

CABINET

25TH JULY 2005

REPORT OF THE CHIEF EXECUTIVE HOUSING MARKET RENEWAL SCHEME UPDATE

PURPOSE OF THE REPORT

This report seeks approval of the Scheme Update for the Oldham Rochdale Housing Market Renewal (HMR) Programme and authorisation for its submission to the Office of the Deputy Prime Minister(ODPM).

BACKGROUND

The Oldham Rochdale Housing Market Renewal Pathfinder is required to submit a Scheme Update document to the ODPM by the end of July. The Scheme Update has two purposes. It sets out the proposed future direction of the HMR Programme in the light of learning gained since the implementation of the scheme started in April 2004. It is also a request for further resources. The current allocation of funding runs to March 2006. The request covers the period April 2006 to March 2008.

A copy of the latest version of the Scheme Update is attached. Also attached is a report to the HMR Board which explains the structure of the Scheme Update and outlines the contents of the chapters. Work is continuing on the finalisation of the Update. Any significant revisions or additions to the document will be outlined at the Cabinet. The Cabinet meeting is prior to the meeting of the HMR Board which is due to approve the final version of the Scheme Update. It is suggested that the Chief Executive and the Leader of the Council are given delegated authority on behalf of Oldham Council to approve any revisions to the document which may occur at or immediately before the Board meeting

The total HMR funding requested for the two year period is £70 million with this to be expended in HMR areas across the two boroughs

Oldham Council is the accountable body for the Pathfinder as well as being a partner.

COMMUNITY COHESION IMPLICATIONS

The promotion of better community cohesion is a central objective of the scheme.

CONSULTATION

Extensive consultation has taken place during preparation of the Scheme Update. This has included a recent "roadshow" which has toured the borough. Engagement with partner organisations has been effected through the involvement of the Oldham Partnership.

LEGAL IMPLICATIONS

The Schem Update needs to be reflected in the legal steps in the HMR process, notably the procurement exercise. (PAE)

TREASURERS COMMENTS

None at this stage (MH)

RECOMMENDATIONS

That the Scheme Update is approved for submission to the Office of the Deputy Prime Minister (ODPM)

That the Chief Executive with the Leader of the Council is given delegated authority to approve any necessary revisions to the document between the Cabinet meeting and its submission to ODPM

BACKGROUND PAPERS

The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(d)(9) of the Local Government Act 1972. It does not include documents which will disclose exempt or confidential information as defined by the Act.

Files are held by the HMR Core Team, Meridian Centre, Ashton Road, Oldham.

Contact Officer: Alastair Graham

HMR Board

Date: 30th June 2005

Report of: Project Director

Contact Officer: Alastair Graham

Telephone: 0161 911 3189

Title: Working draft of the Scheme Update: chapters 1 to 5, chapter 7 and appendices.

Purpose of Report: To inform members of the current draft of the scheme update and to invite views.

Recommendation: Members views are requested.

Community Cohesion Implications: The promotion of community cohesion is a strategic objective in the proposed strategy and the appraisal of the spatial options has been based in part on consideration of cohesion issues. The update sets out the proposed activities which the Pathfinder will be seeking to undertake and those where it will be influencing other agencies.

Background

The Board will recall that the Office of the Deputy Prime Minister (ODPM) has invited the Pathfinder to submit a scheme update. This needs to set out the proposed strategy for the 15 years of the programme and contain a detailed bid for resources of between £40m and £70m for the two year period 2006 to 2008. It will be scrutinised

by the Audit Commission using their scrutiny framework which members have seen previously. The key points from the framework are attached for reference.

Key aspects of the scheme update have been considered by the Board in earlier meetings, including the preferred spatial strategy, the early business plan projections and initial drafts of the first three chapters. This report encloses drafts of chapters 1 to 5 and chapter 7 of the update, and some early appendices. Chapter 6 on the Business Plan is currently being drafted and the text will be available at the meeting. All chapters require some further work to complete the gaps, and chapters 6 and 7 in particular need to be integrated into the same style as the other chapters.

The salient points from each chapter where members may wish to focus their attention are given below, together with some key questions drawn largely from the scrutiny framework.

Chapter 1: Executive Summary

This succinctly tells the story of what we want to do and why. It establishes the transformational vision and explains that we need to increase the supply of housing in the Pathfinder to anticipate the projected household growth, as well as provide better quality and a much more diverse range of housing. It links the housing market restructuring to the economic restructuring which both Boroughs will undergo.

It also summarises both the long term plan and the short term programme. The long term strategy is to provide excellent quality, new neighbourhoods close to the town centre, and close to areas of projected demographic growth, as well as redevelop nearby social estates, which will then allow for the poor quality and often overcrowded private terraces to be redeveloped. The short term programme is to drive forward the delivery of our transformation of the first wave neighbourhoods, whilst also allowing for some early acquisition and site assembly in targeted areas.

Do members feel that the Executive Summary captures the essence of what we intend to do?

