being planned in conjunction with Market Renewal. Schools performance is often anecdotally accepted as a major driver of housing markets. Although this may be true in relation to more affluent markets, it is worth noting that RENEW's market research reveals that it is a relatively unimportant factor in relocation away from the inner core.
- 135 One omission in RENEW's analysis of strategy and policy alignment relates to the business plans of housing organisations. This issue is also picked up elsewhere in the report. It is unclear whether the existing business plans of social landlords in the Areas of Major Intervention can accommodate the restructuring envisaged. Nor are the opportunities for, or constraints on complementary investment clear. Investment by social landlords in the Pathfinder area is included in the Pathfinder's business plan, and the refurbishments funded are 'claimed' as programme outputs, but there is very little discussion about the linkages and dependencies. The Pathfinder will need to demonstrate a clearer understanding of the relationship between its programme and the business plans of social landlords, reflecting potential investment scenarios in its business plan sensitivity analysis.

## Sustainability

- 136 RENEW's proposals pass an important test in relation to sustainability – they seek to achieve a better balance between supply and demand in crude terms, by reducing the net surplus housing supply within the conurbation. This is by no means true of all Pathfinders, some of which seek growth in the context of population decline, thus increasing the risks of adverse effects in adjacent areas. Whether a better balance between supply and demand is achievable in the longer-term depends not just on what happens within the Pathfinder area, but also on managing the supply in the broader sub-region, and creating attractive alternatives within the inner core.
- 137 The proposals also place a strong emphasis on environmental sustainability through the consolidation of currently dispersed settlement patterns and the creation of walkable neighbourhoods. There is also a strong emphasis on urban design. The quality of its evidence base and its proposals in relation to urban design are both excellent, and provide some useful practice which could be replicated elsewhere. Other Pathfinders are striving to achieve good quality design in new developments, but rarely look beyond its immediate milieu either to assess the quality of the broader environment, or to develop proposals to create a more coherent and sustainable urban form.
- 138 Revenue-funded activities account for about 11% of the programme. The bulk of this is staff costs, with very little going into revenue funded interventions. Further work will be needed to define its use, identifying the contribution, if any, to mainstream services, and the role of partner agencies will play in supporting the programme. The Pathfinder will need to develop a forward strategy for areas following intervention, identifying where necessary how its ongoing interventions will be maintained.

## Risks

- 139 The Pathfinder's initial 'prospectus level' risk assessment identifies a range of risks, including economic conditions, programming assumptions, funding, skills, alignment of programmes, delivery vehicles, demographic change, construction costs, planning risks and operational procurement risks, infrastructure requirements, CPO and land ownership issues. It assesses the probability and impact of each area of risk, and sets out a headline risk management plan. This covers most of the key areas of risk at a strategic level, but the actions set out are somewhat vague and require considerable further development. RENEW expects to develop a risk register along the lines advised in the Green Book, but has not yet done so, and this is identified as an area for further development.
- 140 Two key risks have not been identified in the initial assessment and these will need to be reflected in the risk management framework being developed. Firstly the risk of not creating a successful commercial core, on which much of the Pathfinder's strategy depends, and secondly, the risks associated with the home ownership products being developed. The range of options being developed for home owners in clearance areas, which includes Home Swap, Home Buy (customised equity share) and relocation grants, suggests that the public sector would in many cases subsidise the gap between existing equity and the costs of a new home. The Pathfinder will need to carry out a further assessment of the cost benefits of different options and model the risks to the programme given different take-up scenarios.

