

Scrutiny report

March 2005



# Market Renewal

Gateway Hull & E Riding of Yorkshire  
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, Staffordshire Moorlands, and Newcastle under Lyme);
- ◆ 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**

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## Summary

- 1 The Gateway Hull and East Riding of Yorkshire Pathfinder submitted its Market Renewal prospectus at the end of October 2004. It was the last of the nine pathfinders to submit. 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. The Audit Commission has also made 'critical friend' support available to the pathfinder throughout the period of the development of its prospectus.
- 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 better understand the drivers of market change and their impact on potential solutions, develop strategy and achieve successful delivery of the programme. The timescales for the recommendations are indicative and may be subject to alteration by agreement with the pathfinder. This is because the pathfinder has been required to produce a detailed project plan for the further development of its proposals which is not yet available.
- 3 In the period between submission of the prospectus and completion of this scrutiny report Gateway has been in negotiation with ODPM to agree the terms of an award of market renewal funding. As part of this negotiation process there have been some changes made to the profile of the initial programme. This report does not take these latest revisions to the profiling of the pathfinder's early interventions into account, but is an assessment of the original submission of October 2004.
- 4 The key question for scrutiny and assessment of the prospectus is will the proposals set out by the Gateway Hull and East Riding of Yorkshire Pathfinder lead to the pathfinder areas becoming a series of sustainable communities over the next fifteen years? In particular, the pathfinder is aiming to ensure that there is stabilisation of the population, ending the persistent pattern of out-migration, linked to a more competitive local economy. An assessment of the potential for successful outcomes must consider the quality of the pathfinder's understanding of the problems facing the city, its strategic responses, and its plans for ensuring effective delivery of change.
- 5 The Gateway pathfinder has assembled an impressive information base, with a wide and comprehensive range of data which is both robust and detailed. The pathfinder benefits from its Intervention Area boundary being the Hull City Council boundary while its wider Strategic Area is also made up of whole wards, assisting with the collection and analysis of data from existing national data sources. This will also help in tracking changes over time. The pathfinder has made use of extensive "conjoint analysis" surveys to understand local people's housing market preferences. However, there is some further information that would assist the pathfinder's strategy development, especially understanding the particular aspirations of key target groups of residents such as students and graduates. The pathfinder also needs to ensure that in due course it establishes systems for updating its information base and tracking changes.

- 6 The pathfinder recognises that it needs to develop its systems for monitoring and managing the effects on the pathfinder of changes in adjacent areas and potential displacement caused by its own actions. It is well informed by detailed information on conditions within the housing market and migration patterns. The pathfinder needs to ensure that it can influence detailed plans for the major new developments at Kingswood and in the City Centre and encourage integration with adjacent residential areas. It needs to consider the implications of its own plans to increase the housing supply in the short term and the emerging social housing stock investment plans and manage the potential effects on neighbouring areas.
- 7 The pathfinder has engaged with a broad range of public and private sector agencies. Whilst there has been consultation with developers and the establishment of a Developers Forum, relationships with private sector organisations need to become more focussed on particular issues and development opportunities, ensuring that public priorities are delivered through private companies' investment and expertise. There are strong relationships with many public sector stakeholders. Recent engagement with the Police and other crime reduction agencies needs to be developed into sustained joint working. There is also the need to build on the relationship with Hull Citybuild (the Urban Regeneration Company), and continue to develop better links with the University. It appears that the roles of the two Local Strategic Partnerships (LSPs) could be clarified and potentially strengthened to assist the pathfinder in ensuring holistic regeneration across the city.
- 8 The pathfinder's analysis of drivers has enabled it to define the key issues influencing the sub-regional housing market. The use of "conjoint analysis" to understand local people's housing preferences has helped it to assess the relative importance of different issues. The pathfinder now needs to refine its understanding so that detailed policy responses can be developed. In particular, the pathfinder needs to carry out further work on the relationship between the local economy and population change, reconciling the different projections produced from its own analysis and those of the Joint Structure Plan. There needs to be a better understanding of how property condition affects demand in the public and private sectors, and how environmental quality influences people's housing choices. The pathfinder needs to develop its understanding of the impact of transport issues on the housing market, and the importance of access to the right local shops and facilities. Systems need to be established for monitoring changes in the key drivers over time.
- 9 The strategy that has been developed responds to many of the key housing market drivers over the lifetime of the pathfinder, but could make the situation worse in the short term. The pathfinder ought to reconsider the balance of its early programme, ensuring that it does not add to the existing problem of over-supply and that the early programme makes a significant contribution to the achievement of the pathfinder's overall targets for re-structuring the city's housing stock. Parts of the strategy will need to be reviewed on completion of Hull City Council's stock options appraisal. There needs to be a clearer plan developed for achieving the improvements in local economic performance assumed by the pathfinder's strategy, with well defined responsibilities for each partner organisation. The Area Development Frameworks (ADFs) do provide useful local options appraisals and initial neighbourhood plans that respond to identified drivers, and local master planning can now build on this work. However, the pathfinder's approaches to environmental improvements, and neighbourhood management need to be much better developed. The range of tools to support home ownership needs to be improved. Strategic risks and risk management processes need to be reviewed.

- 10 The pathfinder's approach to the use of resources and its planning for delivery need to be much better developed. The pathfinder has taken a comprehensive approach to building up its Business Plan, with integrated project appraisals, but this is undermined by the constituent projects being poorly defined. Cost assumptions are high, and the pathfinder must develop more robust unit cost benchmarks. The pathfinder's assumptions of greatly increased Housing Market Renewal (HMR) funding in the middle years of the programme appear to be over optimistic. The pathfinder is yet to determine many of its delivery arrangements, and there remains concern over the ability of the pathfinder and its partners to put in place sufficient capacity and expertise to deliver the programme.
- 11 The approach to engaging with local people has been appropriate for the current stage of strategy development. In particular, the ADFs were informed by discussion of options for change with local people, and some detailed plans were explored in priority neighbourhoods. However, it is important that as detailed plans are agreed there are more varied and inclusive ways of engaging with everyone in each area. There must be a clear plan setting out the phasing of interventions in each area so that local people can be involved at the right times. Community engagement and communication with local people must be consistent and sustained over time. Imaginative ways of involving local people and voluntary groups in improving their areas need to be devised together with further developing plans for maximising access to employment and training opportunities arising from pathfinder investment.
- 12 The pathfinder's governance arrangements have been successful in delivering an agreed strategy for long term housing market change in the Strategic Area. This is especially significant given the limited record of partnership working between the two Councils, and the lack of cross-party agreement within Hull on the future for the City's housing stock. However, the pathfinder recognises that it will need to review its governance arrangements for the delivery phase, and it needs to set in place its performance management systems. The roles of Hull CC and the Gateway team in managing the functions of the Accountable Body need to be clearly established. The Board would benefit from a greater range of expertise and more private sector and independent members. This might be assisted by a closer relationship with Hull Citybuild. The roles of pathfinder officer groups and ADF Steering Groups need to be clearly defined. Recent improvements in partnership working need to be sustained and developed to enable successful delivery of the pathfinder programme.
- 13 The pathfinder's proposed outcome measures reflect many of the key drivers identified. However, there are gaps in many of the baselines and targets that are yet to be filled. In particular, the pathfinder has not produced outcome targets for the first three years to show what changes it expects to have taken place following the initial programme. Outcome targets need to be achievable, reflecting the impact of the pathfinder's intended outputs. Outcome targets also need to be focused on real changes in the city rather than processes. Clear responsibility needs to be allocated to the pathfinder and partner organisations for the achievement of each of the outcome targets.

- 14 There remain many challenges for the Gateway pathfinder. The long term strategy is for a significant restructuring of the city's housing stock, but it is not clear how this radical policy will be delivered. There is a major risk that by building first and clearing later the programme over the first three years will exacerbate the current oversupply of housing. The pathfinder recognises that there are capacity constraints and the initial programme is relatively modest. The pathfinder must move quickly to set up its delivery arrangements and recruit the people needed to deliver this programme. It should concentrate its early delivery on those projects that will have an immediate effect on local housing markets, such as continuing demolition of empty properties in the Newington and St Andrews area (NaSA). The development and appraisal of detailed projects, coupled with revised cost benchmarks and effective procurement mechanisms will help to ensure the efficiency of the initial programme. The review of strategic objectives and spatial priorities, and further development of area plans will assist the programme's effectiveness. This will help prepare the pathfinder for significantly strengthening its housing market through more radical physical change over the following years.

## Recommendations

- 15 Strengthen the framework for further market analysis and for monitoring progress and market impact. Specific areas of focus should include:
- ◆ updated travel to work analysis using Census 2001 data;
  - ◆ a review of outstanding planning approvals and potential short term development completions in the Strategic Area;
  - ◆ developing the “sustainability framework” to explain market dynamics in each neighbourhood and track change;
  - ◆ further analysis of population and household projections within the Intervention Area and Strategic Area, resolving the significant differences between the conclusions of existing research projects and population assumptions in the Joint Structure Plan. This should take into account a range of possible economic scenarios, and a range of housing supply scenarios. Re-examine the Housing Preference Model and establish an agreed methodology for assessing the impact on demand of residents realising their housing aspirations;
  - ◆ assess the implications for demand for each housing tenure. Develop understanding of why there is changing demand for social housing;
  - ◆ market research on the aspirations of key target groups such as students and graduates; and
  - ◆ further analysis of the future viability of local shopping centres and the influence of local shops and leisure facilities on the housing market in different parts of the city.

The timescales and sequencing for Recommendation 1 are to be negotiated on the basis of a project plan produced by the pathfinder.

- 16 Refine the strategic objectives, better defining key priorities, particularly in relation to the balance of new build and demolition. Reconsider the balance of the early programme, ensuring that it does not add to the existing problem of over-supply. Develop a clear strategy for selecting areas for intervention. Consider how Gateway will support the successful delivery of the city centre master plan, with complementary plans for inner areas of the pathfinder and by phasing interventions from the inside out.

This is to be completed within nine months.

- 17 Review the 15 year outcome targets, resolving inconsistencies, and showing how the strategic objectives will be achieved through the activities of the pathfinder and its partners. Demonstrate how the initial programme will lay the foundations for the achievement of the long term vision; establish three year outcome targets.

This is to be completed within six months.

- 18 Gateway and its regional, sub-regional and local partners should more clearly define plans for improving the economic future for the Humber sub-region, with clear principles for developing spatial plans for employment sites. This should provide greater clarity about how the economic and housing futures of the area will complement one another, and how the economic improvement required to support successful market renewal will be achieved.

This is to be completed within 12 months.

- 19 Ensure consistency in strategy and phasing between pathfinder proposals and the outcome of the Hull City Council stock options appraisal.

This is to be completed within nine months.

- 20 Review unit cost benchmarks and develop systems for establishing value for money when procuring pathfinder interventions. Undertake value for money appraisals of fully developed projects prior to agreeing project funding. Ensure that environmental works and neighbourhood management proposals are strategically focussed and complement the pathfinder's housing investment in priority neighbourhoods.

This is to be completed within six months.

- 21 Develop a detailed delivery plan, analysing where there are gaps in existing capacity and setting out how they will be filled. Review operating costs and demonstrate cost efficiency before delivery commences. Demonstrate that market renewal funding is to be used only for the delivery of projects and services additional to that provided by existing investment.

This is to be completed within three months.

- 22 Review pathfinder governance arrangements to ensure effectiveness in the delivery phase. Put in place delivery structures which establish clear points of responsibility for programme delivery in each area, and integrate pathfinder activity with other investment. Strengthen links with Hull Citybuild to ensure co-ordination of regeneration activity across the city of Hull.

This is to be completed within 12 months.

- 23 Develop a comprehensive performance management framework, showing how on-going market intelligence and evaluation will feed into decision making cycles.

This is to be completed within 12 months.

- 24 Develop programme management systems and a pathfinder procedures manual, ensuring that the pathfinder can effectively control the delivery of the programme. This is to include details of how risk will be identified and managed. Clearly define the separate roles of the Accountable Body and the Gateway team in financial management.

This is to be completed within nine months.

- 25 Develop and implement Pathfinder wide principles for community engagement.

This is to be completed within nine months.

- 26 Develop arrangements to monitor the relationship between market renewal activities and market changes elsewhere within the Intervention area and the wider Strategic area.

This is to be completed within 12 months.

- 27 Develop a wider range of housing and relocation options designed to support residents to become and remain home owners in the pathfinder intervention area.

This is to be completed within 12 months.

- 28 Work with service providers such as the Police and LEA to agree targets, and where appropriate, joint initiatives to produce the improvements in community safety and schools' performance critical for achieving Gateway's market renewal objectives.

This is to be completed within 12 months.

- 29 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 when this is no longer available. It should also consider appropriate arrangements for ongoing maintenance in order to protect the considerable levels of investment proposed by the Pathfinder.

This is to be completed within 12 months.

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## Introduction to the Pathfinder

- 30 The Gateway pathfinder area consists of an Intervention Area which has the same boundaries as the Hull City Council area, and a Strategic Area which is equivalent to the travel to work area for Hull and includes wards of the East Riding of Yorkshire close to the boundary with Hull. There is a wider area of East Riding which is not included in the pathfinder Strategic Area. Gateway is the only pathfinder that has an intervention area with the same boundaries as the whole of one of the local authority areas, reflecting the widespread nature of deprivation and housing market weakness within the city, and the fact that the city's boundaries are tightly drawn around the urban area.
- 31 At the same time as the development of pathfinder proposals, Hull City Council has been required to produce and implement a Recovery and Improvement Plan. An Intervention Team was appointed by ODPM in November 2003 as a result of assessments in the Corporate Governance Inspection of 2002, and the subsequent Comprehensive Performance Assessment. The pathfinder's proposals have been developed rapidly during 2004 in this context, and the ability of the pathfinder to develop and deliver its strategy is strongly linked to Hull City Council delivering improvements to its corporate governance and services.
- 32 The Hull City Council area has been losing population at a rate more rapid than any other local authority area since the mid 1990s - over the ten years to 2001 the population of the City of Hull has fallen by almost 20,000 (7.6 per cent), in contrast to the East Riding where it has risen by 21,000 (an increase of 6.3 per cent). Apart from stabilisation in the early 1990s there has been on-going population decline for several decades as a result of net outward migration. Recent economic performance in the Hull City Council area has been poor, with average Gross Value Added (GVA) growth per annum in Hull of 1 per cent compared to the national average of 2.4 per cent per annum. The structure of the local economy in Hull is still skewed towards a shrinking manufacturing sector, with food processing, chemicals, the port and logistics amongst the most important industries. There has been a fall in the number of jobs, which despite a falling population has led to relatively high levels of unemployment (6 per cent in Hull in 2003). Average wages are low at 81.8 per cent of the average for England. Economic performance in the pathfinder Strategic Area (the travel to work area for Hull) has been slightly better than for Hull itself but still below regional averages.
- 33 The housing stock in the Intervention Area is predominantly low value (73 per cent in Council Tax Band A), and there is a low level of owner occupation compared with the national average (51 per cent in Hull compared with 68 per cent nationally). The rented sector is dominated by renting from the local authority, with many parts of the city featuring large local authority estates. There has been some tenure change through the Right to Buy, but the facilities offered by these areas and their essential characters have changed little. There has also been a recent programme of demolition of local authority owned stock, with 1,300 homes demolished between 2001 and 2003 (around 4 per cent of the total local authority owned housing stock).