Is it convincing about why we need the money?

Chapter 2.

This celebrates what we have achieved since April 04 and points to some lessons learned. Our key achievements are that we have started the transformation process in our first wave neighbourhoods and we have exceeded most of our agreed output targets for the first year, particularly in terms of HMR-funded acquisitions, demolitions and refurbishment. We point to evidence of innovation, such as the relocation equity share scheme, the procurement exercise, our innovative design proposals for the new build schemes and our work in relation to consultation and cohesion.

This chapter also sets out some key learning points which are picked up later, such as the need for the strategy to have a broader geographic canvas, the need to get new

housing built before demolition and the need to provide better support to those facing clearance.

Does members think that this chapter includes the main points we would want to draw attention to?

Chapter 3.

The focus of this chapter is to explain the drivers of the housing market as explored in the various pieces of research we have commissioned, and to provide the rationale for our chosen objectives.

The main drivers are economic and demographic. Low wage levels and low skill levels are hindering people's ability to buy suitable housing and to maintain their homes. There is a need to restructure the economy and to radically improve skill levels. During this process, affordable housing will need to be an important part of our new build plans. In terms of demographics, there is projected to be a large increase in the number of households due to emerging households as a result of the young population profile and the national trend towards more (and smaller) households. We also introduce the concept of housing choices currently being constrained for cultural reasons, and the need to avoid a loss from the Pathfinder of the more economically successful residents. The other drivers are outlined in terms of a mismatch in housing supply – too many poor quality terraced houses and badly designed social flats, and not enough larger, higher quality homes – and in terms of quality of life issues to do with education, the environment and crime.

The chapter sets out our strategic objectives as previously agreed by members and links them to the drivers just outlined. We also set out how far the objectives are aligned with other regional, sub-regional and local strategies, and how further alignment will be achieved.

Do members consider that the drivers are properly assessed and do they link clearly to the objectives?

Do we set out an appropriate degree of alignment?

Chapter 4.

This sets out our preferred spatial strategy which members have previously considered, and explains the option appraisal process including reference to value for money and the objectives set out in the previous chapter.

The spatial strategy focuses on areas linked to the town centres and close to the projected household growth where there are opportunities to create new neighbourhoods from underperforming industrial areas and through some redevelopment of social estates. It shows the strategic fit with areas of housing stress and with the spatial planning previously undertaken at Borough level and through Urbed and Edaw.

Is the strategy clear, convincing and based on the drivers identified earlier? Is the option appraisal process convincing?

Chapter 5.

This sets out our interventions designed to achieve the preferred strategy. The interventions are grouped under each of the strategic objectives and include both direct interventions proposed to be funded from HMR and those envisaged to be undertaken by others.

A major intervention will be land assembly. This will involve the relocation and in some cases the extinguishment of existing businesses, and a business relocation strategy with appropriate assistance is proposed. We will also be undertaking site preparation works and providing gap funding where needed. We say that the refurbishment work, including Group Repair, enveloping and facelifts, will be targeted to maximise private sector investment and to include equity-lined loans. We will also undertake area improvement works where necessary to achieve market confidence and private sector investment. The importance and relevance of high quality design is stressed. The chapter also sets out a menu of affordable housing options, particularly in relation to low cost home ownership.

We also describe how we will support the process of economic development both directly through our preferred partners and projects like Construction Oldham Rochdale, and indirectly through working with partners to increase skills levels and improve the transport infrastructure. In relation to community support and cohesion, we set out the activities we will fund such as supporting communities in transition and supporting households through change. We also say that we will work with partners to help improve the quality of life in key areas where issues such as education, crime and the environment are having a particular impact on the housing market.

Members may wish to consider whether we have sufficient emphasis on sustainable solutions, including design, environmental sustainability and ongoing maintenance. Do we demonstrate an effective strategy for influencing the external environment? Is there a clear link between our proposed interventions and our strategy? Are we pioneering in our approaches to transforming the market?

Chapter 6.

This summarises this Business Plan. It builds on the preferred spatial and phasing options that members have previously considered. It sets out the outputs that will be delivered in the next two years, the two years beyond that and the remainder of the 15 year period.

It is proposed that we bid for £70m for the first two years (approximately £30m next year and £40m the year after) which will enable us continue the transformation process in the first wave neighbourhoods and start site acquisition and assembly elsewhere. The funding profile is for the HMR requirement to increase to a peak of £60m to £65m in the middle years of the programme before tailing off substantially in the last few years. The Business Plan shows how private sector investment is also

maximised during the middle years of the programme. The sensitivity analysis shows a particularly high degree of sensitivity to developer cost inflation.

When members see this chapter some key questions might be:

Have we demonstrated that we have appraised options and secured value for money?

Have we optimised private sector leverage and complementary investment?

Do we describe our approach to use of receipts?

Chapter 7.