- 141 The submission is also unclear about the potential for continued migration from the inner core towards more suburban areas even if the additional supply is constrained. The relationship between dwellings and population subject to some elasticity. Other conurbations have experienced marked population growth in areas where there has been little or no change in the net supply simply because more people are prepared to form larger households in order to live in the more attractive areas. The risks would be compounded should incomes rise in relation to values in the inner core, creating the potential for further flight from these areas. The Pathfinder will need to develop its assessment of the risk of further outward migration as the programme develops.
- 142 An assessment of risk has been included within the Neighbourhood Action Plans for the four Areas of Major Intervention, but this is somewhat limited. It identifies the severity and likelihood of key risks, but fails to set out ownership, mitigating action or risk indicators. The risks identified are also limited, with some obvious omissions. The Stoke North Area Development Framework for example, identifies Middleport as an extremely stigmatised neighbourhood, even by national standards. As part of the core of the conurbation, Middleport is expected to become the focus for new housing, and yet the degree of stigmatisation has not been identified as a specific risk within the Neighbourhood Action Plan. Further work will be needed at the ADF or AMI level too, as the programme of interventions is developed.
- 143 To summarise, there are more areas for further development than strengths in the solutions proposed for North Staffordshire. There can be little doubt that the Pathfinder's strategy for the core of the conurbation would significantly strengthen the housing market in the longer-term. The development of interventions is at a relatively early stage, and although a sound strategic framework is in place, more work is needed before the precise solutions are clear. The Pathfinder has undertaken a rigorous analysis of linkages with key strategies, and this has thrown up a number of areas for further work. The case for investing market renewal resources on the scale envisaged in suburban social rented estates is not demonstrated, and the strategies for these areas will need to be reviewed. Areas for further development have also been identified in relation to the City Centre strategy, relocation options for owners and tenants, the future of the private rented sector, a retail strategy for the conurbation, care and support needs and risk management.

## Resources

- 144 The Pathfinder will need to demonstrate that its approach to using the resources from the Market Renewal programme and other partners is effective in terms of delivering the objectives of the programme and value for money. The funding arrangements will need to be deliverable. And where there are investments by other organisations, the Pathfinder will need to demonstrate that these are appropriate and co-ordinated to produce the desired outcomes.
- 145 The prospectus presents a programme of £2.3 billion over 20 years, of which £860m would be funded from Market Renewal. The programme for the remaining years of the spending review period would be £85.5 million.
- 146 The Business Plan presents a very clear exposition of the Pathfinder's spending, costs, funding sources and activity over the life of the programme, including detailed tables setting out what activity Market Renewal funding is expected to fund, and what complementary funding sources will contribute. By presenting financial and activity information in this way, it is relatively easy to assess the added value of the Market Renewal programme.

- 147 Assumptions about private sector leverage are relatively cautious. The ratio of private sector investment to market renewal investment is about 1:1, somewhat lower than other Pathfinder areas. The anticipated private revenue comes in the main from the sale of new housing. The Pathfinder expects the real growth in market values to exceed cost growth, and this is likely to reduce the need for market renewal resources in later years. However, at this stage its projections on sale values are relatively cautious, reflecting in part the emphasis on ensuring affordability in the replacement stock. The Business Plan includes a sensitivity analysis which models different house price growth scenarios. This does not yet test the point at which values rise in relation to the phasing of the programme. The timing of a step change in values in relation to the peaks in acquisitions and sales is critical to the costs of the programme. Further work will be needed on this, the results of which will need to be built into the Pathfinder's risk management strategy.
- 148 The Pathfinder will also need to consider the basis for estimates of affordable housing, the impact of procurement strategies and development arrangements and assess the value for money of relocation and housing renewal options, all of which could have a major impact on the requirement for public sector resources.
- 149 The Pathfinder may need to examine some of the specific assumptions about private sector leverage in its Neighbourhood Action Plans – another area already identified for further development. In Knutton and Cross Heath for example, one of the more successful parts of the Pathfinder area, 20 hectares of land are expected to be acquired, and 60 remediated, and yet the income from land sales is anticipated to be only £3.26 million. The Pathfinder intends to develop a procurement strategy with private sector partners over the coming year, with the aim of achieving optimum value for money. The assumptions in the business plan will need to be reviewed in the light of this.
- 150 In terms of complementary public sector investment, the business plan is clear that its strategy is dependent on local authorities and other funding agencies directing mainstream capital resources to deliver elements of the programme. This includes resources support refurbishment in the private sector. There is no explicit acknowledgement that this is dependent on decisions at a regional level.
- 151 As part of its clearance and redevelopment proposals, the Pathfinder envisages that it will need to acquire about 1,500 RSL properties, and has committed itself to there being no detrimental impact on social landlords' long-term business plans. The details will be subject to negotiation. This is a bold commitment to make, and one which may not sit easily with the desire for rational strategic planning and value for money. Whilst it is helpful that the issue of RSL business plan viability is addressed in the prospectus, the Pathfinder will need to demonstrate that it can meet this commitment without any adverse impact on its strategy or programme.

## Deliverability

- 152 Prospectus describes its initial two year programme as a 'gentle start'. The programme for 2004/2005 totals £16.78 million, of which £10.41 is funded from Market Renewal. This rises to £68.9 million in the following year, of which £31.13 million is funded from Market Renewal. This is expected to deliver 607 acquisitions, most of them in the private sector, over 3,000 refurbishments, and 144 demolitions.