- 34 The average vacancy rate across the Intervention Area is 6.7 per cent, applying more or less equally to privately and publicly owned stock. There are, however, differences between wards. The highest vacancy rates are in areas such as St Andrews (18.3 per cent vacancy rate across the whole ward), an area of older private housing with high densities in the inner west of the city and North Bransholme (18 per cent of houses and 70 per cent of flats are vacant on this particular estate), a local authority estate on the northern edge of the city built in the 1960s with low densities.
- 35 The values of houses in the Intervention Area have risen more slowly than the regional average and more slowly than house price rises in East Riding. In Hull average values rose by 25 per cent between 1996 and 2002, compared with rises of 50 per cent in East Riding and 104 per cent nationally. Price rises have, however, accelerated in Hull and East Riding in the last two years, with a further 25 per cent rise in Hull between 2002 and 2003.
- 36 Hull is characterised by significant deprivation, with the 2004 Index of Multiple Deprivation showing that 47 per cent of Hull's "Super Output Areas" (SOAs) are in the 10 per cent most deprived nationally. By contrast, East Riding has no SOA in the 10 per cent most deprived nationally.
- 37 The level of educational attainment within the Hull population is on average very low. Schools perform poorly compared with national averages and the performance of schools in East Riding. Whilst Hull is ranked at 115<sup>th</sup> out of 149 LEAs for pupil attainment at Key Stage 1, East Riding is 9<sup>th</sup>. Hull has the worst performance in the country at Key Stage 4 (GCSE stage), whilst East Riding has performance slightly above average.
- 38 Crime is another significant issue for people living in Hull, and the city had the third highest rate of domestic burglary in England and Wales in 2002/03. This rate was on average more than four times higher than in East Riding. In 2003, 40 per cent of Hull residents were "very worried" about domestic burglary compared with an average of 15 per cent of people nationally.
- 39 The Gateway Pathfinder has created a partnership which brings together representatives of each of the two local authorities, the Local Strategic Partnerships, English Partnerships, Yorkshire Forward, a representative from the private sector, and an independent chair.
- 40 The Pathfinder has produced a Prospectus setting out the details of the problems in the Pathfinder area and its strategy for addressing them. This report is a scrutiny of that Prospectus together with the supporting and source documents listed in Appendix 2.
- 41 The Pathfinder's proposals are based on a number of principles:
- ◆ the creation of sustainable communities within the sub-region through regeneration and housing market renewal in Hull;
  - ◆ lasting solutions, creating places where people want to live and will continue to want to live;
  - ◆ a better quality of life for everyone in the Kingston upon Hull and the surrounding area;

- ◆ housing growth and renewal that meets the housing needs of the entire community;
  - ◆ the maintenance, continued prosperity and social well being of sustainable communities within Hull and the East Riding; and
  - ◆ celebrate the interdependencies and strengths within the city-region.
- 42 In the first three years of the programme the pathfinder proposes that in the Intervention Area 723 homes will be demolished, 2280 new homes will be built, and 3,426 existing homes will be refurbished, repaired or improved. The pathfinder will also undertake environmental improvement works, neighbourhood management, and take forward master planning in identified priority neighbourhoods. The largest share of the first three years' expenditure is in West Hull, with a significant programme in the East, and a relatively modest initial programme in North Hull.
- 43 The Prospectus bids for £69.9 million for the first three years of the programme – April 2005 to March 2008.
- 44 The outcomes that the pathfinder is aiming to achieve after 15 years are to make the Hull housing market reflect regional averages for vacancy rates and the proportion of owner occupiers. It is also intended that population loss from the city will be stemmed so that the population in 2020 is the same as that in 2004. It is hoped that the structure of the housing stock will be altered so that there are higher proportions of semi-detached and detached homes, and the proportion of homes in the lowest Council Tax band will be the same as the regional average.

# Analysis of the diagnosis of the current position

## Information base

- 45 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.

## Range of Data

- 46 The submission contains an extensive range of data to inform understanding of the local housing market. A comprehensive database of key statistics has been compiled at the relevant spatial levels, providing an excellent basis for understanding the sub-regional market and the particular conditions within each area of Hull.
- 47 The information base includes data on housing demand covering rental and sales markets, and both public and private sectors. There is base information on the nature of the housing stock by condition, size, and tenure and how it has changed over time. Demand is evidenced by data on values, vacancies, Right to Buy rates, and levels of demand reported for local authority and housing association stock. Information on the social housing stock is specific to each area or estate, enabling the spatial pattern of demand to be understood and linkages to be made to characteristics of those areas.
- 48 Housing supply is covered by analysis of rates of demolition and new build over the last five and ten years respectively. Future supply is considered with reference to the Joint Structure Plan allocations, and also data from an Urban Potential Study that shows that around 8,000 new homes could be accommodated on brown field land within Hull from 2002-2016 from the existing land supply, excluding any re-development opportunities. There is a gap in understanding the likely housing supply in the immediate future, with information on recent planning applications and approvals within the Strategic Area limited to some examples in the “Residential Market Report into the New Build Housing Market”. The pathfinder needs to keep track of all outstanding planning approvals because it is these homes that will be competing with the proposed new housing developments in the Intervention Area in the first three years’ programme.
- 49 There is useful information on demographics and household composition, by size, age profile, ethnicity, income and socio-economic grouping. The pathfinder would benefit from understanding in more detail the housing patterns and needs of asylum seekers, although this is a relatively small group compared with many other cities. The pathfinder sets out examples of special needs housing where there are current shortages in provision in Hull, and the KWEST report provides information on households accommodating people with physical disabilities. The pathfinder needs to develop a more complete understanding of the distribution of people with particular care needs across the city so that provision can be included in the pathfinder’s strategy.

- 50 It is demonstrated that the significant decline in Hull's population, and increase in the population of East Riding is the result of migration patterns rather than natural population changes – the natural rate of change in Hull from births and deaths is actually for there to be a slight increase. Migration analysis shows that half of Hull's net out-migration is to the wards in East Riding closest to the City's boundaries, which are also the wards that are within the Hull travel to work area. There is extensive analysis of the age profile of the general population, and of those migrating which begins to define the nature of local housing markets and reasons for population change.
- 51 Travel to work analysis is contained within the "Study in Mapping Housing Markets" work which presents a strong case for the definition of the pathfinder's Intervention Area and Strategic Area boundaries. The travel to work area for Hull is shown to be the same as the Joint Structure Plan Central Area, established through the study of travel to work patterns within the East Riding. This study also presents initial migration analysis based on GP's records, completed before migration data was released by ONS from Census 2001. Whilst migration analysis has since been refined, there is a need to review travel to work patterns following the release of Census information. This will help the pathfinder to understand the relationship between employment and residential locations. This is especially important as assisting with the provision of new employment sites is integral to Gateway's strategy.
- 52 The Index of Multiple Deprivation is used to understand the distribution of deprivation across the city. A range of crime statistics are used and broken down by ward. Fear of crime is also understood through a survey undertaken by Hull Citysafe in 2003. This shows that fear of dwelling burglary is very high relative to British averages, partly reflecting the fact of high dwelling burglary levels across Hull. But it is also clear that fear of crime does not necessarily reduce where there are reductions in the incidence of actual crime, such as where there have been recent reductions in vehicle crime and violent crime. It may be useful for the pathfinder to further interrogate the results of the Hull Citysafe survey to better understand the linkages between fear of crime and other neighbourhood conditions.
- 53 There is extensive data on the quality of schools provision within Hull, with attainment levels and value added measures. Every school in the city is analysed to show where there may be local influences on housing choices. Of particular interest is the level of vacant school places, indicating popularity, but also showing where there may be changes in future provision because of persistent lack of take up of school places. Hull has some of the country's worst average attainment scores, significantly worse than averages in East Riding, and this is compared with the age profile of net out-migration from Hull to East Riding to suggest that poor schools are a significant factor in the out-migration of family forming age groups. Data is also presented on the qualifications of the general population to show that there is a relatively low skilled local economy, linked to low local incomes, and limiting the potential for growth in knowledge based industries.
- 54 Health data shows that the general health and life expectancy of people in Hull is significantly worse than people in the East Riding. Of particular importance, the incidence of long term illness has been mapped by Census Output Area across Hull, showing concentrations in some of the areas of worst housing market weakness, such as the NaSA (Newington and St Andrews) area, Orchard Park, and Bransholme.

- 55 The pathfinder's "Baseline" comments on the quality of the local environment, referring to surveys carried out in 2002/3 on quality of life issues. The Area Development Frameworks (ADFs) look in more detail at environmental quality in their areas. In particular, the East Hull ADF uses a detailed assessment of each "character area" against criteria that are features of sustainable communities. The assessment includes the general image of each area, the quality of the public realm and housing stock, the usefulness of open space, and general scale and density. This is an approach that could be extended across the pathfinder area and would help the pathfinder to understand the current position and take a strategic approach to planning investment in environmental quality.
- 56 A critical piece of research work undertaken by the pathfinder has been to commission Experian to consider the sub-regional economy and project potential scenarios for economic growth and the impact on housing demand. This is especially important because of the continuing high levels of net out-migration and poor sub-regional economic performance. The report states that there has not been a close historical correlation between economic performance and population change in the sub-region. Experian make predictions of in-migration based on each economic scenario, but rely on projections of the existing pattern of out-migration from both Hull and the whole Travel to Work Area – major population losses in Hull and corresponding increases in the East Riding – when considering the impact of different scenarios on potential housing demand. Given the base assumption which projects the continuing pattern of very high out-migration given all scenarios for economic performance it is unsurprising that even with strong economic performance Experian predict that the population will continue to fall significantly.
- 57 Experian also predict that the level of economic performance and changing economic structure will influence the nature of housing demand. The most optimistic projections suggest rising incomes and a workforce less skewed towards low skilled employment, demanding more up-market homes, but with little change in existing tenure patterns.
- 58 The pathfinder has added real weight to its understanding of the relationship between economic performance and housing demand by commissioning the Experian study. It now recognises that it needs to resolve the differences in projections of future housing demand between Experian's work and the Joint Structure Plan (JSP). The JSP assumes a much higher requirement for new housing in the whole travel to work area over the next 15 years, and seeks to increase the rate of new housing provision within Hull to support market restructuring. The pathfinder also needs to reconcile the Experian predictions of very modest tenure change with its outcome targets. Part of the answer may lie in the Right to Buy which is currently operating at very high rates (over 1,000 units – 3 per cent of the total Council owned stock – sold in 2003/04), but is excluded from Experian's analysis.
- 59 The pathfinder presents details of transport linkages, including public transport, access to private transport, and average travel to work distances. There is evidence of congestion on the key A63 route into the city from the West. This information shows that car ownership is very low in Hull compared with national averages and that people travel on average relatively short distances to work. The opposite is true in the East Riding Strategic Area. This work is significant in showing the inter-relationship between the Hull and East Riding parts of the strategic area and informing the location of employment sites. It is not clear what the outcome of studies into the A63 will be but it is a key route into the city and to the port and severs the city centre from the Humber waterfront, with important implications for economic development and the city centre housing market.

- 60 The three Area Development Frameworks contain their own information bases giving information at a more detailed level for each of the ADF areas. They tend to use most of the same national data sources as the pathfinder wide baseline, but each has its own focus and presentation. There is useful additional information presented on the physical characteristics of local areas and design quality.
- 61 The pathfinder should be able to track on-going changes because in many cases national data sources have been used. These include ODPM HIP data, Best Value performance indicators, HM Land Registry, the Index of Multiple Deprivation, the Housing Corporation, the Home Office and OFSTED. It makes sense to use these as they are robust data sources that will continue to be updated, are easily collected, and should ensure a consistent, tracked baseline. Other local data should also be reliable and capable of being tracked consistently.

## Perceptions Data

- 62 As well as the range of “hard” data on conditions in the local housing market, the pathfinder has also gathered a great deal of information on what actors in the housing market think about living in the area and their future aspirations. This helps understand the factors that are most important in influencing the market, and therefore the issues that the pathfinder ought to address to achieve market renewal.
- 63 Across the Strategic Area surveys were carried out. The technique of “conjoint analysis” was used to present a series of housing choices to people, collect their preferences, and infer weightings to the relative importance of different factors in their decision making. By aggregating preferences a model was developed to predict how housing demand would change if there were changes in variables such as crime, education, and the types of housing available. Particular concentrations of sampling were carried out in identified neighbourhood priority areas to inform the development of market renewal interventions at the neighbourhood level.
- 64 This innovative approach has helped the pathfinder to predict how the nature of housing demand might change in the long term as people put their preferences into effect, to understand which issues are potentially the most important for the pathfinder to address and how intervention might affect demand. There are some surprising results from the conjoint analysis, such as the finding that 98 per cent of Council tenants in Hull and 99 per cent of Council tenants in East Riding are likely to remain tenants, because they wish to remain tenants, could not afford to buy their own home, or do not plan to move. This was verified by the use of direct questioning on people’s intentions. As with the Experian work, KWEST have excluded the effects of Right to Buy because the people surveyed were shown examples of houses other than their own from which to make choices. Even so, this needs to be reconciled with plans for reductions in the social housing stock, and the outcome target for tenure change. The KWEST work also indicates tenants’ preferences for particular types of landlord, with two thirds of tenants preferring the Council, a third preferring housing associations, and just over 1 per cent wanting a private landlord.

- 65 However, there are a number of methodological issues that limit the capacity to directly translate results from this research into a programme of intervention. The results showing the importance of factors in influencing people's housing choices are affected by the range used in the survey – the more extreme the alternative scenarios, the more importance that factor appears to have in people's choices. Therefore the results ought to be used with caution, informing an understanding of market drivers but not uniquely defining them.
- 66 Another unknown factor is when and if people will realise their stated aspirations. The pathfinder argues that the capacity to realise aspirations depends on incomes and therefore economic performance. This has been separately considered in the Experian work on the relationship between likely future economic performance and the structure of housing demand. The conjoint analysis included the factor of price, potentially limiting choices to what those surveyed could afford, so should broadly reflect aspirations that can be made effective in the long run. Having said this, the conjoint analysis is extrapolated from people's choices at one point in time. Even with significant re-structuring resulting from the market renewal programme, the majority of homes will remain and there will only ever be so many properties that meet most people's aspirations in the sub-region, with the market determining who can afford to live in them.
- 67 There are some gaps in knowledge in the needs and aspirations of particular groups significant to the local housing market. The pathfinder states in its outcome target that it wishes to retain more graduates from Hull University in Hull but there has been no research carried out to determine what would encourage them to stay. The North Hull ADF refers to the potential for new developments to house students but there is no concrete information on these potential developments and the impact that this could have on the private rented sector in the area.
- 68 New up-market housing is planned in the city centre and suburban Kingswood but it is not clear whether these developments will meet the aspirations of existing residents and potential incomers, or whether there needs to be a broader range of developments to ensure that the future housing supply in Hull meets the aspirations of the current and future residents of the travel to work area. The pathfinder has information on household incomes and house prices and needs to develop its thinking on affordability, especially in relation to people likely to be subject to clearance.
- 69 The ADFs tested what local residents see as the key issues that need to be addressed in their neighbourhoods. This was especially the case in the NaSA area in the West Hull ADF and it offers some useful insights into existing residents' priorities that should help inform the pathfinder programme.
- 70 The pathfinder needs to establish a baseline of people's perceptions so that changes can be measured over time. An appropriate balance needs to be found between the cost of updating surveys, and the need to have fresh information to understand changes in the housing market and inform the pathfinder's responses.