This sets out how we will deliver the programme and manage performance. It sets out the key points of our emerging performance management framework including the impact of the procurement process which is the subject of another item on this agenda. Our proposed governance arrangements are described, and this will incorporate the Agreement between the two Councils and the Pathfinder, and the revised constitution, as set out in another item on this agenda. Our proposed systems and processes are described, and it is clear that we have much work to do over the coming months to implement our proposed arrangements. Our approach to risk management will be cross-referenced to that described in more detail in the previous chapter. Finally, we set out some proposed output and outcome measures which members may wish to comment upon.

It is intended that this chapter should be streamlined to ensure that we have avoided unnecessary duplication, and edited to follow on in terms of style from the previous chapters.

Members may wish to consider the following questions:

Have we demonstrated effective preparation for delivery?

Have demonstrated that we have learned lessons?

Do we have an effective risk management approach?

Do we demonstrate effective arrangements with regard to governance, leadership, asset management and capacity?

Recommendation

Members' views are requested.

TRANSFORMATION AND COHESION:

THE SCHEME UPDATE Draft 13th July 2005

PARTNERS IN ACTION:

**OLDHAM/ROCHDALE
HOUSING MARKET RENEWAL
PATHFINDER**

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1. EXECUTIVE SUMMARY

Foreword by John McGuire

As Chair of the Oldham/Rochdale HMR Board, I am delighted to submit the Scheme Update for the Oldham/Rochdale Partners in Action Pathfinder

Our overall aim remains as stated in our first Prospectus:

To deliver a transformation in the housing markets in our area, that will create sustainable communities and promote community cohesion

We have made excellent progress in starting to deliver this transformation. On the supply side, we have begun to tackle our housing supply problems and dysfunctional housing market. This is characterised by:

- Too many poor quality terraced houses, particularly in Oldham;
- Large single tenure estates with concentrations of voids and inappropriate house types;
- Range of existing houses of a size and type that does not fit existing requirements never mind meet future demand.

On the demand side we have reviewed our population and household assumptions and we are now predicting higher potential household growth. This means that we need to build the right sort of accommodation in the right areas for our burgeoning young population. If we don't, we will lose our young talented people at an even faster rate than now.

We are different from most Housing Market Renewal areas in that we don't have large-scale abandonment and vast tracks of vacant land. This means we have to work more with existing residents (rather than owners of vacant property) in order to adapt their properties; or relocate them. We also need to work harder to assemble sites particularly in our inner areas – and these will be both former residential and commercial sites.

In order to provide for choice, quality and affordability, our long term strategy is therefore to:

- create development opportunities by assembling sites in inner areas and on peripheral social estates *in advance* of major clearance;
- build new houses to suit modern needs and accommodate household growth
- demolish outdated terraced stock;
- focus our activity in those areas and corridors which address both the greatest housing dysfunction and support regeneration and economic objectives the Borough Masterplans.

Our business plan for the next two years presented in this Scheme Update builds on our commitments in our first wave neighbourhoods and continues to transform these areas whilst preparing for further assembly and development to achieve the long term strategy.

The essence of our long term plan is that investment *now* in housing market renewal will create the conditions where the market will operate efficiently into the future. We think we can achieve this at relatively low risk because we have the background of an overall increase in demand.

Our long term plan will support the economic restructuring of Oldham and Rochdale. There will be move away from low value-added sectors towards higher value added and growth sectors located more appropriately for the economic challenges of the 21st Century.

We will help to radically improve the connectivity to Manchester City Centre.

We will also provide high quality residential locations that will be attractive to employers.

In this way, we will contribute to the growth creation agenda set out in the Northern Way and help to transform the contribution that Oldham and Rochdale make to the regional and sub-regional economy.

Signed:

John McGuire
Chair, Partners in Action Pathfinder

1.1 PURPOSE OF SCHEME UPDATE

In 2004, our HMR Pathfinder Prospectus made the case for substantial investment to restructure the housing markets of Oldham and Rochdale. The Prospectus was successful in attracting government investment of £53.5m to implement our plans for 2004 to 2006.

This Scheme update has two main purposes

Firstly it presents our long-term plans, which have been reviewed in the light of:

- further in depth analysis of the underlying trends in the housing markets and the economy of Oldham and Rochdale and the wider sub-region;
- new physical masterplans and frameworks which have been commissioned over the last two years.

Together this information has led us to adopt a long-term strategy which will: redefine Oldham and Rochdale's role in the sub-region; tackle the major problems in our housing markets; focus on the areas of greatest need and opportunity; and integrate our plans with other spatial regeneration strategies.

Secondly it presents our short-term plans for the next two years, which builds the next stage in achieving our long-term plan and drives forward the work we have already commenced.