- 153 In the short-term, the key delivery partners in the Areas of Major Intervention are likely to be the local authorities and English Partnerships. Local delivery teams will be put in place, with a management team to manage the Central City redevelopment process, allowing the programme to take account of adjacency issues, housing needs and allow virement between the AMIs. Existing regeneration agencies such as the Burslem Regeneration Company and the North Staffordshire Regeneration Agency may also deliver elements of the programme.
- 154 Given the relative inexperience of the authorities in delivering large-scale clearance programmes, it is unclear whether even the modest programme envisaged is deliverable. There is a history of problems spending allocated regeneration resources in North Staffordshire. This is acknowledged by the Pathfinder and local authorities but given the reliance on existing vehicles, further evidence will be needed that the obstacles to delivery in the past are being addressed. The close involvement of English Partnerships (EP) and the Commission for Architecture and the Built Environment (CABE) in delivering the early programme is to be welcomed. They bring with them considerable expertise from similar programmes across the country.
- 155 RENEW were successful in delivering their early actions programme for 2003/2004. The City Council is also strengthening its capacity to deliver the programme by creating a new Urban Renewal Directorate. However, the submission does not include a formal assessment of its capacity to deliver this year and next, either in terms of skills or numbers of personnel. This is also suggested as an area for further development.
- 156 In the longer-term RENEW is likely to work towards the establishing an Urban Development Corporation, and have commissioned work on a business case for its development. This issue is considered in more detail in the governance section.
- 157 In summary, there are more areas for development than strengths in the Pathfinder's approach to resources. The programme is well presented, allowing the value gained from Market Renewal resources to be easily identified. Further work will be needed to review assumptions about private sector leverage, dependencies in relation to complementary public sector funding, and commitments to RSLs. The prospectus has not clearly demonstrated that it has the capacity to deliver its relatively modest early programme, and further work will be needed here too.

## Community

- 158 Market Renewal presents challenges in relation to engaging local communities. It is important that local communities are fully consulted on the problems affecting their neighbourhoods, and involved in developing solutions. This includes difficult-to-reach or marginalised groups, such as young people and minority ethnic communities. But this must be in the context of achieving the broad strategic objectives necessary to create sustainable housing markets. Inevitably tensions sometimes emerge between the views of communities and the broader objectives. The Pathfinder will need to demonstrate an effective approach to managing these tensions.
- 159 By setting a clear strategic framework against which detailed consultation can take place, RENEW have already demonstrated an understanding that Market Renewal cannot simply be a bottom-up programme.

- 160 In terms of consultation on the ground, the Pathfinder is starting from a low base. There have been few significant regeneration initiatives in the sub-region. As a result there are few established community engagement fora, and the capacity of communities to engage in consultation is relatively weak. The Pathfinder has already completed an initial programme of communication and consultation, which included interviews and focus groups with residents across the Pathfinder, open days, presentations and public meetings. This was supported by leaflets, newsletters and a video.
- 161 Within the Areas of Major Intervention the Pathfinder intends to use the Action Plans as the basis for wide-ranging consultation with affected communities over the next 12 to 18 months, culminating in the development of fully fledged Community Plans for each of the four areas. Resources earmarked from next year's programme to support this include £400,000 for masterplanning and £120,000 for community architects. The Pathfinder is also planning further survey work with residents.
- 162 The Pathfinder's programme is designed to complement the mechanisms for community engagement already in place or planned by the local authorities. These include Citizens' Panels and Community Forums. The precise relationship with broader engagement mechanisms, such as those being developed to support neighbourhood management, is not clear from the prospectus and will require further development.
- 163 There are two key gaps in the evidence on community engagement presented in the prospectus:
- ◆ firstly there is no indication that the Pathfinder or the constituent authorities have a coherent strategy to build community capacity within the Pathfinder area, even though this is recognised as an issue; and
  - ◆ secondly, there is no evidence of a clear strategy for engaging difficult-to-reach groups such as younger people, or people from BME groups, or people with disabilities. Further work on these aspects of community engagement will be required as a matter of urgency before the consultation programme in the Areas of Major Intervention begins in earnest.
- 164 In summary there are more strengths than areas for development in the Pathfinder's approach to community engagement. RENEW have carried out an extensive initial programme of consultation, but further work is needed to develop a capacity building strategy and address consultation in relation to a range of difficult-to-reach groups.