## Evaluation of Existing programmes

- 71 It is important to understand the impact of previous and existing programmes to learn lessons for market renewal, and ensure co-ordination with other current activity. However, the extent of past housing renewal and regeneration programmes in Hull is less than many other urban areas. Whilst there have been a number of initiatives to address problems in Council owned estates, there has in recent years been only a limited private sector renewal programme. Area based regeneration initiatives include several rounds of Single Regeneration Budget (SRB) programmes, and Preston Road New Deal for Communities.
- 72 Evaluations of SRB1 (Hull City Venture) and SRB2 (Gypsyville) give some important lessons, including the need to ensure that baselines and outcome targets cover all aspects of the strategy, and that they are specific and measurable. SRB1 was criticised for having a lack of strategic focus, being all things to all people, and it was therefore difficult to pin down the overall impact that it had made to the city. Interestingly, SRB2 which was primarily focused on housing and environmental issues, achieved its housing outputs but failed to achieve the housing market outcomes that it set for itself. Whilst it is not doubted that a comprehensive transformation was achieved in Gypsyville, it would be helpful to understand in more detail whether there were aspects of the strategy that were ineffective in influencing the market, and how the Gateway strategy might need to alter its emphasis in addressing other similar parts of the city.
- 73 There is no evaluation presented of past private sector housing renewal activities, which seem to have focussed on providing grants for essential maintenance and adaptations for people with physical disabilities. There are likely to be only limited lessons to be learned here because the Gateway programme focuses on more radical actions. With regard to the publicly owned stock, the North Hull HAT provides a recent example of extensive responses to weak demand and poor property condition. The pathfinder should seek to evaluate and learn from this experience. One conclusion that is implicit in the North Hull ADF is that demand has held up for improved properties, but seems to have fallen for adjacent properties that didn't benefit from the improvement works. This might emphasise the importance of addressing the potential displacement of demand, and also the importance of tackling the underlying mismatch in the total demand and supply of Hull's social housing stock.
- 74 Overall this is an impressive information base, both in the range and robustness of the data used. The Pathfinder benefits from its Intervention Area boundary being the local authority boundary while its wider Strategic Area is also made up of whole wards, assisting with the collection and analysis of data from existing national data sources. This will also help in tracking changes over time. There is some further information that would assist the pathfinder's strategy development, especially understanding the particular aspirations of key target groups of residents. The pathfinder also needs to ensure that it establishes systems for updating its information base and tracking future changes, which would be assisted by taking direct ownership of some of the modelling and analysis. There are mainly strengths with almost no areas for further development.

## Impact of Areas Adjacent to the Pathfinder

- 75 An analysis of adjacency issues is essential both in terms of the potential impact of the Pathfinder programme on adjacent areas, and the constraints or opportunities neighbouring markets present for the Pathfinder.
- 76 The background information for understanding adjacency issues is very strong. This includes detailed analysis of local migration patterns, and an awareness of patterns of land supply for residential and employment uses. The pathfinder is assisted in its analysis by a relatively simple spatial pattern of an isolated travel to work area, but has established a good understanding of the relationship between where people live and work, and therefore the spatial extent of the housing market based on the city of Hull.
- 77 There is strong evidence presented of migration patterns at the ward level showing net out migration of family forming age groups from Hull to East Riding. In response, the balance of demand within the sub-region between Hull and East Riding is at the heart of the pathfinder's strategy. The pathfinder's definition of the future number of homes required in Hull is derived from a combination of economic projections and the housing supply required by the Joint Structure Plan. However, there are fundamentally different background assumptions on the total level of housing demand in the Hull travel to work area/JSP Central Area underpinning each of these sources. The pathfinder has sought to reconcile the numbers by proposing high levels of clearance in order to balance the high levels of new build in Hull anticipated by the Joint Structure Plan allocation. Indeed, the reducing JSP allocation to East Riding is conditional on Hull delivering increasing levels of new build housing. Therefore, there is an implicit risk that if Hull fails to deliver the much increased levels of new development now expected, the reduction in competing developments in the East Riding will end and the conditions essential for market renewal in the city will disappear. Alternatively, over supply will be exacerbated if the higher levels of new provision are achieved but the corresponding clearance of existing homes is not.
- 78 A structured approach to understanding and monitoring potential displacement of activity in other areas is not yet in place. The pathfinder recognises the need to establish systems to monitor the impact of its interventions across the Strategic Area, including within East Riding. Displacement of potential housing demand from East Riding to Hull is part of the pathfinder's strategy, whilst ensuring that existing sustainable communities in East Riding are not placed at risk of market weakness themselves. This can only be understood with an effective monitoring system in place.

- 79 Major new development within Hull is set to take place within Kingswood, a large green field development in the north of the Hull City area and as part of the Hull Citybuild URC led proposals for residential development in the City Centre. At this year's Enquiry into the Kingswood plans there was some concern from the pathfinder that it would suck housing demand from inner urban areas. Another view is that having a large "urban extension" is the only way of ensuring sufficient new development to meet aspirations for better quality new homes, with Kingswood fulfilling demand that would otherwise be met in green field developments in East Riding. This latter argument assumes that green field development closer to the centre of Hull will be more beneficial to the city than similar developments a few miles further afield, yet this is dependent on successful integration of the development with the rest of the city. The pathfinder needs to understand the market for new homes at Kingswood, who is buying the new homes, and the development's influence on demand in the rest of sub-region. It can then influence future planning decisions on reserved matters. One of the arguments in support of approving the original outline planning application was that it could have a beneficial effect on adjacent local authority estates such as North Bransholme. It is not yet clear if plans will have much direct impact on adjacent estates, with developers' commercial interests likely to lie in having a clearly demarcated boundary between the two areas.
- 80 The pathfinder suggests that the new developments at Kingswood and the City Centre need to provide homes that could meet the needs of people displaced by re-development elsewhere. The pathfinder's ability to influence property mixes in these new developments will be determined by the quality of its evidence on housing need. The tension between the desire for the new developments to transform the housing stock on offer within Hull and for it to meet the needs and be affordable to lower income existing residents affected by clearance needs to be carefully managed.
- 81 The City Centre Masterplan calls for a clear prioritisation of the city centre for the city's long term good, ensuring that competing developments elsewhere in the city are minimised. There is little in the Masterplan about physical linkages with adjoining inner residential areas, other than with the relatively affluent Victoria Docks area. Co-ordination should be assisted by the URC's involvement in delivering the pathfinder's plans for the Newington and St Andrews (NASA) area, a key priority in West Hull, but there may be potential conflicts in priority if the residential offers of the two areas are perceived to be competing. The East Hull ADF expresses ambitious plans for the Drypool area to the east of the River Hull and city centre which seeks to establish a new urban village, with new developments coming to the market from 2008. It goes well beyond the plans for the "East Bank" area in the City Centre Masterplan, but is a critical part of the strategy for East Hull, improving links between this side of the city and the city centre and providing a gateway to areas around Holderness Road. Given the concern in the City Centre Masterplan that there are no competing developments outside the city centre area, the pathfinder needs to better understand the potential housing products and markets in each area and ensure that the plans for both the City Centre and Drypool can be supported by the market.

- 82 The very fact of there being 7,000 new homes already planned between the City Centre and Kingswood reduces the potential to change the structure of the housing markets in the more deprived areas of the rest of the city through new development. Indeed, the ADFs set out aspirations for new developments which would bring the total number of new homes in Hull over the next 15 years to well over the JSP allocation of 15,000 homes and what the market is likely to take. The pathfinder needs to monitor the market and have clear plans for prioritising and phasing new developments over time to maximise the impact without saturating the weak housing market. The pathfinder needs to develop its plans for phasing interventions in neighbourhoods over the medium term, ensuring consistency between the plans within the ADFs.
- 83 The pathfinder's programme for the first three years plans to increase the total housing supply by approximately 1,500 homes in the context of the population and number of households continuing to fall. This is bound to lead to increased vacancies in the short term. Leaving aside the question of the wisdom of this approach, the pathfinder must consider where demand is likely to be weakened by its proposed early developments and develop clear plans for managing these implications.
- 84 There is likely to be fixed or declining demand for existing housing at the lower end of the market within the city, and it seems apparent from past investment in Council-owned stock that weak housing demand can move around as parts of the stock are improved and other areas remain unimproved. The North Hull ADF suggests that weak demand in Orchard Park and parts of the North Hull estate and Bransholme has been exacerbated by the attraction of the improved stock in the North Hull HAT area. The phasing of Hull CC and pathfinder investment in areas of social housing needs to take into account these potential displacement effects.
- 85 The pathfinder needs to develop its plans for re-locating people affected by clearance, recognising the importance of maintaining relationships and support within communities. Whilst an Assistance Policy has been developed which guarantees help and aims to find people a home in the same area, it is not clear where there will be opportunities for households to access new housing in their areas. This is because detailed plans for new developments are yet to be agreed, and there are few mechanisms identified for making new homes affordable, although new products are being piloted with Citybuild and English Partnerships in the NaSA area.
- 86 With regard to economic development sites, the pathfinder and its partners need to set clear policies on the types of employment uses that should be reserved for the city centre and those that should rightfully be in peripheral locations. An update of travel to work information from the Census 2001 would assist the pathfinder in considering how the development of peripheral employment sites will affect demand for residential properties in different parts of the Strategic Area.
- 87 The Pathfinder project appraisal system has considered potential displacement in terms of the proportion of demand or activity generated that will be displaced from another part of the city, and therefore detract from the overall impact on the whole pathfinder area. The pathfinder recognises that it should consider impacts beyond narrow outputs such as number of homes built or demolished, and also take into account relevant outcomes. The approach to date appears to quantify the proportion of outputs attributable to displacement, but it is more important to consider what displacement effects are likely to be felt, where there will be an impact and how adverse effects can be mitigated as projects are worked up in more detail.

- 88 Overall, the pathfinder recognises that it needs to develop its systems for monitoring and managing adjacency and displacement issues. It is well informed by detailed information on conditions within the housing market and migration patterns. The pathfinder needs to ensure that it can influence detailed plans for the major new developments at Kingswood and in the City Centre and encourage integration with adjacent residential areas. It needs to consider the implications of its own plans to increase the housing supply in the short term and the emerging social housing stock investment plans and manage the potential effects on neighbouring areas. There are more areas for further development than strengths.

## **Stakeholder involvement**

- 89 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.
- 90 The actions of private sector developers and investors are critical to housing market renewal. The pathfinder has met with a range of developers and sought their views on the current market and the development potential of different areas. Responses appear to have been fairly general and may not have added much to the pathfinder's knowledge of local markets. A Developers Forum has also been established which appears to have focused on the allocation of potential new development opportunities. Estate agents were also consulted as part of the ADF process to get their perspectives on particular areas and what individuals are looking for. It is important that the pathfinder now develops its relationships with key developer partners in priority areas and engages with them around more specific plans. The pathfinder needs to be clear and realistic about what it will get from this dialogue, tapping into developers' expertise while at the same time setting clear public policy objectives and acting as a catalyst for private investment. The pathfinder also needs to consider engagement with potential institutional investors, possibly working with or through Hull Citybuild, as the developments most attractive to this type of investor are likely to be in the city centre.
- 91 Housing associations have been involved in the pathfinder through the reconstitution of the Hull RSL Housing Forum. A Compact has been agreed that sets out the potential roles of housing associations in working with the pathfinder – assisting with programme delivery, aligning investment, and contributing to the development of interventions. Housing association development partners will be chosen through the procurement process for developers, but in the meantime a number of associations have been involved in particular projects. The pathfinder needs to further consider the potential for housing associations to become more involved in neighbourhood planning and management, playing a role beyond progressing development opportunities. The pathfinder has developed a good relationship with the Housing Corporation and needs to ensure that there is consistency between its own choices of lead housing associations and the Housing Corporation's grant allocations.

- 92 There has been alignment with the aims of Hull Cityvision (the local strategic partnership (LSP) in Hull), some of the pathfinder's targets are shared with the LSP and both Hull Cityvision and the East Riding LSP are represented on the pathfinder Board. Hull Cityvision is responsible for the development of the Sustainability Framework that tracks neighbourhood change. The role of the two LSPs is likely to be the facilitation of communication and consultation with a range of local stakeholders, helping to align the pathfinder's housing interventions with wider public policy.
- 93 The pathfinder has engaged with Yorkshire Forward (the Regional Development Agency) and English Partnerships (EP) on economic development and physical regeneration. EP has already provided funding for acquisitions in the Newington and St Andrews (NaSA) area and is working closely with the Gateway team. As well as potentially funding specific projects, the pathfinder will need to work closely with Yorkshire Forward and the local authorities in developing plans for the Hull city region as part of the Northern Way.
- 94 Hull Citybuild (the Urban Regeneration Company) has worked with the pathfinder on plans for the city centre and the NaSA area of West Hull. Hull Citybuild is responsible for the delivery of the City Centre Masterplan, and is involved with the pathfinder in delivering projects in NaSA. The pathfinder needs to ensure that the relative responsibilities of each organisation are clearly defined, and that its proposals are complementary to the change occurring in the city centre. Given that Hull Citybuild is already well established, the pathfinder ought to maximise the contribution that it can make to the development and delivery of its own programme.
- 95 The pathfinder had some limited engagement with Hull University before prospectus submission, considering the potential of the University for stimulating economic activity. The potential for the physical expansion of the University was briefly considered in the North Hull ADF. Since prospectus submission, the University has set out its plans for the future, recognising its significance to economic development, the cultural offer of the city, and the local housing market. It has made some initial suggestions for new residential developments and expressed a desire to work closely with the pathfinder as strategies are developed. It is important that the pathfinder builds on its relationship with the University because of the potential importance to economic development and working towards the pathfinder's aim of retaining more graduates. A more immediate benefit of closer working could be the use of the University's analytical expertise to strengthen the pathfinder's capacity. The pathfinder also needs to further develop its understanding of the impact of students on the local housing market, and the potential importance of changing student numbers and profiles on the market.
- 96 The pathfinder has developed a useful relationship with Preston Road New Deal for Communities (NDC), using the NDC's information and links with the local community. The NDC will be responsible for delivering pathfinder interventions in its area.

- 97 One of the key issues to be tackled is the problem of high crime and fear of crime in many parts of Hull. The development of the pathfinder's strategy appears to have included only limited involvement from senior Police officers. The prospectus states that the Police are said to be considering their response to the pathfinder's strategy. However, since prospectus submission, the Police have developed a proposal to Government Office Yorkshire and the Humber (GOYH) to research and deliver a new approach to community policing which joins together the strategy of Hull Citysafe (the community safety partnership), neighbourhood management proposals in the city, and the requirements of the pathfinder. This new initiative from the Police is very welcome as it is critical that an effective approach to crime reduction is developed for each neighbourhood that backs up pathfinder interventions with action to tackle criminal activity. The development of the proposal is to be funded by GOYH and the pathfinder and should ensure improved joint working between the pathfinder, the Police and other agencies with an interest in improving community safety and tackling anti-social behaviour.
- 98 The provision of high quality education is another issue that relies on effective joint working with other service providers. The pathfinder has contributed to the development of plans for schools re-organisation and has built its plans for neighbourhood change around new schools. The School Organisation Plan recognises the significance of the pathfinder programme and the potential role that market renewal can play in reducing the churning of pupils and thereby assisting schools in improving attainment. The pathfinder also intends to work with the Humberside Learning and Skills Council on training initiatives related to pathfinder investment.
- 99 The involvement of local residents is dealt with later in this report under "Community".
- 100 Overall, the pathfinder's approach to stakeholder involvement shows significant engagement with a broad range of public and private sector agencies. Relationships with private sector organisations need to become more focussed on particular issues and development opportunities, ensuring that public priorities are delivered through private companies' investment and expertise. There are strong relationships with many public sector stakeholders. Recent engagement with the Police and other crime reduction agencies needs to be developed into sustained joint working. There is also the need to build on the relationship with Hull Citybuild, and continue to develop better links with the University. It appears that the roles of the two LSPs could be clarified and potentially strengthened to assist the pathfinder in ensuring holistic regeneration across the city. There are more strengths than areas for further development.

## Scrutinising the drivers that have led to the current position

- 101 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 pathfinders' interventions.