1.2 LONG TERM SPATIAL STRATEGY – 'BUILDING FOR THE FUTURE'

The overall approach in the strategy will provide high quality, new mixed use neighbourhoods adjacent to the town centres of both towns and transform the image and conditions of both Boroughs. It recognises the reality of current population movements and it requires substantial new build *before* further demolition. It links areas of acute housing stress and projected household growth with opportunities. It focuses on choice, quality and affordability: The main features are: -

- Assembling and developing sites close to those inner areas with expanding populations and households;
- Enabling these growing communities to expand outwards into modern, attractive new developments nearby whilst taking advantage of the desire to remain near family and community facilities;
- Redeveloping targeted social rented estates to provide additional homes and greater diversity;
- Transforming land-use patterns and the urban form replacing old, low value and non-conforming industrial land with higher quality, mixed use sites close to the town centres.
- Making strong linkages with improved town centres; and improvements in the economy which in turn will support housing market renewal
- Aligning key services such as health and education to support housing market renewal

The beneficiaries of this approach will be:

- Emerging households – we will be building new houses of the right type and the right location for new household growth;
- Existing residents– more of our affluent mobile population will be retained because we will provide better diversity and choice; and more affordable homes;
- New residents – in the longer term there is scope to attract some new residents, particularly in areas well connected to city transport links;
- Oldham and Rochdale contributing their full potential in the regional and sub-regional economy;
- Residents able to exercise real choices about where they live.

The impact of the strategy on the four housing market areas identified in the HMA will be as follows:

Inner Oldham: major area of physical change immediately to the south and east of the town centre where superb new neighbourhoods will be created, and nearby social estates transformed.

Rochdale: major focus on Milkstone and Deepish, and the Oldham Road corridor where excellent quality housing will replace obsolete industry, with redevelopment of associated estates.

Middleton: revitalising the process of redevelopment at Langley by securing high quality housing in the heart of the area.

Failsworth: a watching brief to monitor the impact of the district centre redevelopment and changes in New East Manchester.

Overall Scale of Intervention in the Pathfinder area

	Number	Explanation
New Development	12,300	We have the capacity to deliver this number of new units which are needed to meet most of the projected household growth.
Clearance	8,600	Reflects the need to rebalance the housing market by reducing obsolete housing and providing sites for new, modern homes, to achieve much greater choice of house types.
Net Stock additions	3700	New developments minus clearance
Voids	1500	1500 of the proposed cleared stock is already void
Total net addition	5200	This is the net number of new homes after taking account of voids.

Within the context of this overall 15-year strategy from 2006, we will take bold steps to achieve our objectives. This will not be done in a strict adherence to set numbers (a predict and provide approach). The numbers indicated above are a best estimate *given current circumstances*.

We will put in place robust monitoring and evaluation systems, which will enable us to plan, monitor and manage. Firstly we will implement plans based on sound evidence; monitor progress; and then manage further interventions based upon achievements and an analysis of the market position at that time.

1.3 DETAILED PROPOSALS AND BUSINESS PLAN

Neighbourhood focus

The next two years will focus primarily on our first wave neighbourhoods of Werneth, Derker, East Central Rochdale and Langley. We will assemble sites and provide new housing there. We will defer some of the refurbishment work to allow us to start the site assembly process in other areas as identified in our preferred spatial strategy.

	Targets for Years 3 and 4 (2006/7 – 2007/8)
Acquisitions	1,205 (532 private and 673 social)
New build	1,450 (1,105 private and 345 social)
Demolitions	1,298
Refurbishment	442
Equity loans	200

Our bid is therefore for £70m HMR resources which will attract £100m from the private sector and £36m of other public sector resources.

Costs	£ million
HMR	70
Other Public	40
Private	100
TOTAL	210

1.4 DELIVERY

We are confident that we will deliver our ambitious plans for the following reasons

Partner Support.

We have excellent partner support locally through our joint LSP arrangements and through the integration of our plans with local strategies. We have also aligned our plans with key sub regional and regional strategies to ensure maximum mutual benefit and drawdown of matched funding.

Moreover we continue to strive for private sector investment. The appointment of our preferred development partners will draw-in significant private resources to support acquisitions, demolitions and new build

Track Record

We now have a track record of delivery as a Pathfinder, which supports the existing excellent delivery records of our core partners.

Governance

Our governance arrangements have worked well and we have strengthened these over that last year to prepare for the increased challenges of implementation and delivery.

Performance Management

A detailed action plan has been developed to introduce a substantive performance management framework and culture into the Pathfinder to deliver from April 2006.

End Piece

By 2019 we will have achieved our overall aim of transforming the housing market, creating sustainable communities and promoting community cohesion through:

- A range of housing that suits the needs of all our communities and enables our growing households and our ambitious residents to stay in the area;
- Housing that is fit for the 21st century in neighbourhoods where people choose to live;
- Residents who have sufficient economic well-being to invest in their chosen housing.
- Thriving local economies which support the HMR process

2. REVIEW OF PROGRESS

In this chapter, we review what we have achieved since April 2004 and highlight some of the learning points which have influenced the shape and content of this Scheme Update.