## Governance

- 165 The activity of the Pathfinder must be accountable to funders, local residents and stakeholders with clear roles and responsibilities allocated between the partners. All partners must fully subscribe to the aims of the programme and be able to meet their responsibilities for delivering it.
- 166 The Pathfinder is governed by an independently chaired Board which includes members drawn from the two local authorities and public and private partners able to bring expertise to the programme. It is currently not a legally constituted body, and has no formal powers in its own right. Stoke-on-Trent acts as the accountable body for funding purposes.

- 167 The Board has clear responsibility for the development of the market renewal strategy, for ensuring integration with other programmes, achieving support from partners and communities, and developing delivery arrangements. During the development of the prospectus the Board resolved controversial prioritisation issues between different parts of the Pathfinder area. Relationships between the authorities appear to be strong, with the sub-regional Leaders Group playing a key role in achieving consensus.
- 168 The prospectus describes in broad terms the relationship between the Pathfinder team, the accountable body and the constituent authorities. The arrangements appear to be fit for purpose in the short-term, with the exception of those described for approval and decision-making on Delivery Plans. These require further clarification as they appear to give undue influence to individual authorities over the Pathfinder. The submission contains no detailed description of RENEW's project management arrangements or financial procedures. Further evidence will be required that these are robust.
- 169 The Board is supported by the RENEW team, which will be expanded to take on new roles in relation to commissioning, programme management, strategy and policy development and communications. The staffing structure illustrated appears adequate for a core team, but as highlighted earlier, a more detailed analysis of capacity to deliver the early programmes will be required.
- 170 In common with other Pathfinders, RENEW plans to conduct a review of governance review during 2004. The Board is also considering alternative arrangements for delivering the programme, which recognise the scale and complexity of the task in relation to existing capacity. RENEW have, with the North Staffordshire Regeneration Zone Board, jointly commissioned work to explore options for a Special Purpose Vehicle. At the time of writing, work is ongoing to develop a business case for an Urban Development Corporation (UDC). Should this come to fruition, it promises to address the potentially serious capacity deficits in the sub-region, and will put RENEW in a far stronger position to deliver its ambitious programme.
- 171 Failure to secure a UDC presents a serious risk to programme delivery. In order to maintain the momentum of the programme, and allow the development of the UDC to get underway it will be important that a decision is made quickly by the Government. In the meantime, RENEW will need to work on alternative delivery arrangements should plans for a UDC fail. The development of a UDC is likely to take some years in any case, and effective delivery arrangements will need to be in place in the interim period.
- 172 In summary there are more strengths than areas for further development in the Pathfinder's governance arrangements. The Board arrangements have been fit for purpose in the pre-submission period, and the partnership is demonstrating a mature approach to decision-making on controversial issues. The Board recognises that given the nature of the programme in North Staffordshire and existing capacity deficits, new delivery vehicles will be needed. In the meantime it will need to work on interim delivery arrangements and longer-term arrangements should the Government not agree to the creation of a UDC.

## Summary of theme strengths/areas for further development

Theme	Grade	Strengths	Areas for further development
Information base	A	<ul style="list-style-type: none"> <li>◆ The Pathfinder has compiled an extensive data base covering a range of demand and supply side indicators and potential housing market drivers.</li> <li>◆ The housing market assessment includes a picture of the regional and sub-regional housing market.</li> <li>◆ The submission makes good use of trend information and comparisons between areas.</li> <li>◆ The information base includes extensive 'soft' data based in interviews and focus groups.</li> </ul>	<ul style="list-style-type: none"> <li>◆ The prospectus gives an incomplete picture of demand trends and investment activity in the social rented sector (recommendation 7).</li> </ul>

Theme	Grade	Strengths	Areas for further development
Impact on adjacent areas	A	<ul style="list-style-type: none"> <li>◆ The Pathfinder has carried out a thorough analysis of migration patterns and housing market performance in order to identify potential effects on adjacent areas.</li> <li>◆ The phasing of programme activity is clear, allowing points in temporary imbalances between supply and demand to be anticipated.</li> <li>◆ The intervention framework proposed seeks to address potential displacement effects.</li> </ul>	<ul style="list-style-type: none"> <li>◆ There remain areas of risk linked to the capacity to absorb residents displaced by clearance (recommendations 5 and 9).</li> </ul>
Stakeholder involvement	A	<ul style="list-style-type: none"> <li>◆ The Pathfinder has put considerable effort into engaging partners at the strategic level.</li> <li>◆ A neighbourhood management framework is emerging to support local engagement, which has the clear commitment of local authority partners.</li> </ul>	