### Key Drivers

- 102 The Pathfinder has clearly understood the importance of data and analysis in identifying and analysing the drivers. It has also done its own assessment of the data used in the submission.
- 103 The pathfinder identifies the following themes as the drivers of the housing market:
- 104 **Population & Migration** – The pathfinder is clear that demand for housing is reducing because people are moving away. There is a good understanding of who is leaving, where they are coming from, and where they are going. The key question to be answered remains – why? This is explained by combinations of the other drivers, but the pathfinder has also compared the movement from Hull to East Riding with urban – rural population shifts in other parts of England. This shows that whilst the movement from Hull to East Riding is consistent with the pattern of urban – rural population change across the country, it is especially severe in this area, suggesting that it is fuelled by strong push and pull factors. Compared with other urban areas, Hull has very little international immigration to replace the drifting of its population towards suburban and rural areas, and does not have the higher birth rates associated with many immigrant communities.
- 105 **Economy & Labour Market** – As noted earlier, Experian assert that there is little correlation between historic patterns of economic performance in the sub-region and demographic change in Hull. Future economic growth will be significant in determining the nature of housing demand in Hull but will not of itself have much significance in increasing the overall level of demand in the Hull part of the sub-regional housing market unless out-migration from Hull is stemmed through other measures. The pathfinder has chosen a combination of scenarios for future economic growth, with recent trends of relatively poor economic performance continuing until 2010, and economic growth then improving to national average levels. This seems to be a reasonable choice of assumptions, especially as the combination of these two scenarios leads to a pattern of growth similar to Hull's long term average. However, it does assume improvement from current performance and the pathfinder needs to be clear how this will be achieved. Progress over time needs to be carefully monitored as worse economic performance would lead to an even lower future population, and a different pattern of housing demand. There is certainly a strong link between sub-regional economic performance and sub-regional housing demand in this relatively remote geographical location where there are few possibilities for commuting to more successful economic centres, and no obvious attractions for people who are no longer of working age.

- 106 In setting its strategy the pathfinder has assumed that the number of homes required in Hull by 2017 will be 13,000 more than the number of households predicted by Experian to be living in Hull. The pathfinder explains this in the wider context of the travel to work area where it is predicted that the total number of homes required by 2017 will increase by 5,900. The pathfinder has factored in the impact of new housing supply being diverted from East Riding to Hull through the allocations prescribed by the Joint Structure Plan. It does seem reasonable not to rely wholly on the Experian forecasts for predicting future households in Hull because the Experian forecasts are based on an analysis of the economy of the whole travel to work area and the most important factor determining the number of households in Hull is not the performance of the whole local economy, but the distribution of households between Hull and East Riding. If there is a reduced supply of homes in East Riding, and hopefully a successful pathfinder programme that makes Hull locations more attractive, then this must have some effect on the distribution of demand. However, the likely impact on the distribution of demand of these policy interventions is hard to predict, (assuming too that they will be sustained and delivered) and it seems unlikely that such entrenched net out-migration will be easily slowed down or reversed. It is important for the pathfinder to further clarify the link between economic performance and changes in housing demand between Hull and East Riding and feed this into the development of the Regional Spatial Strategy.
- 107 Housing Supply – Apart from the immediate supply of new housing that will be produced from existing planning approvals, there is a good understanding of the past and future supply, including both the older housing stock and new build. The pathfinder needs to understand whether people are leaving Hull because they cannot get the type of housing they want there, or whether new homes are being demanded in East Riding because people do not want to live in Hull for other reasons. If the latter case holds true, then attempts to direct new house building to Hull as a matter of policy (such as through increasing JSP allocations to Hull) will fail to resolve market imbalances. Conjoint analysis tested the type of housing that people prefer and the housing stock profile in East Riding more closely reflects people’s aspirations. “Type of housing” and “Number of bedrooms” were both found to be very significant in people’s housing choices, suggesting that changing the structure of the local housing supply can increase demand for local areas. Understanding of this issue would be further developed by correlating areas characterised by housing said to be less popular, and changing values and vacancy rates. Whilst this analysis has not yet been carried through across the city, there are some clear correlations in particular neighbourhoods such as St Andrews with its examples of “court” style terraces suffering from high vacancy rates.
- 108 The pathfinder does not explore the relationship between property condition and demand. This reflects the strategic focus which has a low emphasis on refurbishment relative to most other pathfinders, and also the fact that levels of unfitness are unremarkable - similar to national averages. That said, there is to be some expenditure on improvements of private sector homes to meet the Decent Homes Standard and there is no analysis offered to show that this work has the potential to have a positive effect on the housing market. In the social housing sector, the pathfinder and partner social housing providers need to understand the relationship between investment in achieving Decent Homes Standards and the potential for increasing demand for the improved stock. Interestingly, some areas with stock that currently meets the Decent Homes Standard, such as parts of Orchard Park and Greatfield are assessed as being areas in most decline in the sustainability framework.

- 109 Another area that should be explored is whether the nature of the overall housing supply in the sub-region can influence demand for the sub-region relative to other parts of the country. There is some limited evidence nationally that having a good housing offer can influence inward investment of knowledge based industry that could support plans for developing more up-market homes, such as those planned for the city centre. A significant question here is whether by restricting new supply outside the pathfinder Intervention Area there is a risk of the whole sub-regional market failing to provide sufficiently attractive homes for higher earning residents and prospective incomers.
- 110 Social Housing – Part of the mismatch between housing supply and aspirations is said to be the concentration of Council-owned stock in large areas of the city. The information base shows that demand for renting Council properties remains relatively low, in the context of a stock steadily reducing through demolition and the Right to Buy. It is suggested that very recently the vacancy rate for Council-owned stock has reduced, and Hull CC's homelessness figures have been rising over the last three years, in common with many other urban areas. This could be in response to the rising cost of owner occupation, or reflect the reduction in supply arising from recent demolitions. The pathfinder understands the historic pattern of changing demand for social housing, but must develop its understanding of why there is changing demand in order to develop its strategy for market renewal. For example, Right to Buy rates are currently very high, but why is this? If high rates of Right to Buy continue, will this improve demand for Council estates, or will they remain as unpopular in the owner occupied market as they were in the social housing market? Is it the nature of the Council-built housing stock and neighbourhoods that are unpopular or the tenure itself? There are lower vacancy rates in housing association stock, and the proportion of social housing tenants wanting to be housing association tenants rather than Council tenants greatly exceeds housing associations' current market share. Why is this, and what does it mean for the pathfinder's strategy?
- 111 There are clearly very important links to be made between the pathfinder and Hull CC's current stock options appraisal. The timing is unfortunate and the pathfinder needs to plan to deal with the emerging conclusions of the stock options appraisal. It is critical for the pathfinder that the stock options study comes to hard conclusions soon, and the pathfinder will then need to reconsider and develop its own plans for areas of Council housing. The role of the pathfinder in adding value to plans for Council housing will need to be clearly identified at that point.
- 112 Deprivation – The pathfinder recognises that the significant deprivation found in many parts of the Intervention Area is symptomatic of failing markets, reflecting residualisation and polarisation of the sub-region's population. Deprivation can then become a cause of market failure, itself making areas less attractive to economically active residents and potential incomers. The pathfinder recognises that for market renewal to take place, problems of deprivation and low incomes need to be addressed alongside the housing interventions.
- 113 Crime – The pathfinder is clear that crime is one of the most important drivers of the housing market in local neighbourhoods. Conjoint analysis shows the potentially high impact on the housing market of changing levels of crime. In designing responses it would be useful to understand the relationship between different types of crime and the housing market. Which aspects of criminal and anti-social activity most lead to people feeling unsafe, and should therefore be targeted by the pathfinder and its partners? The pathfinder points to a relationship between drug abuse and burglary that ought to be further explored in designing measures to cut the fear of crime.

- 114 Education – Poor educational attainment in Hull is seen as one of the city’s key issues in the Regional Economic Strategy, and the pathfinder identifies it as a key issue in market renewal. Whilst the overall level of knowledge and skills within the population is important to the development of the local economy, the pathfinder focuses on the effects of poor schools on local housing market choices. This is demonstrated by the out-migration of families with children to East Riding. Conjoint analysis shows the importance of the quality of schools provision to families with children. As there are only very few secondary schools in Hull which exceed national average performance, it would be useful to examine whether there is a positive effect on the local housing markets around successful schools as predicted by the perceptions studies. The pathfinder recognises that the housing market itself affects schools performance, with many schools suffering from low school roles and pupils frequently moving between schools. The pathfinder has engaged an educational specialist to better understand how the quality of schools in Hull might be improved, and its potential role in the process.
- 115 Physical Environment – This is recognised as important by the pathfinder but has not been as thoroughly researched as some of the other drivers. The KWEST conjoint analysis only considers choices for broad types of location such as “inner city Hull” and “leafy suburban Hull” which are value laden and also related to accessibility and housing density as much as environmental quality. Some of the community consultation work in the ADFs identified aspects of environmental condition as very important to local residents. Some issues relate to public services such as street cleaning, some are about the design and maintenance of buildings, while others are about the provision of well designed and managed public open space. Some ADFs also developed objective assessments of environmental quality but these seem not to have been linked to patterns of housing demand in any attempt to explain how environmental quality influences the market. The pathfinder hopes to include outcome measures around improving the environment of Hull, recognising the importance of this issue, but is yet to set any baselines or targets. It is important that the pathfinder better understands which aspects of environmental quality are most critical to people’s housing decisions so that capital and revenue programmes can be put in place to deal with the most important issues. There is a lot of public open space in parts of Hull and the pathfinder needs to have a clear and evidenced strategy for creatively improving and managing it, with a defined role for each open area. Where current public open space cannot be effectively managed and will never get sufficiently intensive public use, change to other uses ought to be considered.
- 116 Access & Communications – The pathfinder admits to not yet being clear on the impact of transport on the sub-regional housing market. The pathfinder recognises that improved transport connections between Hull and its hinterland, and with the rest of the country, may exacerbate population movement away from the city. On the other hand, transport infrastructure improvements will assist economic growth, especially given the city’s role in international transportation through the port. There are also local problems caused by congestion, such as the detrimental impact of the A63 on the city centre environment and linkages to the Humber water front. The current lack of understanding of how transport interacts with the housing market prevents the formulation of a clear strategy to use improvements in transport infrastructure to support market renewal.

- 117 There are some other issues implied in the ADFs that the pathfinder needs to understand more fully. In the North ADF it is clear that students have a significant influence in the local housing market around the University. The pathfinder needs to understand how the market works, likely future patterns of student numbers and characteristics, and whether there are plans for the development of more purpose built student flats as seen in many other northern university towns.
- 118 All of the ADFs identify that local shopping centres and community facilities are important to local people. It is less clear how the proximity of good quality facilities influences the housing choices of different parts of the market. The pathfinder aspires to supporting local shopping centres but it needs to understand what sorts of facilities will help stimulate different types of housing market, and which existing centres are likely to be commercially viable in future. As well as informing potential support for existing centres, market research will also help determine where mixed uses could help in creating sustainable new developments.
- 119 A simple diagram has been produced to show how all of the identified drivers have combined; push and pull factors have led to the observed pattern of net migration from Hull to the adjacent parts of the East Riding. Geographical isolation is an unconvincing push factor from Hull to East Riding, as East Riding shares this characteristic, but it is an important underlying factor affecting the local economy and the sub-region's ability to retain and attract residents. Whilst accepting the importance of local migration from Hull to East Riding, it would also be helpful to understand better why young people tend to migrate away from the sub-region to other parts of the country, and what might change this pattern.
- 120 The perceptions data from "conjoint analysis" assisted the pathfinder in determining some of the key drivers operating in the housing market. In particular it aimed to demonstrate the relative importance of different drivers on people's housing aspirations. This research can only look at factors which affect individual choices at one point in time, and cannot explore underlying factors such as change in the general housing supply or economy, but helps explain the way that individual choices are having an impact on the housing market. That said, people's aspirations are likely to change over time, especially in the context of significant regeneration activity, so changing preferences will need to be monitored.
- 121 The pathfinder commissioned a Housing Preference Model to predict what would happen to the housing market if some current drivers changed and people altered their housing market behaviour accordingly. It also sought to combine the projections from conjoint analysis and the Experian work on the economy. The combination of aspirations being realised and economic change suggested very dramatic population loss from Hull, a prediction that appears not to have been considered in the agreement of the pathfinder's strategy. Either the pathfinder is ignoring unpalatable conclusions or there are inadequacies in the methodology that need to be explained. If there are problems with the methodology, are there problems with the reliability of the KWEST and Experian analysis generally, or are the problems restricted to how the two pieces of work have been combined into a single model?

- 122 The ADFs apply the identified drivers to their local neighbourhoods. The extensive local information bases help in understanding changes in the housing market at area and neighbourhood levels, but explanations for local market characteristics are not always clearly analysed. Hull CC and the pathfinder have developed an initial “sustainability framework” model for analysing the perceived sustainability in each neighbourhood and tracking change over time. This was used to inform the ADF work. It is recognised that the model ought to be further developed, and more stakeholders involved. Developing and updating the model is currently the responsibility of the Local Strategic Partnership. Further development would help the pathfinder and other partners to explain why changes are taking place in particular areas and design appropriate policy responses. Systems need to be in place to ensure that appropriate agencies get the information that they need to respond quickly to changes in local markets.
- 123 At the sub-regional level, it is important to understand trends in economic performance and demographic change. All of the identified housing market drivers need to be monitored at an appropriate spatial level, with drivers such as schools performance and crime influencing markets in particular streets and neighbourhoods. The pathfinder needs to ensure that it has systems in place to monitor changing market dynamics and drivers, informing strategy and project development at each level.
- 124 Overall, the pathfinder has undertaken analysis of drivers that allows it to define the key issues influencing the housing market. The use of “conjoint analysis” has helped it to assess the relative importance of different issues. The pathfinder now needs to refine its understanding so that detailed policy responses can be developed. In particular, the pathfinder needs to carry out further work on the relationship between the local economy and population change. There needs to be a better understanding of how property condition affects demand in the public and private sectors, and how environmental quality influences people’s housing choices. The pathfinder needs to develop its understanding of the impact of transport issues on the housing market, and the importance of access to the right local shops and facilities. Systems need to be established for monitoring changes in the key drivers over time. There are more areas for further development than strengths.

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

## Solutions

- 125 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.

## Strategy

- 126 The Pathfinder has identified a vision, and key aims to address market weakness in the Pathfinder area. The key aims are:
- ◆ to balance the supply and demand for housing;
  - ◆ to retain and stabilise the population base and attract new skills;
  - ◆ to link housing market renewal to economic growth and wealth creation;
  - ◆ to provide sustainable communities;
  - ◆ to improve the environment of the city significantly; and
  - ◆ to reduce levels of crime and the fear of crime in the intervention area.
- 127 The pathfinder has recognised the importance of the economy and population change to the housing market and attempted to link long term strategy and key output targets to projections for these drivers. The plans for the life of the pathfinder are very ambitious, with potentially 18 per cent of the housing stock in the Intervention Area to be cleared, and a substantial programme of re-development to transform the city's housing stock. Land use change is also envisaged, taking some under-used industrial sites into residential use, and conversely, strengthening some employment areas through residential clearance.
- 128 The pathfinder's strategy focuses on clearance and new build, supported by environmental works and neighbourhood management. Compared with many other market renewal pathfinders, relatively little work to existing stock is planned, although social landlords will be investing at the same time to bring their homes up to the Decent Homes Standard. The lack of prominence of work to existing private sector stock seems appropriate given the relatively low levels of unfit, and the high level of vacancies which can only be addressed through more radical action. That said, there are plans to undertake refurbishment work in the private sector to over 3,000 homes in the first three years, all to the Decent Homes Standard. The intention of refurbishing to the Decent Homes Standard seems not to be a market oriented approach. There is no evidence presented to show that this is the right set of works to make homes more attractive to purchasers, and there is a danger of prescribing particular works that may not be important to residents or that owners may potentially carry out themselves.