2.1 SUMMARY OF ACHIEVEMENTS

Our Housing Market Renewal Prospectus was entitled 'Transformation and Cohesion' and had the overall aim:

To deliver transformation in the housing markets in our area that will create sustainable communities and lead to greater community cohesion.

Our main challenges were to tackle housing market weakness and dysfunction as displayed by the oversupply of terraced housing in inner areas and localised abandonment of social housing; whilst retaining a rapidly growing young population.

The main proposals were to:

- Deliver major change in specific neighbourhoods where the housing market was weak and dysfunctional. We proposed to do this in three phases over 15 years. The first wave neighbourhoods were in East Central Rochdale, Langley, Werneth and Derker;
- Tackling the causes of decline across the HMR area;
- Link neighbourhoods with economic opportunities in order to promote economic well being and support demand;
- Deliver HMR programme hand in hand with improved community cohesion in both Boroughs.

2.1.1 Achievements in the First Year.

Over the last year we have achieved the following:

Transforming Neighbourhoods

	Target	Actual
Homes acquired	104	146
Homes refurbished	75	82
Homes demolished	148	165 (includes homes ready for demolition)

Our activity has been focused on our first wave neighbourhoods. We have assembled sites where modern aspirational housing will shortly be developed, including affordable housing, such as at Granville Mill in Derker, Spencer Street in Werneth and Dale Mill in East Central Rochdale. At Langley hundreds of new homes are now built or under construction and are attracting relatively high income families to the area, whilst most of the rented housing has been either refurbished or demolished.

Granville Mill Picture

Local resident Emma Prescott, who lives next to the mill welcomed the news that work would soon begin. She said 'the site has been an eyesore since the mill burned down. I think its great that we'll soon see different types of new home go up'

Quality Housing

As part of our commitment to radically better quality of housing, we have demanded high design standards for the new build housing and some really exciting proposals have emerged for our early sites, such as St Mary's in Oldham and Dale Mill Rochdale.

High standards are equally important in the existing, retained housing, and we have refurbished 82 private homes, some to Group Repair standard and some to enveloping standard. This, along with environmental improvements and the Arms Length Management Organisations (ALMOs') investment in Council housing, is helping to transform the appearance of areas into attractive places where people want to live.

We have carried out major environmental improvement and Homezone schemes.

Hereford Street

Mohammed Akhtar, who lives in a three bed terrace on Hereford Street said 'its terrific, we are really pleased. We bought our house 11 years ago and have done bits and pieces of work. This is making the whole of the outside look much better. The builders have been helpful and friendly'

Supporting Community Cohesion

Community cohesion remains fundamental to everything we do. Our strategic programmes have enabled us, amongst other things, to undertake community induction schemes that have laid the foundations for successful movements. For example,

- The Community Link Team have worked with 124 households to provide practical support by raising awareness of the range of options open to them; linking them to specialist support and assisting them to prepare to move
- Using creative projects as a means of engaging communities in the development of their neighbourhoods for example involving young people in designing and painting a mural in Werneth; and in a safety competition to raise awareness of the risk surrounding demolition and building sites
- 13 Asian families from East Central Rochdale have successfully moved to Bellshill estate with support from the project.

Construction Oldham Rochdale (COR) also exceeded its targets. During 2004/5 training was provided for 161 people (well above target); and 102 of these gained recognised qualifications and 46 finding local jobs (6 above target with more to

follow). All trainees are on a register as a ready pool of labour for our new HMR partner contractors.

2.2 WHAT'S GONE WELL

2.2.1 Achieving our Targets

We have delivered. We have achieved our targets in respect of our first year of operation and utilised all of the HMR resources available. This represents a tremendous achievement given the announcement of the funding was made only 6 days before the start of the financial year. **(See Supporting Document 2.2.1)**

3.1.5 Restructuring the Housing Market

In doing so we have started to deliver the process of transformation which we set out in our Prospectus. This is beginning to change the urban form in Oldham and Rochdale and to tackle outdated land use patterns. We are changing the Victorian inheritance into a modern 21st Century townscape which translates into reality the ideals of our Masterplans -Oldham Beyond and Rochdale Borough Renaissance.

2.2.3 Innovating

We have set up an innovative **home equity share** scheme to help those affected by clearance, and this is now in operation with 5 having been completed. We have also made 33 **HomeImprove loans** to enable residents to invest in their own homes. We have developed a business plan for the portfolio which we believe will attract private finance into the funding of loans in the future.