Theme	Grade	Strengths	Areas for further development
Drivers	A	<ul style="list-style-type: none"> <li>◆ The submission provides evidence of a sophisticated understanding of influences on of the housing market both positive and negative.</li> <li>◆ It demonstrates extensive use of data to inform the development of solutions.</li> <li>◆ It includes an analysis of the potential trajectories of neighbourhoods without intervention</li> </ul>	<ul style="list-style-type: none"> <li>◆ Further work will be needed to develop the analysis of sub-markets in and around the Pathfinder area, including the student and graduate markets, and BME communities (recommendation 7).</li> </ul>
Outcomes	C	<ul style="list-style-type: none"> <li>◆ The prospectus conveys a clear sense of the nature of change sought in the longer-term.</li> <li>◆ Most of the targets set are clear and easy to measure.</li> </ul>	<ul style="list-style-type: none"> <li>◆ The Pathfinder will need to establish a longer timeframe for its interim targets (recommendation 1).</li> <li>◆ there is no attempt to relate outcomes to investment and activity (recommendation 1).</li> <li>◆ The basis for objectives on affordable housing will need to be reviewed (recommendation 7).</li> </ul>

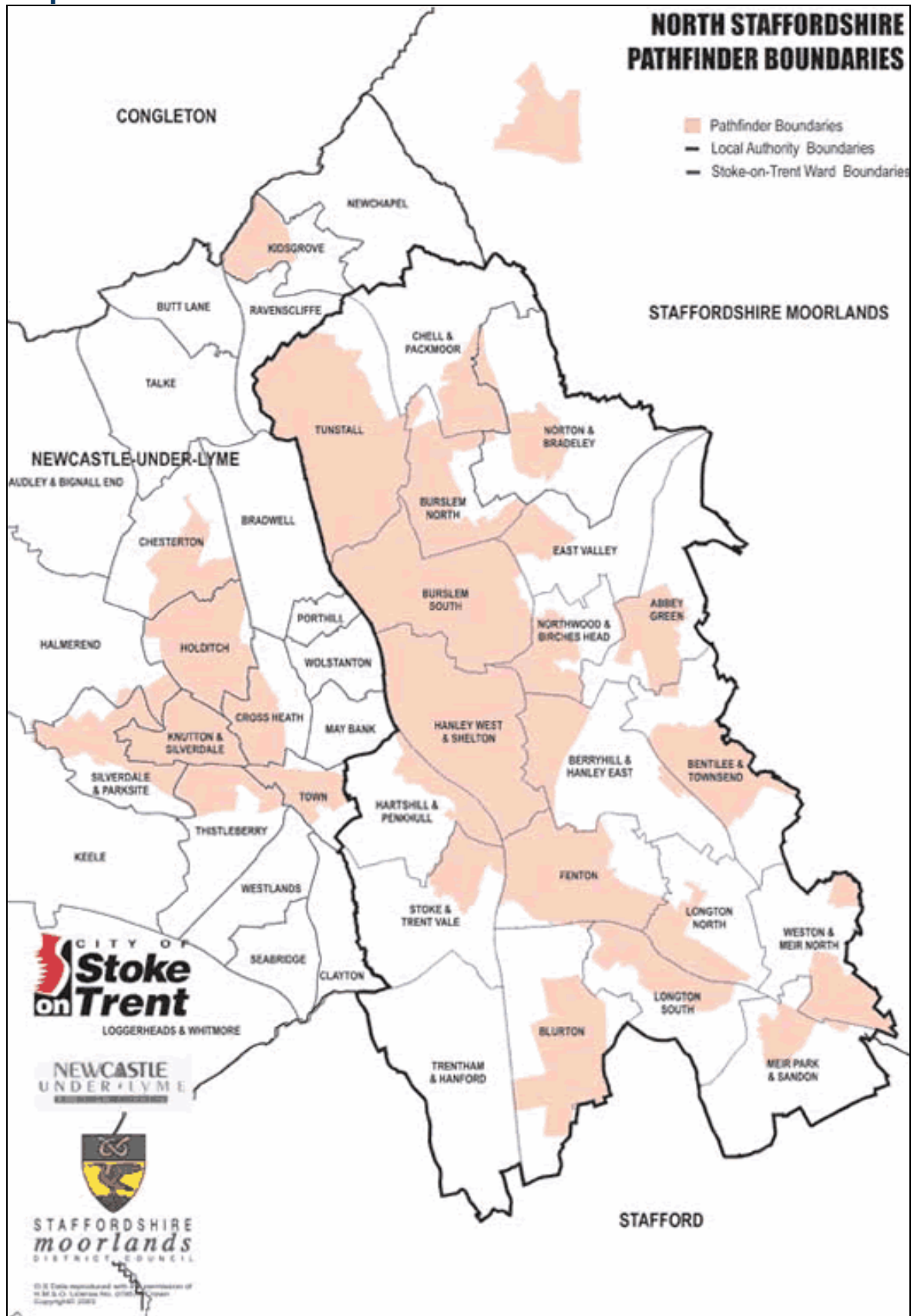
Theme	Grade	Strengths	Areas for further development
Solutions	C	<ul style="list-style-type: none"> <li>◆ The Pathfinder’s strategy for the core of the conurbation promises to significantly strengthen the housing market in the longer-term.</li> <li>◆ A sound intervention framework is in place.</li> <li>◆ The Pathfinder has undertaken a rigorous analysis of linkages with key strategies, including planning, economic development and transport</li> </ul>	<ul style="list-style-type: none"> <li>◆ Considerable work is needed before the interventions are clear (recommendation 5).</li> <li>◆ The case for investing market renewal resources on the scale envisaged in suburban social rented estates is not demonstrated. The strategies for these areas will need to be reviewed (recommendation 3).</li> <li>◆ Further work is needed on the City Centre strategy, including the risks to the Pathfinder of this not succeeding. (Recommendation 4)</li> <li>◆ More detailed development of relocation options for owners and tenants is needed (recommendation 5).</li> <li>◆ The future of the private rented sector is unclear (recommendation 5).</li> <li>◆ There is no clear retail strategy for the conurbation (recommendation 4).</li> <li>◆ Care and support needs from the programme need to be defined (recommendation 4).</li> <li>◆ Risk management arrangements have yet to be implemented and integrated into programme management processes (recommendation 6).</li> </ul>