- 129 The Hull Community Strategy refers to the need, “To radically remodel and right size the city...” The pathfinder’s strategy takes on this need to restructure the housing stock and housing market, and is therefore very ambitious. The pathfinder’s targets attempt to reconcile Hull’s Joint Structure Plan (JSP) allocation of 15,000 new homes with Experian forecasts of continuing population decline and a changing pattern of demand. The pathfinder plans to undertake extensive clearance to achieve a potential net housing stock reduction in Hull of 5,000 units over the next 15 years. Whether or not this balance is right will partly depend on how well these changes to the housing supply are managed – whether successful and sustainable neighbourhoods are established through the process of change, and the right types of homes created to meet demand. It is important for the pathfinder to set off in the right direction and there is a need for the pathfinder to clarify where it is heading by resolving the different population projections for Hull inherent in the JSP and the Experian forecasts. Only then will it be able to plan to “right size the city.”
- 130 The pathfinder’s strategic objectives need to be more focussed on the particular actions to be undertaken to achieve the pathfinder’s vision. It is beyond argument that balancing housing supply and demand and achieving sustainable communities with economic prosperity are good aims for a market renewal pathfinder. The pathfinder now needs to develop its strategic objectives so that it is clear what sustainable communities will look like, and how Hull will meet the aspirations of residents of the Strategic Area. The ADFs are very thorough pieces of work on which to build plans for each part of the pathfinder area, but there needs to be a clearer articulation of how all parts of the city will work together to provide a varied and attractive offer to Hull residents. In particular, the pathfinder needs to explain how will the aspiration to create a critical mass of population in every part of the city, with different characteristics in each, will be balanced with projections of continuing population decline.
- 131 Option appraisal has been carried out and is well documented at neighbourhood, ADF, and whole pathfinder levels. At each stage there has been the development of options for change that range from “organic” through “incremental” to “transformational”. The pathfinder proposals for interventions over 15 years have been built up from proposals tested in the ADFs. The East and West ADF teams produced spatial plans showing the different potential levels of intervention for discussion with local people, other stakeholders and actors in the housing market. The North ADF focussed planning on Orchard Park and North Bransholme. Each option was assessed for the fit with the pathfinder’s strategic objectives and other locally agreed objectives and for the associated capital costs. This approach shows a logical approach to systematic thinking but is limited by the nature of the strategic objectives which do not lend themselves to being used in this way, often referring to “appropriate” levels of action rather than setting out more specific measures required. Also, the costing at this stage was based on rough assumptions rather than actual costs and did not include any business planning over time to take account of future revenue income and expenditure. There was no attempt to assess any wider benefits beyond apparent fit with the strategic objectives, although the chosen broad options were then subjected to the pathfinder project appraisal process examined later in this report.

- 132 The prospectus is clear about which neighbourhoods will be priorities for initial action, and which neighbourhoods may need action later on in the 15 year programme. But the pathfinder needs to develop clear criteria for choosing priority neighbourhoods. The five priority neighbourhoods for the first three years' programme were determined before the pathfinder initiated its ADFs analysis. Hull CC's Interim Housing Strategy from November 2003 describes the five priority neighbourhoods as areas, "Where there are pressing issues, "with "unfinished commitments." The short term priorities for action from Hull CC have been inherited by the pathfinder, with four of the five areas characterised by local authority owned housing.
- 133 In most cases these are neighbourhoods which are suffering the worst housing market failure, evidenced by vacant properties, low house prices, and weak demand in the social rented sector. They are also neighbourhoods where there has already been detailed planning work undertaken with local people, and there is some measure of community support for the proposals, albeit further master planning may still be required. This will help the pathfinder deliver its early years programme. An exception to the principle of "worst first" is the Ings Caspons area which is an area of poor quality housing stock in a popular location. Whilst there is low turnover of the local authority owned housing stock, and a vacancy rate for stock available to let similar to the city's average, there are 27 bedsits that have been permanently de-commissioned and a further 128 properties de-commissioned in anticipation of re-development. Many of these are one bedroom properties with limited potential future demand. There is some very recent evidence of house prices declining, suggesting that the area may be at risk of market weakness. The proposals for this area seek to deal with the structural problems of the Caspons non-traditional house type, and the problems arising from the Radburn estate layout. Options appraisals show that the "incremental option" which includes a mixture of re-development and refurbishment, and is most acceptable to residents, produces more sustainable long term outcomes for less public funding than retaining and refurbishing the whole of the existing stock. The prioritisation of this neighbourhood represents the implementation of an outstanding commitment and builds on an opportunity for a very popular and sustainable community. An appropriate balance between the use of HMR funding and contributions from Hull City Council's stock investment programme needs to be determined as detailed plans are agreed.
- 134 There are some contradictory messages on future housing densities that need to be resolved. There is an emphasis in the pathfinder's strategy on increasing densities in areas of North and East Hull that are characterised by low density housing stock and unused areas of land. This is necessary to create sustainable neighbourhoods, and maintain public services. Together with significant new housing envisaged in new areas such as Kingswood and the City Centre, the pathfinder recognises that there is a need to decommission some existing neighbourhoods to achieve a balance of supply and demand. However, most areas currently identified for intervention are to see significant new development. The East and West ADFs set out plans for the changes that could take place in each area, but the North ADF is less clear on the future for particular neighbourhoods and it is hard to understand how the stated net reduction in homes will be achieved in the area.

- 135 Clearly there is still a lot more work to be done to refine the future plans for each area of the city. The East ADF sets out potential outputs for each neighbourhood for the life of the programme, the West ADF gives potential outputs for each neighbourhood in the NaSA area only, and the North ADF gives total outputs for the whole ADF area. When these output figures (which exclude those parts of the West ADF area outside NaSA) are added together with plans for the City Centre it is found that they differ from the pathfinder's overall strategic targets. Without a radical option being pursued for the outer estates these figures show a slight net increase in Hull's housing stock over 15 years. With a radical option for the outer estates, the stock would reduce by significantly fewer units than the reduction anticipated in the pathfinder's overall output targets. New build developments outlined include 15,000 units or 16,500 units depending on which of the two options for the outer estates is chosen, potentially exceeding Hull's allocation in the Joint Structure Plan.
- 136 The areas where there are the biggest question marks over future plans are some of the outer estates. Both short and long term options are presented, with the latter including extensive clearance and new build. The long term option is dependant on how demand for housing in the city, and especially social housing, changes over the next few years. If there is a continuing significant decline in the city's population, then it is said that there will be increasing vacancies in these areas and substantial clearance will be necessary. The treatment of the outer estates as the principal areas of flexibility in the city's future housing supply does not square with demographic patterns over the last ten years, which show stability in some of these areas, in marked contrast to the city as a whole. Although the demographic profile of the outer estates is relatively elderly and therefore presents a risk for future demand, it is unlikely that all of any future reductions in demand for the city's housing stock will be manifested there. This could lead to a situation where demand for the outer estates will determine that there is no wholesale clearance in these areas, and either there is further clearance in other parts of the city beyond what is currently envisaged or weak demand will persist across the city. This does not seem to be a sound strategic approach.
- 137 A problem with leaving the plans for some of the outer estates undefined is that the uncertainty itself may discourage investment by individuals in the housing market there, and it also makes it difficult for the City Council to formulate its own requirements for investment to meet the Decent Homes Standard. It has already been assumed that this clearance will take place in the 15 year output targets, which require a high level of clearance to balance the high level of new build housing required by the JSP allocation.
- 138 The pathfinder recognises the need to undertake further detailed neighbourhood planning in its priority neighbourhoods. Planning needs to establish quickly what interventions are required in each area. This includes determining what will be built, and who will be the target market, in proposed early developments.

- 139 The pathfinder urgently needs to develop a much wider set of tools to deliver holistic change in its neighbourhoods. There is little detail presented on how clearance will be undertaken, such as which Compulsory Purchase Order processes will be used. For new build it is not clear how sites will be developed - there is some experience of joint ventures between Hull CC and private developers but it is not stated whether similar arrangements will be used again. There is also little said about how Hull CC will influence developers through planning mechanisms such as Section 106 agreements and the use of Area Action Plans. It is not clear that there is a range of refurbishment options in the private rented sector appropriate to each circumstance, only a blanket statement that all refurbishments will be to the Decent Homes Standard. In particular, it is not clear that the pathfinder has a range of options for financing improvements to existing stock. There are references to equity loans to home owners but it can take several years to get such systems well established. The pathfinder is planning to roll out a landlord accreditation scheme but it is not clear whether potential new enforcement powers are to be applied.
- 140 The pathfinder's Assistance Policy sets out the help it will offer to people affected by pathfinder interventions. A Residents' Guarantee is to be developed making commitments on how residents will be assisted, and in particular how communities will be kept together. Measures such as Homeswap are currently being piloted. The pathfinder should develop a wider range of assistance by considering low cost home ownership products, matching options to aspirations and what is affordable. It will be very important for the pathfinder to maintain informal support networks, but it will still need to ensure that provision is made for individual support needs that come to light through pathfinder interventions.
- 141 The pathfinder's proposals for neighbourhood management are not specific about where it is to be used and what is meant by the term. It is suggested both that neighbourhood management is to be focused on the priority neighbourhoods to support them as they go through a process of extensive change, and that it will be used to stabilise other areas that are not early priorities for radical intervention. In the prospectus, neighbourhood management includes ensuring more focused and locally accountable public service delivery, setting local delivery plans with targets established through service level agreements with public service providers, and monitoring progress. There is also the potential for locally devolved budgets and particular programmes in deprived areas such as the provision of more advice and support services. These sorts of activities which focus on re-organising the provision of mainstream services could be undertaken across the city with relatively limited extra resources from Housing Market Renewal (HMR) funds. The pathfinder also envisages providing additional services to some areas. These services include expanding the number of neighbourhood wardens, but beyond this it is not clear how the pathfinder intends to spend very significant sums of money on neighbourhood management. The aims of neighbourhood management and how it is going to be delivered need to be clarified. There needs to be a much stronger focus on managing neighbourhoods undergoing extensive change, intensively managing the re-location and clearance process.

- 142 The pathfinder is proposing to invest in a range of environmental improvements, including the improvement of public open space and “green corridors” such as areas along waterways. There is no evidence presented that improving this open space will improve demand for nearby neighbourhoods and their housing. Environmental projects seem to be included in the first three years regardless of whether they are in priority areas. This means that environmental works are widely distributed across the city, with no clear linkages to the housing interventions in the priority neighbourhoods. The pathfinder needs to ensure that it can maintain these improvements over the long term and that they will lead to significant improvements to the attractiveness of the areas in which they are situated. The ADF proposals consider how to improve existing public open space, but this will be futile if there is already too much for there ever to be sufficient intensity of use – they will remain lonely places at risk of vandalism with unaffordable maintenance liabilities. There are, however, some potential long term plans for change of use from housing to public open space on some peripheral areas of the city, such as the creation of new country parks later in the programme. The pathfinder needs to develop a clear strategy for green space across the city.
- 143 Design and heritage issues are addressed in the ADFs, with principles set out for ensuring that development work improves the quality of the urban environment. The City Centre Masterplan contains extensive design principles for each character area, and the quality of the historic built environment is recognised as a major asset on which the city can build. The pathfinder has adopted a Quality Environment and Urban Design Framework setting out urban design principles. However, there appears to be a lack of detailed design guidance in the existing statutory planning framework. The pathfinder intends to establish a Design Advisory Group with input from CABE, and must develop clear proposals for ensuring that good quality design is delivered by the development industry.
- 144 There are a range of actions that are critical for successful market renewal but that need to be taken forward by the pathfinder’s partners. The first of these is to achieve an improvement in local economic performance. The pathfinder’s contributions to economic development include planning for employment sites to be made available and improved through the pathfinder programme. The potential for change of use from residential to employment uses has been recognised, especially in the East Hull ADF, with plans to improve and open up employment land behind the Port, and long term opportunities identified to expand this further into existing housing land. However, there is a lack of clarity on land uses in some areas, such as whether or not employment land could change to residential development on the Humber in St Andrews. There is a feeling of despair in the prospectus account of the recent history of establishing new employment uses, and a tension between wanting to maintain all existing employment, and the desire to clear away inefficient land uses to re-develop sites for more intensive and sustainable employment uses. The need for and location of employment sites needs to be better and more pro-actively planned. The Examination of the JSP considered the location of employment sites and recommended the clearer definition of the employment uses to be focussed on the city centre to ensure that there is no competition for these types of employment uses from out of town sites.

- 145 The market renewal programme will also contribute to the local economy by investing large sums of public money, especially in building works. The pathfinder intends to ensure that the benefit to local people is maximised. The ADFs make some suggestions as to how this might be done and there are some examples of existing construction skills training such as at Preston Road. The pathfinder should continue to develop its proposals, equipping local people to access jobs created through the market renewal programme and capturing opportunities for local people as it develops its procurement strategy.
- 146 The primary responsibility for achieving improvements in economic performance does not rest with the pathfinder, but it is critical for its programme that these improvements are achieved. The paper “Economic Development Strategy” suggests that the pathfinder is seen as a critical leader, needed to bind together partners with direct responsibilities for economic development. These partners include the local authorities, Yorkshire Forward, and Hull Citybuild as the architect and delivery agent of the City Centre Master Plan. There is little to suggest that a comprehensive plan for economic transformation is already in existence, so it is vital that these partners can now work together to produce real improvement in economic fortunes. The Northern Way provides the context for a plan for the “city region” to be developed, albeit in competition with larger and better prepared areas elsewhere in the region. The plan for the economic development of the city region on both sides of the Humber needs to ensure the economic resurgence of Hull for the pathfinder to be successful, and the pathfinder needs to play a part in the development of these plans.
- 147 The pathfinder’s plans for improving transport infrastructure are unclear. Whilst there is a lot of information presented on current transport infrastructure and it is asserted that better East – West links are needed within the city, there are no clear proposals. The pathfinder is intending to undertake a further transport study. It must ensure that recommendations from the study are deliverable and will make a clear difference to the attractiveness of areas affected by transport improvements. There are references to the potential for re-modelling residential streets, and an example Homezone scheme by William Sutton Housing Trust. The pathfinder ought to consider where this type of intervention could make a significant difference to local housing markets.
- 148 Crime and community safety is identified as an important driver of the housing market in Hull. The proposals from the pathfinder for addressing these issues include ensuring that new developments discourage crime through their designs. The pathfinder intends to develop a much more wide-ranging and evidence based approach to tackling crime and anti-social behaviour by funding the Police to research and deliver new approaches to neighbourhood policing that are co-ordinated with the services delivered by other local agencies. It is critical that comprehensive proposals for tackling community safety problems are developed and delivered by the pathfinder and its partners.
- 149 Education is another major driver of the local housing market. It is an especially big issue in the eyes of local property developers. It would seem to be beyond doubt that improvement from being the worst performing secondary education authority in the country is required to attract more families to stay in the city of Hull. The pathfinder has worked closely with educational authorities on plans for rationalising schools provision, and the city has recently won approval for a large Building Schools for the Future programme. East Riding is working with Hull CC to plan changes to schools provision across the Strategic Area. The pathfinder needs to continue to be an influential partner encouraging and assisting change in the quality of schools provision.

- 150 Work in some of the ADFs asserts the importance of shops and local centres to surrounding residential areas. There are aspirations for shopping centre improvements in many of the priority areas, but clear proposals for action by the pathfinder are yet to be developed.
- 151 Hull CC is developing a specific approach to meeting the needs of its Black and Minority Ethnic (BME) communities within its housing strategy, and the pathfinder refers to a community cohesion programme focusing on BME communities. Although the BME population is small, it is important that the needs of these households are met and that they are free to live where they wish. The pathfinder needs to ensure that its strategy contributes to improving relationships between diverse communities across the city.

## Programme

- 152 The programme for the first three years achieves very few outputs compared with those required to achieve transformational change over the life of the pathfinder. The initial programme seems incremental rather than transformational and the total number of homes to be cleared is less than those cleared over the last three years without pathfinder assistance. In addition, the number of new build homes is similar to that delivered over the last three years and significantly below Hull's JSP allocation. The pathfinder does not set out details of the particular projects that are to be undertaken in Years 1-3, but instead lists the outputs to be produced in each ADF area. This makes it hard to comment on the quality of what is to be delivered in the early programme.
- 153 The pathfinder argues that it is essential that the programme begins by building new homes before undertaking clearance. This is extremely hard to justify in the context of an existing oversupply of homes. The rationale presented for this is that there is a practical need to provide new homes to enable people to move out of their existing homes when clearance is proposed; there is a need to win over sceptical communities by showing them the new homes that can be built to replace the worst existing housing; it is important that existing community networks are kept intact. The first of these arguments has some currency where there are no existing vacancies for people to move into, but this is not the case in many of the priority areas. The pathfinder argues that there has been a recent upsurge in the demand for Council housing in many areas where it is planning clearance, but there remains the fact of vacancies running at nearly 6 per cent on average across the city which should create enough opportunities for re-housing the modest number of households who will be affected by clearance in the first few years. The need to win over sceptical local people and create confidence is perhaps more persuasive but there are some areas, such as the NaSA area, where the case for clearance has already achieved widespread support, and it might be expected that progress could be more rapid than that anticipated by the programme proposals.
- 154 Delivery constraints have had an influence on the size of the programme in the first three years. The pathfinder is clear that it is essential that it delivers what it has promised to establish its credibility. Existing experience and delivery capacity is limited but will develop over time, allowing the rate of delivery to increase. Whilst all of these arguments are accepted, and the pathfinder must indeed ensure that it delivers, the limited outputs from the first three years' programme mean that the challenge for subsequent years is all the larger. There is a risk that by Year 3 the housing market will have further worsened, there will be little critical mass of change in any neighbourhood, and the pathfinder will be accused of spending considerable public resources for little apparent gain.