Ruhel Ahmed Picture

Ruhel Ahmed and his family moved from a three-bed house in Werneth to a three-bed house in Chadderton a mile away with the help of an equity loan.
Ruhel who is a chef at a takeaway restaurant said 'the worst thing about where we used to live is that we couldn't park our car close to our house. We had three cars stolen in three years. The new house is great because it has a driveway for our car, and we can get the kids and shopping easily into the house'

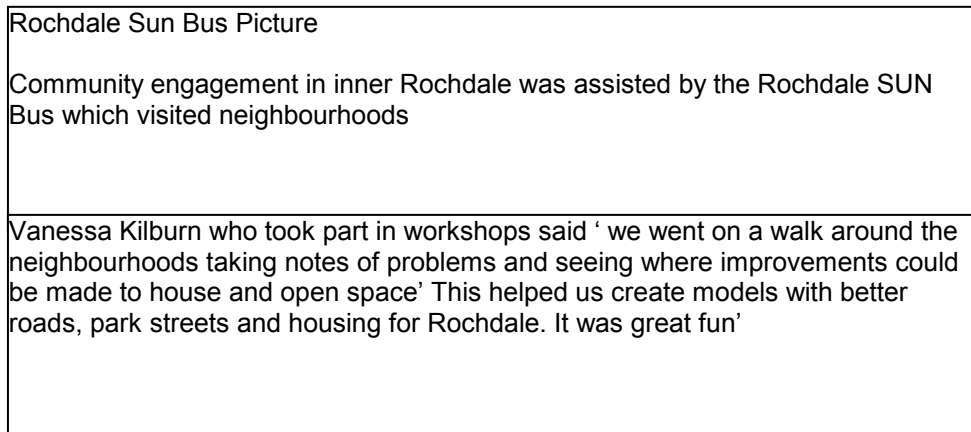
Our innovative **procurement strategy** has enabled us to obtain a list initially of 10 development/construction consortia, short listed to 6 who were invited to tender. We have now selected preferred consortia for three of the four first wave neighbourhoods (Langley was procured earlier and awarded to Lovell's) and they are providing significant economies because of the scale and timeframe offered, together with incentives to maximise and share land value increases. They are also providing added value in terms of quality design, sustainability, training and employment locally, use of local businesses/suppliers and community engagement.

The procurement was undertaken in conjunction with RSLs and ALMOs who are able to use the same selected consortia.

Our **Local Strategic Partnerships (LSPs)** have continued to meet jointly together to develop HMR policies and achieve alignment at cross-Borough level (see 2.2.6 below).

2.2.4 Community Engagement

Consultation with local people is key to delivering the programme. We have opened new local offices in Derker and Werneth staffed by dedicated teams of Community Housing Officers. We have established the resident consultation forums and stakeholder forums in both neighbourhoods. We have built on the existing resident involvement structures at East Central Rochdale and in Langley. Our spatial planning work in the Pathfinder area has included significant levels of additional consultation including a travelling bus, fun events and neighbourhood perception exercises.



We have undertaken a residents' survey of a representative sample of residents in each housing sub-market area of the Pathfinder and are using this to shape our future plans.

This survey by Kwest builds on the MORI survey commissioned two years ago and takes a more focused view of the Pathfinder area following face-to face interviews with representative numbers of residents in the Pathfinder neighbourhoods.

2.2.5 Improved Housing Market Intelligence and Analysis

We have considerably developed our understanding of the housing market. We commissioned a Housing Market Assessment (HMA), which provides a detailed analysis of the local housing market which has informed our housing renewal strategy

We have developed new spatial plans for the inner areas of Oldham and Rochdale, based on the HMA and consultation with residents and potential residents. We have also modelled various strategic options in a spatial way as well as in a financial and qualitative way. We have produced a Pathfinder-wide spatial plan based on this spatial analysis and drawing from the two Borough Masterplans.

We have helped to develop a joint economic framework for the Boroughs which identifies the synergies and the opportunities for further joint work and provides the framework for this scheme update. It has helped us to produce proposals which support the economic development of both Boroughs and contribute to the City

Region Development Plan, the Greater Manchester Economic Development Plan, the Regional Economic Strategy and the Northern Way.

The HMA work has drawn on the Manchester University study into demographic trends and it is now clear that we need to provide a greater level of additional housing than envisaged in the last Prospectus to cater for the projected increase in the number of households.

Community Data Services (CDS) has continued to provide us with the key housing market indicators at neighbourhood level and we now have time series information. We have also obtained information about migration at the neighbourhood level from our Council Tax data and our revised Movers Survey.

2.2.6 Aligning and Mainstreaming

We have made considerable progress in aligning mainstream strategies at the local level.

The joint LSP meetings have continued and the thematic partnerships have developed policies that are consistent with HMR including:

- proposals for school redevelopment;
- development of additional health facilities under the LIFT programme;
- community cohesion activities;
- development of a joint Supplementary Planning Document on design across both Boroughs;
- deployment of additional PCSOs.

We have also been keen to ensure alignment at sub-regional and regional level. This has included securing changes in the City Region Development Plan and influencing the Regional Housing Strategy (RHS) and Regional Spatial Strategies (RSS). The RSS in particular will need to reflect the need for increased levels of new build in Oldham and Rochdale to cater for the substantial projected increase in the number of households.

2.2.7 Staffing

A major risk we identified at the start of the process was the ability to attract and retain appropriately skilled staff to deliver the programme. Following a very successful joint recruitment campaign at the start of the year, we have filled the required positions and we have skilled and trained staff in place in all programme areas.