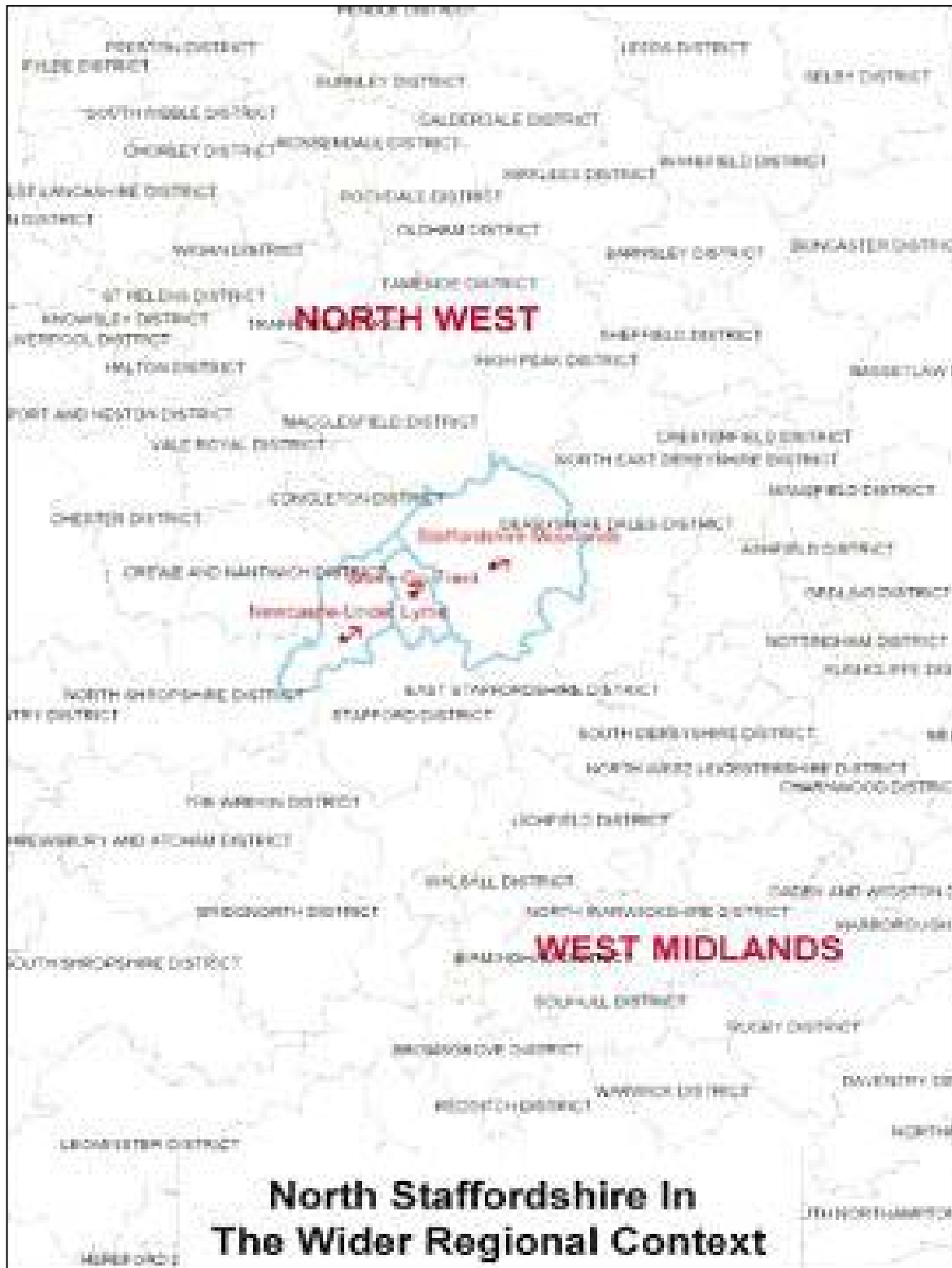
Theme	Grade	Strengths	Areas for further development
Resources	C	<ul style="list-style-type: none"> <li>◆ The programme is well presented, allowing the value gained from Market Renewal resources to be easily identified.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Further work will be needed to review assumptions about private sector leverage, dependencies in relation to complementary public sector funding, and commitments to RSLs (recommendation 6).</li> <li>◆ The prospectus has not clearly demonstrated that it has the capacity to deliver its relatively modest early programme (recommendation 2).</li> </ul>
Community	B	<ul style="list-style-type: none"> <li>◆ RENEW have carried out an extensive initial programme of consultation, including interviews, focus groups, attendance at forums and public meetings.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Further work is needed to develop a capacity building strategy and address consultation in relation to a range of difficult-to-reach groups (recommendation 9).</li> </ul>