- 155 The pathfinder ought to reconsider the balance of its early programme, ensuring that it does not add to the existing problem of over-supply and that the early programme makes a significant contribution to the achievement of the pathfinder's overall targets for re-structuring the city's housing stock.
- 156 The early proposals for neighbourhood management are currently very unclear, both in terms of what the proposals are, and which areas are to benefit. Clear plans that respond to identified neighbourhood problems and are integrated with physical housing interventions urgently need to be developed. The range of tools employed by the pathfinder to achieve its aims also needs to be developed quickly to ensure that the pathfinder is at least equipped to deliver the planned increased level of interventions from Year 4.

## **Strategic Alignment**

- 157 A critical part of housing market renewal will be to right size and improve the city's social housing stock, most of which is currently owned by Hull CC. The City is due to complete its Stock Options Appraisal in February 2005, demonstrating how all of its stock will as a minimum achieve the Decent Homes Standard by 2010. This is after the pathfinder's prospectus submission, creating a mismatch between the timing of the two strategies. Initial investigative work has helped inform the pathfinder's proposals and the pathfinder is clear that investment in public sector stock will be co-ordinated with pathfinder investment, but many of the key decisions on the way forward for public sector estates have been left open by the pathfinder. This includes the plans for some of the neighbourhood priority areas. It is perhaps surprising that four of the five priority areas for the first three years are dominated by local authority owned stock, where plans cannot yet be finalised. The pathfinder ought to concentrate its earliest actions in the private sector, but be prepared to increase its focus on failing Council housing estates as soon as a preferred option for stock investment emerges. It is likely that plans for areas of Council owned stock will have to be reviewed once Hull CC's stock investment plans are agreed.
- 158 The Regional Housing Strategy (RHS) recognises the need to support both of the region's market renewal pathfinders. The pathfinder's strategy is consistent with the principles of the RHS. There are a couple of issues raised by the RHS that the pathfinder needs to take forward. The first of these is the need to develop new funding models and delivery vehicles to achieve the redevelopment of areas of older privately owned housing, finding affordable ways for owner occupiers to continue to own their own home. The RHS refers to the need to introduce tools developed in the North West. The second issue is the danger of high new build rates for the Humber sub-region set by Regional Planning Guidance (RPG) worsening the imbalance between supply and demand. RPG assumes that household growth projections will be exceeded because of improved economic performance arising from the Humber Trade Zone and Objective 2 initiatives. The pathfinder is aware of the need to re-examine assumptions behind the development allocations from the Joint Structure Plan and reconcile them with its own household growth projections from Experian.

- 159 Regional Planning Guidance (RPG) is due to be replaced by a new Regional Spatial Strategy (RSS), a draft of which is due to go to Government in April 2005 and be issued in Autumn 2006. The RSS will be different from RPG in presenting a clearer spatial vision for the region, reflecting the particular needs of different parts of the region, and articulating a vision of what each part of the region is to become. A “Draft Spatial Vision and Strategic Approach” was issued in July 2004. This suggests that, “The unifying concept for this (Humber Estuary) sub-area (for the purposes of RSS) is ‘strengthening’ – the role of the centres and ports, the multi-modal links and the environment.” Housing market renewal in Hull is recognised as a critical part of this vision. The pathfinder will need to ensure that it influences the development of RSS to support its objectives, especially the vision for the Humber area, and that the market renewal strategy responds to emerging spatial plans for the region.
- 160 The Joint Structure Plan (JSP) for Hull and East Riding was the subject of an Enquiry in June 2004. It reflects the development allocations of RPG and apportions them between areas of Hull and East Riding. In particular, it seeks to change the balance of new development such that more development is focused in Hull and less in adjacent areas of East Riding so that the mix and quality of housing available within Hull is improved. This radical change in development planning is intended to support market renewal, and the pathfinder has devised its strategy around the JSP new housing allocations. As stated above, the level of allocations of new homes inherited from RPG exceeds household growth projections. In particular, because of a deliberate bending of the allocation towards Hull, there will have to be a significant change in demand for homes in Hull in order for supply and demand to be balanced in the city. The pathfinder clearance programme begins to “square the circle”, but the pathfinder will need to monitor the balance over time, and assist in developing more realistic household projections. Planning policy needs to be sufficiently flexible that it can be revised to reflect market circumstances. The JSP is due for review in 2006, and it is critical that agreement can continue to be reached between Hull CC and East Riding to restrict supply in East Riding, provide attractive new housing in Hull to lead housing market change, but maintain a balance between market supply and demand.
- 161 The pathfinder’s proposals are consistent with the Regional Economic Strategy (RES), focusing on strengthening key economic clusters and building on the port function through the Humber Trade Zone, and improving educational attainment. The RES supports the enhancement of the role of Hull city centre as one of the region’s five key cities, and recognises the importance of market renewal and tackling deprivation in the city.

## **Sustainability**

- 162 The pathfinder needs to ensure that the benefits arising from its investment are maintained. Little is said about ensuring that projects include robust future management and maintenance arrangements. In particular, any early investment in environmental improvement needs to be guided by plans for future management, with robust proposals for future revenue funding. The pathfinder needs to develop its thinking on what will happen to all additional services supported by market renewal funding when this funding is no longer available, by considering long term sustainability as part of its project appraisal, and through the development of a forward strategy.

- 163 The pathfinder should further consider how its strategy can contribute to environmental sustainability. This should include consideration of the location, density, and mix of uses in new developments, and be a key principle in the proposed transport study. New developments should maximise energy efficiency, and approaches could also be developed to the re-cycling of materials produced by the considerable demolition planned.

## Risks

- 164 The pathfinder sets out principles of risk management that it recognises need to be followed but there appear to be few concrete proposals in place yet for monitoring and managing risks arising from the programme. It is intended that a risk register will be set up and maintained by a particular member of the pathfinder team, with quarterly reviews. Each risk will be allocated to an organisation responsible for managing it, and reviewed by the pathfinder as part of the programme management process. The principles described seem sound, but the pathfinder needs to set up its processes and ensure that risks are effectively identified and managed by appropriate organisations before programme delivery begins. The identification of project level risks should be undertaken as part of the further project appraisal process before projects receive funding.
- 165 The prospectus identifies some strategic risks, their probability and potential impact, and how the risks might be managed. There are some key risks around current lack of capacity to deliver that are recognised but need to be effectively managed. Some risks appear to have been downplayed such as the potential for a loss of community or political support given the history of controversy over plans for the public sector housing stock, and the potential for changing property prices given very rapid price rises over the last year. Some of the potential risks identified are too broad to be meaningful, such as “unforeseen changes or trends.” There is therefore a need to review the strategic risks to the programme to ensure that the key risks are recognised and effectively managed.
- 166 Political risks are not explored in much detail. There are risks at both the local and national level that the pathfinder must respond to. At the national level, there is no certainty over future funding support. The pathfinder’s limited initial programme and plans for a major expansion of activity in later years may reduce its impact if support for the programme is withdrawn. This risk could be mitigated by developing sources of on-going funding from land sales and investigating ways of holding land in community trusts to generate continuing income.
- 167 The pathfinder does not consider the risk of there being a failure to deliver significant investment in the public sector stock to achieve the Decent Homes Standard. If there is a recommendation of stock transfer to release resources from ODPM but this is not supported by tenants or politicians then future demand for those parts of the city dominated by Council housing will be in doubt. The pathfinder will have to reconsider plans for its own investment in these areas.
- 168 The pathfinder does not consider the risks of improvements to other public services and economic performance failing to materialise. It needs to be clear what improvements are critical to market renewal and ensure that partners are aware of their importance and working to support the market renewal programme.

- 169 The risk of the resumption of higher levels of new house building in East Riding from 2006 because of a failure to deliver the JSP allocation in Hull is not recognised by the pathfinder even though its own output targets show that the allocation for Hull will not be delivered. The review of the JSP through the new Regional Spatial Strategy and the impact on the housing supply is of critical importance to the pathfinder's market renewal strategy.
- 170 The potential limitations of construction capacity and shortages of skilled regeneration staff could be very significant constraints on the delivery of the pathfinder's programme. The problems of staff recruitment are recognised but not convincingly addressed. Problems finding sufficient construction capacity are very likely as recent large construction projects have been delivered by firms based outside the area, and the pathfinder will be competing with major developments in the city centre, as well as developments elsewhere in the region. Local training programmes will not help in the short term. The pathfinder's procurement strategy needs to focus on maintaining sufficient capacity through partnering relationships.
- 171 Overall, the strategy that has been developed responds to many of the key housing market drivers over the lifetime of the pathfinder, but could make the situation worse in the short term. The pathfinder ought to reconsider the balance of its early programme, ensuring that it does not add to the existing problem of over-supply and that the early programme makes a significant contribution to the achievement of the pathfinder's overall targets for re-structuring the city's housing stock. Parts of the strategy will need to be reviewed on completion of Hull CC's stock options appraisal. There needs to be a clearer plan developed for achieving improvements in local economic performance, with well defined responsibilities for each partner organisation. The ADFs do provide useful local options appraisals and initial neighbourhood plans that respond to identified drivers, and local master planning can now build on this work. However, the pathfinder's approaches to environmental improvements, and neighbourhood management need to be much better developed. The range of tools to support home ownership needs improved. Strategic risks and risk management processes need to be reviewed. Overall, the pathfinder's strategy has mainly areas for further development with almost no strengths.

## Resources

- 172 The Pathfinder needs 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.

## Investment Co-ordination

- 173 Housing Market Renewal (HMR) funding will be matched by further investment from a range of funding sources. Whilst a bid for HMR funding of £69.9 million has been made for the first three years, it is anticipated that £630 million of other investment will be made in this period, over half of which will be through private sector new build development. There has been no consideration of what investment would have been made regardless of the pathfinder and what additional investment has been instigated by the HMR programme. Clearly investment in the City Centre and in new build at Kingswood, and some public capital investment would have taken place without the pathfinder programme. It is therefore difficult to assess the extent to which the pathfinder has been successful in leveraging in significant new resources.
- 174 The total level of resources that the pathfinder estimates will be required for the delivery of the 15 year programme is very considerable. Although much of this activity represents private sector investment in new house building, potential investment by Hull CC in its own stock, and public investment on a range of complimentary facilities, there remains the projection of a need for £1.4 billion of Housing Market Renewal funding. It is anticipated that between £100 million and £200 million will be required each year between Years 5 and 10, compared with £23 million pa in the bid for the first three years. Whilst it is impossible to predict the future availability of market renewal resources, it seems unlikely that this level of funding will be available, and the pathfinder should consider its contingency plans should it fail to achieve this allocation over 15 years. This rate of expenditure would also require massive improvements in the availability of regeneration expertise and construction capacity.
- 175 The pathfinder also needs to ensure that its investment is co-ordinated with other public and private investment to achieve the right outcomes. Hull and East Riding have recently been successful in winning a Building Schools for the Future allocation. The pathfinder has actively co-ordinated plans for new secondary schools provision with plans for housing interventions and consequent population change. Also, the plans for re-organisation of primary school provision are due to be announced shortly, and the pathfinder will ensure that its investment is consistent with these changes to school facilities.
- 176 Hull Citybuild URC is working to bring public and private investment to the city centre. The pathfinder has deliberately left the city centre area out of its own plans but expresses the need to work closely with the URC. The pathfinder ought to consider how it could strengthen its commitment to building from the inside of the city to the outskirts, building on the URC's investment in the city centre through its own investment priorities.
- 177 The pathfinder has attracted investment support from English Partnerships and from Yorkshire Forward. It is clear that both organisations support the pathfinder strategy and are investing £12 million and £18 million respectively in support of the pathfinder.
- 178 The Housing Corporation is to invest £30 million in the pathfinder area in the next three years, and housing associations will borrow to invest further resources. There has been co-ordination with the Housing Corporation on development priorities to support market renewal, and housing associations have agreed in their "Compact" to align investment in their existing stock with the pathfinder's strategy.
- 179 Hull City Council is currently examining options for investment in its own stock, and comments have already been made on this process in "Solutions" above.

## Value for Money

- 180 In order to demonstrate value for money, it is necessary to understand the nature of the existing problem, and how it is likely to develop in the future. Potential options to bring about market renewal can then be evaluated, comparing their cost with their associated outputs and outcomes, and what would have happened without any intervention.
- 181 The pathfinder has developed a Business Plan which has been built up from projects from the ADFs. 100 projects were submitted from the ADFs, covering the fifteen year lifetime of the pathfinder. These were all subjected to project appraisal and 31 have been chosen for inclusion in the pathfinder's submission. An integrated financial model was used to work up the bid, setting out timescales and funding sources. This model establishes commendable transparency and ensures that potential interventions for the whole lifetime of the pathfinder are assessed for the value that they will add to the achievement of the pathfinder's objectives from the outset.
- 182 The assessment of the outcomes produced by projects was made with reference to the achievement of the pathfinder's objectives. The pathfinder also tested "economic rationale" which includes aspects of the additionality offered by the submitted projects, and "affordability/value for money" which looked at unit costs and issues of funding substitution and leverage. Issues of risk and deliverability were considered, and finally a consideration of community support and focus. Scores were produced and weighted for each section of the appraisal, and the final decision made following further consideration of any critical issues. This represents a comprehensive process that if well applied would enable effective and deliverable projects to be selected.
- 183 There have, however, been some significant limitations to the successful application of this model. Assessing projects' outcomes by considering their fit with strategic objectives is problematic because the objectives themselves are currently too broad to enable such an assessment. It would seem to be possible for projects to seem to offer a high degree of strategic fit but still not necessarily be the most effective interventions for achieving market change.
- 184 Another issue is that many of the projects are poorly defined at this stage, as one would expect for a 15 year programme. Two of the largest "projects" will each potentially include around £1 billion of investment over 15 years, primarily from private and other public sources, representing all investment in North Hull and the City Centre over the pathfinder's lifetime. It seems inappropriate and misleading to attempt to subject such extensive plans to a project appraisal process which is more suited to well defined and more detailed local interventions.