2.3 KEY LEARNING POINTS

2.3.1 Broader Strategic Canvas.

We recognise the need to operate on a broader geographic canvas, both regionally and sub-regionally in terms of Oldham and Rochdale's future role, and locally in terms of the relationship between neighbourhoods, town centres, countryside, etc. So, we have undertaken work through the HMA to understand better the place of the two Boroughs in the sub-region, and our proposals this time embrace a larger area than the four first wave neighbourhoods, and we have explored the linkages between neighbourhoods (see the Urbed and Edaw studies **see Supporting Documents 2.3.1**) which we have drawn together at the Pathfinder level.

We have also been more outward-looking and have considered the linkages with other parts of the region, as demonstrated in the HMA, and the sub-region, especially the Manchester/Salford Pathfinder as demonstrated by the joint work on demographic and economic projections.

3.1.5 The Need to Build New Housing more Quickly.

In order to provide rehousing opportunities, we will be accelerating the rate of new build and ensuring that new housing is being built prior to clearance taking place. This is explored in detail in the Urbed and Edaw studies. The effect of this will also be to demonstrate earlier the positive aspects of HMR, reducing local resistance and minimising the opportunities for rumours and misinformation and help to give the programme a positive image.

3.1.6 Governance.

The Board has restructured in terms of its membership (with an enhanced role for private sector development expertise) and the way it meets and operates so that it is now more strategic and directional. We have set up the Programmes Management Committee of the Board, which has been key in ensuring that we deliver the programme and in allowing the Board itself to focus on strategic and policy issues. We recognise that as the programme develops we will need to continually adjust our governance arrangements to reflect the roles and responsibilities of the Pathfinder. We also recognise the need to work better together across the two authorities in achieving added value and economies of scale through joint delivery arrangements building on the success of COR (see 2.1 above). We have strengthened our programme management systems and reporting arrangements but recognise the need to go further as the programme grows in scale and complexity.

3.1.7 Equity Products.

We have recognised the need to bridge the affordability gap between clearance compensation and the cost of suitable alternative homes. Consequently, building on our successful HomeImprove product (equity loans for refurbishment), we have developed a relocation equity share product to enable people affected by clearance to afford to buy another property. We will be keeping the operation of these products under close review to ensure they are aligned with housing market realities including local price differentials.

3.1.8 Strategic Programmes.

We have evaluated our strategic approach and have redoubled our efforts to secure revenue resources from elsewhere to support HMR. Our revenue proposals in this scheme update have therefore been kept to a minimum. We have also capitalised revenue costs where appropriate. Our revenue proposals this time are very clearly linked to the physical programmes and will be essential to delivering those capital works, particularly in relation to consultation and community cohesion.

3.1.9 Localised Opposition to Clearance.

We have learnt about the strength of feeling of some of those affected by clearance who do not wish to move. We fully appreciate the significance of this opposition to some of our proposals even though it is from a small minority of residents. We have responded by better understanding the issues, developing the equity loan product, increasing the support available, negotiating a revised valuation process, staggering the CPO process and seeking to increase the choice and supply of homes available immediately to move into. We recognise the need to do more to respond to people's genuine fears and frustrations and our new proposals reflect the need to strengthen the support, consultation and communication channels. There are now increasing signs that voluntary acquisitions are working and CPOs are being minimised. We have recruited a communications firm to help us better get across and receive messages in relation to local communities and individuals.

3.1.10 Housing Market Knowledge.

We have radically improved our knowledge of the housing market as discussed in section 2.2.5 above. In particular, we have acknowledged the huge impact of demographic and economic projections for markets in the Boroughs and we have refined our understanding of the market drivers at local levels through the Kwest research. However, we recognise that we have further to go in refining our systems for monitoring the housing market and adapting our programme. To support our plan, monitor and manage approach, we will also be undertaking further research to better inform detailed aspects of our work - see section 3.4.3.

KEY MESSAGES

- We have achieved a lot in our first 15 months and delivered against our targets, supported by our strong programme management
- There is a sound basis within our organisation and our experience to drive forward the next stage of the HMR delivery
- We have learned from our experience and have acted upon this to develop our revised proposals

3 HOUSING MARKET ANALYSIS AND STRATEGIC OBJECTIVES

In this chapter we firstly set out the key issues which have been identified through the detailed Housing Market Assessment (supporting Document X) and other analysis that we have carried out. These influences have directly educated our key drivers and our Strategic Objectives, which are set out in section 3. Finally we summarise how our objectives relate to and align with national, regional and local policy.