Theme	Grade	Strengths	Areas for further development
Governance	B	<ul style="list-style-type: none"> <li data-bbox="595 349 874 779">◆ The Board arrangements have been fit for purpose in the pre-submission period, and the partnership is demonstrating a mature approach to decision-making on controversial issues.</li> <li data-bbox="595 801 895 1133">◆ The Board recognises that given the nature of the programme in North Staffordshire and existing capacity deficits, new delivery vehicles will be needed.</li> </ul>	<ul style="list-style-type: none"> <li data-bbox="978 349 1310 680">◆ Further work is needed on interim delivery arrangements and longer-term arrangements should the Government not agree to the creation of a UDC (recommendation 2).</li> </ul>

# Appendices

## Maps





## List of documents considered during the scrutiny process

- ◆ Prospectus for Renew North Staffordshire;
- ◆ North Staffordshire housing market assessment;
- ◆ North Staffordshire neighbourhood market index and thematic maps;
- ◆ Pathfinder neighbourhood cluster profiles;
- ◆ Residents' surveys in major intervention areas comparative report;
- ◆ Housing need, affordability and new housing in major intervention areas;
- ◆ Conurbation new buyers' survey;
- ◆ Market towns new buyers' survey;
- ◆ Biddulph market assessment;
- ◆ Strategic spatial assumptions report;
- ◆ Area Development frameworks for Stoke North, Stoke Central, Stoke East, Stoke South West and Newcastle-under-Lyme;
- ◆ Neighbourhood Action Plans for Hanley South, Middleport, Meir and Knutton/Cross Heath; and
- ◆ Economic futures for North Staffordshire and their implications for the Market Renewal Area.

Plus a number of supporting documents from partner organisations.