- 185 With regard to unit costs, the pathfinder used FPD Savills to generate standard costs for each of the ADF areas. There are some remarkable differences between the pathfinder's baseline figures on house prices and assumptions of acquisition costs. In the NaSA area, current acquisition costs have varied between £5,000 and £25,000, yet pathfinder cost assumptions for the ADF are that acquisitions will cost nearly £50,000 each net of any fees, compensation or relocation costs. In North and East Hull, the pathfinder's cost assumptions are much higher still - £80,000 per terraced house, compared with an average price for all houses in Hull in 2003 of £41,462. Whilst prices have risen significantly in the last year, the pathfinder will be acquiring the least desirable, and therefore cheapest, properties in the market. With regard to construction costs, the pathfinder has assumed standard costs regardless of the size of new build properties or the extent of works required for refurbishment, suggesting a very low degree of accuracy. The cost assumptions in the Business Plan are fundamental to the pathfinder's bid for funding. The pathfinder must develop more robust unit cost benchmarks before carrying out detailed project appraisals for projects to be delivered over the first three years.
- 186 The pathfinder has also allowed a very high level of "Fees and Operating Costs" in its Business Plan. Indeed, Fees and Operating Costs account for 19 per cent of the cost of the HMR funded programme in the first three years. This includes only professional fees and the staffing costs of the pathfinder and its partners, not other on-costs such as relocation expenses which are separately costed. The majority of the pathfinder's expenditure in this period is on acquisitions, which it is assumed attract relatively low fees of 5 per cent. It is the "Operating Costs" of nearly 14 per cent of all programme costs that appear expensive. The pathfinder explains this with reference to the current lack of capacity in the Gateway core team and Hull CC and the need to get new teams of staff in place as well as augment statutory services such as Planning. Precise staffing plans are still to be finalised, so this is another area where the pathfinder needs to refine its cost assumptions and demonstrate cost efficiency before delivery commences.
- 187 There is a risk that HMR funding replaces existing funding sources, such as by taking on the costs of providing existing services. The pathfinder needs to ensure that its detailed appraisals thoroughly investigate pre-existing activity and how it was funded. It is hard to determine from the pathfinder's submission how pathfinder funded activity compares to what has previously been funded from other sources. The pathfinder should focus on areas where there is the most potential for the substitution of investment - the demolition of Council owned stock, environmental works, and the provision of services through investment in neighbourhood management.
- 188 The submission refers to the pathfinder's procurement strategy to engage the private sector, and there is an on-going process of choosing developer and housing association partners. No details are provided of the pathfinder's objectives in procurement, but clearly the chosen approach will be critical to delivering value for money. The approach needs to cover all aspects of the pathfinder programme, including the role of public sector organisations in delivery. There need to be clear targets developed for achieving improvements in value over time. The Hull CC Improvement Plan includes the need for the Council to improve its procurement practices, and it is likely to take some time before effective strategic procurement is in place. The pathfinder is currently subject to the procurement procedures of Hull CC as the Accountable Body but this is likely to limit its ability to develop capacity quickly and effectively engage developers and contractors. In this context, the pathfinder needs to ensure that it has its own processes in place before delivery commences.

## **Deliverability**

- 189 The Gateway core team will be responsible for commissioning and monitoring programme delivery, financial management, developing strategy and policies, and co-ordinating communications. The delivery of the interventions themselves will be undertaken by a range of delivery organisations, including private developers and housing associations, but principally Hull CC, Hull Citybuild, and Preston Road NDC. Along with staff in delivery partner organisations, it is expected that 18-20 staff will be funded by the pathfinder to deliver the HMR funded programme in the first three years.
- 190 It is proposed that actions in the NaSA area of West Hull are delivered through Hull Citybuild URC. The pathfinder's interventions in the Preston Road area of East Hull will be delivered by the Preston Road NDC. Little is said about the track record of these organisations in delivering their own programmes, but it makes sense for the pathfinder to make use of these established organisations, to achieve delivery, ensure co-ordination of investment, and provide a single point of responsibility and accountability for delivery of regeneration in these areas. Commissioning arrangements and the relative responsibilities of each organisation need to be defined and codified in service agreements.
- 191 It is less clear how the rest of the programme for the first three years in East and North Hull will be delivered. This is still under discussion between Hull CC, a lead housing association, and the LSP. Delivery mechanisms for each area need to be established as immediately to ensure that interventions in priority areas can be delivered from the outset of the programme. The prospectus is not clear on which aspects of the programme will be delivered by Hull CC. The Council's Corporate Governance Inspection in 2002 and subsequent reviews have shown that key elements of service delivery have been poor, with little prospect of improvement. The work to establish and deliver the Recovery and Improvement Plan is beginning to lead to some positive changes, but there remain many areas where there is still further development required before services can be delivered effectively. The pathfinder must ensure that the delivery responsibilities given to Hull CC reflect a realistic evaluation of the Council's capacity, especially while there is still a primary focus on implementing the Recovery and Improvement Plan.
- 192 There are proposals to establish a short term development team with Hull CC to start delivering land assembly and physical infrastructure. It is proposed that this will be in place for three years, addressing initial capacity constraints within Hull CC and the pathfinder. Plans for out-sourcing to a private sector team should ensure that the team is closely integrated with in-house staff to achieve smooth transition and improve in-house expertise. Recruitment to in-house teams will need to be concurrent with the work of the out-sourced team to get sufficient capacity and skills in place to take on this role.
- 193 The pathfinder intends to build up capacity from January 2005 in readiness for delivery commencing in April 2005. This is a very short timescale, especially in the context of the Hull CC Improvement Plan requiring that human resources processes are improved to ensure that appropriate staffing structures can be maintained across Council activities. The pathfinder recognises the problems of attracting good quality staff, and has engaged a consultant to initiate recruitment. The risks of failing to recruit are obvious. It may be that the pathfinder could explore making more use of staff from other independent agencies such as Hull Citybuild and housing associations. Construction capacity has already been considered in the "Risk Management" section above.

- 194 The programme for the first three years is relatively unambitious compared with the proposed size of the programme from Year 4. Clearance proposals, which are potentially most disruptive and controversial, are modest in Years 1-3, with much of the activity focused in the NaSA area where there are high levels of existing vacancy and widespread acceptance of the need for radical intervention. A programme of clearance there is already underway. It will be much harder to deliver the more extensive clearance proposals anticipated in future years, especially in areas with no history of clearance, and the ground work for the future programme needs to be progressed now.
- 195 Neighbourhood management and environmental works are prominent in the early programme. The current proposals need further development, although there is some experience of existing neighbourhood management approaches to build on. There is a danger of spending the considerable resources allocated to these interventions without seeing much benefit unless the proposals are judiciously designed and delivered. The pathfinder needs to ensure that sufficient resources are available for effectively engaging with local people to maximise the value of this investment.
- 196 Overall, the approach to the use of resources and planning for delivery needs to be much better developed. The pathfinder has taken a comprehensive approach to building up its Business Plan and project appraisal but this is undermined by the constituent projects being poorly defined. Cost assumptions are high, and the pathfinder must develop more robust unit cost benchmarks. The pathfinder's assumptions of greatly increased HMR funding in the middle years of the programme appear to be over optimistic. The pathfinder is yet to determine many of its delivery arrangements, and there remains concern over the ability of the pathfinder and its partners to put in place sufficient capacity and expertise to deliver the programme. There are mainly areas for further development with almost no strengths in this area.

## Community

- 197 It is important that local communities have been consulted on the problems affecting their neighbourhoods, and involved in developing solutions. This is to ensure that the understanding of the Pathfinder is consistent with the experience of local people, and that local people understand and consent to the proposals. Existing communities are themselves agents for market renewal, as their actions, based on their perceptions of the area and what is happening to it, will help determine the nature of the area in the future.
- 198 Market renewal presents some interesting challenges in relation to engaging local communities. There is a need to engage 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.

- 199 The ADF consultants held interviews and workshops with local people on different options for their areas. In each ADF there were resident representatives on area steering groups. In the West ADF consultation was most detailed in neighbourhoods within the NaSA area, where consultants also drew on the recent history of consultation on regeneration priorities. Consultation included individual stakeholder interviews and area based workshops considering both urban management and spatial planning issues. In the East ADF, the consultants were able to build on the work of Preston Road NDC, discussing options for the area, and also held workshops on potential levels of intervention in other areas across the ADF. The North ADF focussed on the priority areas of Orchard Park and North Bransholme, carrying out some detailed planning work with local residents. Generally, an appropriate level of consultation seems to have been undertaken for this stage of planning. In the priority areas, the pathfinder was able to build on existing work with local people and considered a range of options for intervention, although in many cases preferred options are yet to be agreed.
- 200 Having built a sound basis for engaging local people about the future of their neighbourhoods, there remain many challenges in working through the details. The pathfinder needs to focus on areas for early intervention. Examples include agreeing briefs for development sites in the NaSA area, and agreeing the master plan for the Preston Road area. There are useful precedents of working with residents on master plans such as at Orchard Park.
- 201 The pathfinder strategy requires that there is substantial demolition in order to tackle the underlying imbalance between housing supply and demand in the Intervention Area. The early programme focuses on those areas where clearance is most acceptable because of severe market failure or structural problems with the housing stock. Over the next three years the pathfinder will also need to develop its plans with local people in some areas where clearance will be more controversial.
- 202 There is an indication that some local residents feel that consultation in their areas to date has been on plans with insufficient detail for them to comment meaningfully. The pathfinder has to strike a balance between consulting people at the earliest possible stage, and developing its own strategy sufficiently for there to be something to consult on. It would be helpful for there to be a clearer phasing of future interventions so that effective consultation can be planned at the right time.
- 203 The pathfinder needs to ensure that community consultation is sustained by Gateway and its delivery agents, and not just part of ad hoc consultancy commissions. This will enable there to be consistency, with trust and understanding built up over time. It is critical that following recent consultations on options for each area, there is feedback to residents on the chosen options and clarity on timescales for delivery. The pathfinder is committed to continuing consultation using the same agencies as in ADF preparation up to April 2005, but needs to establish plans for its long term work with local people. There need to be clear objectives for on-going consultation and principles setting out appropriate levels and types of engagement.
- 204 The pathfinder has set up communication mechanisms over the last six months, setting up a website, publishing information, and establishing a telephone "hotline" for enquiries. It has commissioned work to establish a longer term communications strategy.

- 205 The pathfinder will need to develop new approaches to community engagement to ensure that it can understand the priorities of harder to reach groups such as young people and ethnic minorities. The approach to date has focused on exhibitions and workshops which require people to come to meetings at public venues. As plans are developed, the pathfinder needs to ensure that those groups less inclined to attend such events can have an input.
- 206 There is the potential to find ways of involving local people and community organisations in the delivery of pathfinder interventions. This might include working with residents on design briefs for new developments, involving people in designing and delivering environmental improvements, and engaging local people in providing advice and supporting vulnerable members of the community. The pathfinder intends to maximise local training and employment opportunities, and is working with the Learning and Skills Council and others on construction skills projects. There are many other potential employment opportunities beyond construction, and it is important that the pathfinder is creative in involving local people and organisations through its procurement mechanisms, to sustain interventions through local ownership as well as boosting local employment and incomes.
- 207 Some existing residents groups in priority areas are well developed and there may be the potential for encouraging resident-led management. This could provide the opportunity to improve the quality of local management, instil pride in neighbourhoods, and develop local people's skills and employment possibilities.
- 208 The pathfinder should build on its Assistance Policy and follow through with its intentions to keep communities together, and provide high quality advice and assistance to people affected by its interventions. The details of the proposed Residents' Guarantee need to be agreed; it is important to present clearly to local people the help and re-housing options they will have if they are affected by re-development. Further methods of assisting people to afford their housing aspirations and access new homes need to be explored.
- 209 Overall, the pathfinder's approach to engaging with local people to date has been appropriate for the current stage of strategy development. However, it is important that as detailed plans are agreed there are more varied and inclusive ways of engaging with everyone in each area. There must be a clear plan setting out the phasing of interventions in each area so that local people can be involved at the right times. Community engagement and communication with local people must be consistent and sustained over time. Imaginative ways of involving local people and voluntary groups in improving their areas need to be developed, together with mechanisms for maximising access to employment and training opportunities arising from pathfinder investment. There are more strengths than areas for further development.

## **Governance**

- 210 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.

## Accountability

- 211 The Accountable Body for the pathfinder is Hull City Council. The Hull CC Improvement Plan identifies performance management as a critical area for improvement within the Council and there have been some weaknesses in the past in accounting for regeneration expenditure to auditors. These issues will have to be addressed for the effective management of this relatively complex programme. There also needs to be clarity on the relative roles of Hull CC and the Gateway team in carrying out financial management.
- 212 The pathfinder needs to put in place its performance management systems, including mechanisms for controlling delivery agents' performance, evaluating impact, and understanding and responding to changes in the market. Procedures for identifying and managing risk need to be in place, and reporting systems that convey details of progress from delivery agents through the Gateway core team to the Board. The prospectus sets out basic principles which now need to be translated into action.
- 213 Responsibility for determining the pathfinder strategy and overseeing delivery rests with the pathfinder Board. Accountability of the pathfinder to the public is achieved through the local authority members on the pathfinder Board. The terms of reference of the Board include making recommendations to the two local authorities on the allocation of resources and detailed investment plans. Whilst it is essential that pathfinder plans should be owned and supported by the partner local authorities, and that the pathfinder should be accountable to the public, the terms of reference suggest that the pathfinder is seen as a sub-committee of the two local authorities. Whilst this should ensure strong linkages to the local democratic process, there is a risk that the pathfinder will be seen solely as an agent of the local authorities with little opportunity for other stakeholders to play a role in strategy development.
- 214 The pathfinder Board has 14 voting members, of whom eight are representatives from the local authorities, and a further two are from the Local Strategic Partnerships. Other members are from Yorkshire Forward and English Partnerships, with an independent chair, and a member from the "private/financial sector" whose role to date has been very limited. The number of local authority representatives reinforces the apparent domination of the pathfinder Board by the local authorities. It may be helpful to review representation to ensure that there is ownership of the pathfinder strategy by other key agencies that are responsible for delivering services key to market renewal.
- 215 The pathfinder Board would also benefit from greater input from members from the private sector. This would help the Board to better understand the perspectives of investors and developers who are the key agencies for delivering market change. There may also be particular areas of expertise that members working in private sector organisations could offer. The pathfinder would benefit from tapping into this wider range of experience.
- 216 The pathfinder states that it does intend to review its governance structure to ensure that it is effective for the delivery phase, taking into account the delivery vehicles and partner agencies. One important partner is Hull Citybuild URC, and opportunities ought to be explored to link the pathfinder into the URC through its governance arrangements to share expertise and ensure co-ordinated regeneration across the whole city.

- 217 The governance structure in the delivery phase will need to ensure that Board members are sufficiently well informed and have the expertise to manage the development and delivery of a diverse pathfinder programme, while at the same time influencing broader economic development and the delivery of other key services. There needs to be a clear separation within the local authorities between those responsible for agreeing strategy and those responsible for delivery, so that delivery can be properly scrutinised and held to account. More independent members with the right expertise could assist in strengthening the Board's challenge to the performance of the pathfinder core team and partner organisations.
- 218 Below the pathfinder Board there is a Strategic Officers Group and an HMR-Wide Steering Group. The prospectus does not set out what the membership or functions of these groups are. It is assumed that these groups are responsible for delivering the agreed pathfinder strategy. It may be that the focus of these groups will need to be reviewed for the delivery phase, including developing pathfinder interventions and procedures, and overseeing project appraisal and approval and the monitoring and management of delivery progress.
- 219 The pathfinder structure also includes three ADF Steering Groups. These played a role in overseeing the development of the ADFs up to the submission of the pathfinder's proposals. It is not stated what their on-going role will be but it may be that they could provide a valuable link between the pathfinder and local stakeholders as the area programmes are delivered. Having a group of local stakeholders, including community representatives, overseeing delivery in each area will assist with public accountability. The pathfinder will need to be clear whether these groups are reference groups or themselves have some responsibility for ensuring delivery. The relationship with the seven Hull Cityvision Area Committees set up under the Neighbourhood Renewal Strategy, and other local regeneration agencies needs to be clarified.

## Partnership

- 220 The pathfinder strategy is presented as the first time that a clear vision for the future of the whole city of Hull and its hinterland has been established. Hull CC and East Riding Council do not have a long history of working together on issues of mutual interest, and there have been tensions in the past. However, the agreement of a moratorium on new homes on green field sites in the East Riding and a changing of relative allocations to assist urban renewal in the Joint Structure Plan show the ability to reach agreement on sensitive issues. East Riding Council recognises that it needs a strong city core in its sub-region for it to prosper, although it is still anxious to ensure that its own communities are not threatened by successful regeneration within the Hull CC area. The two authorities must build on the agreement on land use planning and joint working on schools provision to ensure that there are agreed and consistent approaches to delivery of the full range of services required for successful market renewal.
- 221 There has been a history of disagreement between the two largest political parties in Hull on the future for the City's housing. The pathfinder presents an opportunity for the establishment of a common vision for the City's future, and for the Council to lead on a long term vision. The pathfinder needs to ensure that it has political support from both political parties for its long term strategy, to provide the context for discussions on more detailed area proposals. Council Members from both parties have been consulted and briefed on the development of the pathfinder's strategy, but it is difficult to predict the extent of continuing cross-party support.

- 222 Partnership working between Hull CC and the voluntary and community sector has been characterised by some mistrust in the past, although the situation is improving. To deliver successful market renewal, there will have to be strengthened relationships and clear roles and responsibilities for all stakeholders.
- 223 Overall, the pathfinder's governance arrangements have delivered an agreed strategy for long term housing market change in the Strategic Area. The pathfinder recognises that it will need to review its governance arrangements for the delivery phase, and set in place performance management systems. The roles of Hull CC and the Gateway team in managing the functions of the Accountable Body need to be clearly established. The Board would benefit from a greater range of expertise and more private sector and independent members. This might be assisted by a closer relationship with Hull Citybuild. The roles of pathfinder officer groups and ADF Steering Groups need to be clearly defined. Recent improvements in partnership working need to be sustained and developed to enable successful delivery of the pathfinder programme. There are more areas for further development than strengths.

## Outcomes

- 224 The Pathfinder needs to establish clear outcomes for its programme, informed by the key drivers identified, and the strategic objectives agreed. These should include clear baselines and targets, against which progress can be measured.
- 225 The proposed outcome measures to be used by the pathfinder reflect many of the key drivers identified. However, there are gaps in many of the baselines and targets that are yet to be filled, so in these cases it is not possible to understand the current position and the change that the pathfinder is looking for. These gaps need to be filled so that all partners are clear what they are seeking to achieve and can plan to deliver these changes.
- 226 The pathfinder has not produced outcome targets for the first three years to show what changes it expects to have taken place following the initial programme and how these might contribute to the achievement of the longer term objectives. It is therefore not clear how the early programme will lay the foundation for the achievement of housing market sustainability. It is also difficult for the pathfinder to measure its progress.
- 227 Many of the outcome targets refer to the achievement of regional or national averages by the end of 15 years. These appear to be aspirational rather than based on an assessment of what the programme's outputs can realistically achieve. The reduction in the number of homes in the lowest value Council Tax band from 73 per cent to the regional average (46.5 per cent) appears impossible to achieve with the pathfinder's stated programme. The desired shift from a low rate of owner occupation to the regional average also appears to be unachievable given the predictions from Experian and choices from the conjoint analysis work. Affordability is likely to limit the extent to which there can be a significant movement from renting to owner occupation, and the pathfinder needs to ensure that its outcome targets are consistent with its evidence base and interventions.

- 228 All of the pathfinder output targets set to date relate to changes in the physical housing stock, so will contribute to the achievement of outcomes in Aim 1 – to balance the supply and demand for housing in the city / region. This is the aim that is the principal focus of pathfinder interventions. It is not clear who is responsible for achieving the other four aims, and what actions they will need to put in place to achieve them. Clear responsibility needs to be allocated for the achievement of each of the outcome targets. The pathfinder outcomes targets need to be consistent with what partner agencies think that they are aiming to achieve. Indeed, some of the outcome targets will be set to be consistent with the targets of the LSP. The pathfinder needs to ensure that when targets are set they are sufficient to achieve the transformation required for successful market renewal.
- 229 The pathfinder will contribute directly to some aspects of Aims 2-5, and its responsibilities need to be better defined relative to other agencies. The pathfinder's output target for homes subject to additional management measures is yet to be set so it is difficult to assess the potential effectiveness of its contribution to the achievement of wider aims.
- 230 Some of the outcome targets are inconsistent. It is not possible both to halve annual population loss by 2017 and achieve a population at the 2004 level by 2020 unless there is a sudden jump in population between 2017 and 2020. These inconsistencies need to be resolved.
- 231 Many of the outcomes are actually processes rather than outcomes. This is true of most of the outcome measures under Aim 3 - to link housing market renewal to economic growth and wealth creation. Real outcome targets need to be established in these areas, as well as for parts of Aims 4 and 5, for example setting out the changes that the pathfinder wants to see in economic growth and wealth creation.
- 232 The pathfinder is seeking to change people's perceptions of living in Hull but doesn't have any outcome targets which directly measure changing perceptions of the city. There is an outcome target that seeks to measure people's perceptions of their level of engagement in regeneration but this is very process orientated and far less significant than measuring what they think of the city and its housing offer.
- 233 Overall, the proposed outcome measures to be used by the pathfinder reflect many of the key drivers identified. However, there are gaps in many of the baselines and targets that are yet to be filled. In particular, the pathfinder has not produced outcome targets for the first three years to show what changes it expects to have taken place following the initial programme. Outcome targets need to be achievable, reflecting the impact of the pathfinder's intended outputs. Outcome targets also need to be focused on real changes in the city rather than processes. Clear responsibility needs to be allocated to the pathfinder and partner organisations for the achievement of each of the outcome targets. There are mainly areas for further development with almost no strengths.

## 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>◆ Comprehensive, robust information base.</li> <li>◆ Detailed analysis at ward level, drawing out issues facing particular neighbourhoods.</li> <li>◆ Data sources can be compared over time.</li> <li>◆ Extensive use of perceptions data, including use of conjoint analysis techniques to assess housing preferences.</li> <li>◆ Testing the link between economic performance and housing demand in the Travel to Work Area using a predictive model.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Understanding the housing aspirations and potential demand from key target groups (eg graduates).</li> <li>◆ Resolving the differences in projections of future demand for each housing tenure in Hull apparent in existing research projects.</li> </ul> <p>(See Recommendation 1)</p>
Impact of Adjacent Areas	C	<ul style="list-style-type: none"> <li>◆ Detailed analysis of migration patterns.</li> <li>◆ Understanding of the housing supply and relationship between Hull and East Riding.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Developing clear proposals for monitoring and managing adjacency effects between ADFs and with the wider Strategic Area.</li> <li>◆ Understanding and managing the effects of increasing the housing supply in the short term.</li> <li>◆ Influencing plans for development in the city centre and at Kingswood and minimising potential conflicts with pathfinder proposals.</li> </ul> <p>(See Recommendation 12)</p>

Theme	Grade	Strengths	Areas for further development
Stakeholder involvement	B	<ul style="list-style-type: none"> <li>◆ Engagement with private sector interests re. current market and development potential.</li> <li>◆ Co-ordination with investment plans for education and economic development.</li> <li>◆ Building on existing partnerships such as the NDC and Hull Citybuild.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Further developing plans for joint working with the Police and other crime reduction agencies.</li> <li>◆ Building on links with the University.</li> <li>◆ Clarifying and strengthening the roles of the two LSPs.</li> <li>◆ Further strengthening the relationship with Hull Citybuild.</li> </ul> <p>(See Recommendations 8 and 14)</p>
Drivers	C	<ul style="list-style-type: none"> <li>◆ Conjoint analysis used to help determine the relative importance of key drivers.</li> <li>◆ Use of extensive information base and spatial mapping to identify key housing market drivers.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Clarifying the link between economic performance and population change.</li> <li>◆ Understanding how the quality of local shopping and leisure facilities influences people's housing choices.</li> <li>◆ Understanding the importance of transport issues on the housing market.</li> <li>◆ Developing the "sustainability framework" to explain market dynamics in each neighbourhood and track change.</li> <li>◆ Establishing systems for monitoring changes in the key drivers over time.</li> </ul> <p>(See Recommendation 1)</p>

Theme	Grade	Strengths	Areas for further development
Solutions	D	<ul style="list-style-type: none"> <li>◆ Long term strategy linked to key drivers – economy and demographic change.</li> <li>◆ Thorough and informed approach to developing area plans in the ADFs.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Need more focussed strategic objectives.</li> <li>◆ Reviewing the programme for Years 1-3 to maximise impact and prevent the market moving in the wrong direction.</li> <li>◆ Developing a clear rationale for choosing Priority Neighbourhoods.</li> <li>◆ Reviewing the strategy for areas of Council owned stock following the outcome of the stock options appraisal.</li> <li>◆ Need a clearer plan for achieving improvements in local economic performance.</li> <li>◆ Neighbourhood management and environmental works plans to be more developed and focussed.</li> <li>◆ Further developing tools to support residents in home ownership.</li> <li>◆ Reviewing risks.</li> <li>◆ Ensuring robust future management and maintenance.</li> </ul> <p>(See Recommendations 2, 4, 5, 6, 10, 13, and 15)</p>

Theme	Grade	Strengths	Areas for further development
Resources	D	<ul style="list-style-type: none"> <li>◆ Integrated project appraisal system and financial model used to develop the bid.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Unit cost VFM and high management costs to be addressed.</li> <li>◆ Projects to be further appraised when the details have been fully worked up.</li> <li>◆ Delivery mechanisms for each area need to be established.</li> <li>◆ Procurement strategy to be developed.</li> <li>◆ Plans for increasing capacity need to be progressed urgently.</li> <li>◆ Need to consider alternatives to assumptions of greatly increased HMR funding in the middle years of the programme.</li> </ul> <p>(See Recommendations 6, 7, and 8)</p>
Community	B	<ul style="list-style-type: none"> <li>◆ Strong community engagement in all priority areas, including consideration of a range of options.</li> <li>◆ Some pre-existing residents groups in priority areas are well developed, with potential for resident-led management.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Ensuring that community consultation is sustained by Gateway and its delivery agents, with clear and consistent principles developed.</li> <li>◆ Developing plans to enable local people to play a part in implementing the proposals.</li> </ul> <p>(See Recommendation 11)</p>

Theme	Grade	Strengths	Areas for further development
Governance	C	<ul style="list-style-type: none"> <li>◆ Two authorities with a history of rivalry have agreed a transformational vision.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Reviewing governance arrangements for the delivery phase.</li> <li>◆ Developing greater independence from the two local authorities, and introducing a wider range of experience, especially from the private sector.</li> <li>◆ Ensuring on-going political support for pathfinder strategy and area proposals.</li> <li>◆ Establishing performance management systems.</li> </ul> <p>(See Recommendations 8,9, and 10)</p>
Outcomes	D	<ul style="list-style-type: none"> <li>◆ Outcome measures reflect many of the key drivers identified.</li> </ul>	<p>The 15 year outcome targets need to be reviewed so that they are clearly linked to the pathfinder's strategic objectives, are achievable given intended outputs, and focus on outcomes rather than processes.</p> <ul style="list-style-type: none"> <li>◆ A trajectory for achieving the 15 year target outcomes is needed; 3 Year outcome targets need to be developed</li> <li>◆ Missing baselines and targets are to be completed</li> <li>◆ Clear responsibilities for achieving each target need to be defined, including the role of Gateway relative to other agencies</li> </ul> <p>(See Recommendation 3)</p>

**Scoring key:**

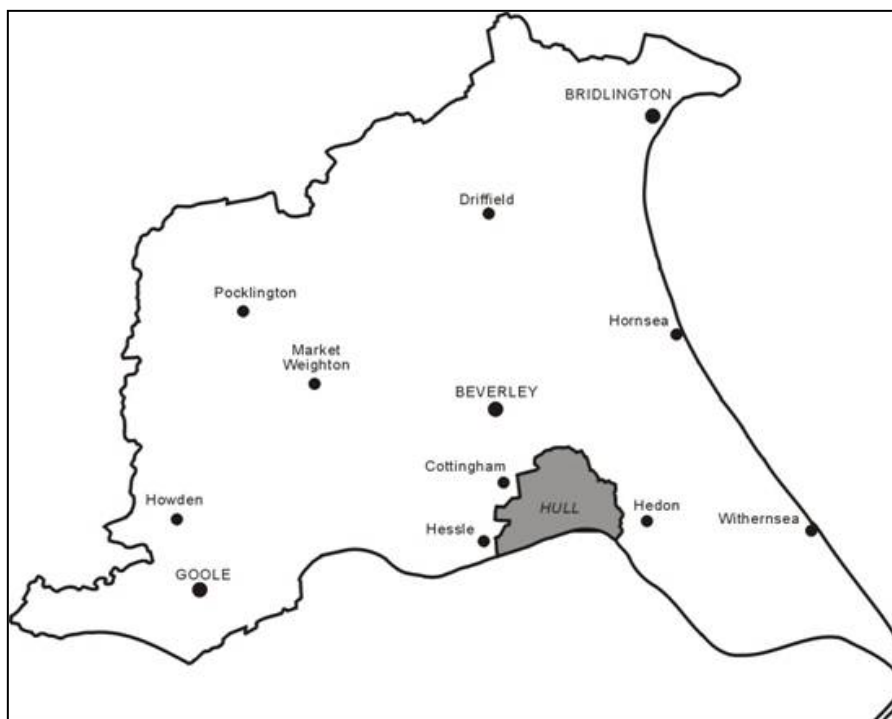
A – mainly strengths with almost no areas for further development

B – more strengths than areas for further development

C – more areas for further development than strengths

D – mainly areas for further development with almost no strengths

## Appendices



### List of Documents considered during the scrutiny process

- ◆ Prospectus for Gateway Pathfinder, Hull and East Riding;
- ◆ Area Development Frameworks for:
  - ◆ North Hull, with Baseline Report, Vision, and Orchard Park Design for Change;
  - ◆ East Hull, with Understanding East Hull, Vision, Preston Rd Neighbourhood Renewal Plan, and The Ings Caspons Neighbourhood Renewal Plan;
  - ◆ West Hull, with Baseline Report – NaSA, and Baseline Report – West Hull;
- ◆ Baseline Report 24<sup>th</sup> September 2004;
- ◆ How did we get here?, Hull CC 2004;
- ◆ Study in Mapping Housing Markets, PwC 2003;
- ◆ Understanding the drivers of housing market change and developing the pathfinder's response, PwC June 2004;
- ◆ Housing Preference Model, PwC July 2004;
- ◆ Residential Market Report into the New build housing market, GVA Grimley April 2004;
- ◆ Housing Preference Study - Main Report, KWEST August 2004;
- ◆ Report of Key Findings for Orchard Park, North Bransholme, Ings Caspons, Preston Road, NaSA, and BME Communities, KWEST 2004;

- ◆ Business Plan and Financial Model;
- ◆ Project Appraisal Criteria Report;
- ◆ Economic Development Strategy;
- ◆ Experian Economic Impact Assessment;
- ◆ Assistance Policy, Hull CC 2004;
- ◆ Education Service Report, Hull CC 2004;
- ◆ School Organisation Plan 2003-8, Hull CC; and
- ◆ Interim Housing Strategy, October 03 – March 05, Hull CC.

Additionally the following documents provided source and background information:

- ◆ Yorkshire and Humberside Regional Housing Strategy 2003, Regional Housing Board for Yorkshire and Humberside;
- ◆ Draft Regional Planning Guidance for Yorkshire and Humberside to 2016 (RPG12), 2003;
- ◆ “Shaping the Future, Developing a Regional Spatial Strategy for Yorkshire and the Humber”, Yorkshire and the Humber Regional Assembly, 2003;
- ◆ “Draft Spatial Vision and Strategic Approach”, Yorkshire and Humber Regional Assembly, July 2004;
- ◆ Regional Economic Strategy 2003-12, Yorkshire Forward 2003;
- ◆ Kingston-upon-Hull City Council Local Plan, May 2004;
- ◆ Joint Structure Plan for Kingston-upon-Hull and the East Riding of Yorkshire, Deposit Draft, January 2003;
- ◆ Joint Structure Plan Examination in Public: Report of the Panel, April 2004;
- ◆ Economic Development Framework for the Hull City Region Economic Area, May 2004;
- ◆ The Renaissance of Hull City Centre, Hull Citybuild, December 2003;
- ◆ Hull Community Strategy, Hull Cityvision 2002; and
- ◆ Hull Neighbourhood Renewal Strategy, Hull Cityvision 2002.