3.1 HOUSING MARKET ANALYSIS

Our Housing Market Assessment (HMA) and other major pieces of analysis have provided the Pathfinder with a greater understanding of the key drivers of the housing market and provided a strong evidential basis for the development of our strategic objectives. The HMA and Pathfinder analysis has identified four themes to understand the current and projected trends of our housing market and draw out the key drivers. The four themes are:

- Economy
- Demographics
- Housing Supply
- Quality of Life Issue

3.1.1 Economy

Oldham and Rochdale's economy has fallen behind Greater Manchester over the past 10 years, with the strong growth in the southern part of the sub region not mirrored in the north, and Oldham and Rochdale having a relatively weak economy in comparison to other comparable towns within the east and north of the conurbation.

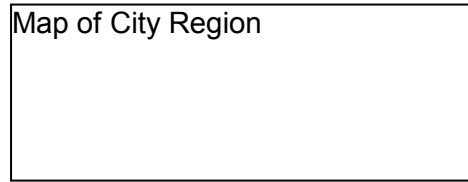
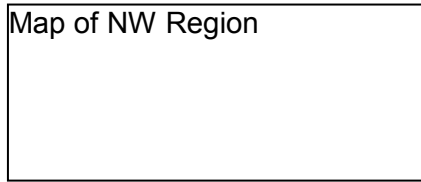
The HMA, the Oldham/Rochdale Economic Framework Analysis (**see Supporting Document 3.1.1**) and other regionally significant studies characterise the *current* Oldham/Rochdale economy and employment patterns by:

- Low wage levels reflecting the low skill levels required by local industry. The current average wage levels are approximately 90% of the GM average and are, at best, currently static.¹
- Significant numbers of residents in the Pathfinder are without any qualification (over 50% in some neighbourhoods).
- Over reliance on manufacturing industries, many of which are forecast to decline; and insufficient quality service sector employment
- Low levels of residents are travelling to the economic hotspots of the city centre and the southern edge of the conurbation, despite the relative proximity of Oldham and Rochdale to the city centre.²
- Concentration of economic inactivity and worklessness in the Pathfinder, particularly amongst South Asian communities and the white communities on the peripheral social housing estates.³

¹ Chapter 4 - HMA

² Manchester Salford Pathfinder's Research Foresight and Intelligence (Appendix 3.1.1)

³ 51% of Oldham's and 48.1% of Rochdale's Bangladeshi communities are economically inactive compared to 21.5% of all people in England.



Clearly, these economic factors are fundamental drivers of the housing market as they limit the available resource to pay for housing. However, they are also functions of the housing market as the economics of the Boroughs are in part dependant upon those residents who live here.

It is clear that low wage levels and high levels of worklessness are a major driver of the relatively low house values in Oldham and Rochdale compared to the rest of Greater Manchester. In addition, it is clear that low wage levels reduce the likelihood of investment in properties, which over time will reduce the quality of homes across the Pathfinder.

Importantly however the economic projections make it clear that **affordability** is a key issue for the Pathfinder and it will be important to provide a range of property types, sizes and tenures which meet the demand for an affordable product of a high quality.

The low wage levels are not just a driver of the market but are also a function of the housing market, where the lack of choice and range of housing to satisfy the aspirations of more skilled residents results in high outward migration of the more economically active residents. It is clear from analysis of travel to work patterns that far fewer residents from Oldham and Rochdale travel to Manchester to access employment than from comparable towns such as Bury, Bolton and Ashton. Whilst it is true to say that the low level of travel to work is dependant upon the low skills level (resulting in lower wages and reducing the incentive to travel), it is also apparent that those residents moving out of the Boroughs are moving to higher value areas, and are therefore more likely to be accessing the higher skilled jobs in the growing economies of Greater Manchester.

Whilst the Boroughs' economic strategies are targeting the improvement of the existing skill levels as well as providing opportunities for modern businesses to grow the Pathfinder will need to complement this by improving the offer of housing so that existing residents who through their economic circumstances are able to make more housing choices are encouraged to remain.

The current economic strategies of the Boroughs seek to capitalise on the opportunities available. The increasing maturity of the South Asian community is working through the education system – linked to other factors, attainment levels in schools are rising, with an improvement of 6.8% in Oldham and 23.2% in Rochdale of pupils attaining 5 or more A-C grades at GCSE or equivalent⁴. This increase in the skill levels of residents will be further enhanced by the opening of the University Centre in Oldham and increases in the opportunities available to access the sub-regional employment market. There will be increasing local opportunities at Kingsway and Hollinwood, the town centre redevelopment plans. In addition, the

⁴ DfES 2004 (Improvement Measures)

improved transport connections, such as the completion of the M60 ring road and proposed Metrolink extension mean that Oldham and Rochdale will continue to be better connected to the regional economic drivers such as Manchester City centre, the south end of the Greater Manchester conurbation and further afield to Leeds and West Yorkshire.

3.1.2 Demographics

Population projections show a picture of strong household growth over the next 15 years for the Oldham and Rochdale Boroughs.

This is due to:

- 3 a very young South Asian heritage community where births out-number deaths and where newly forming households will be emerging;
- 4 inward migration from overseas offsetting the domestic outward migration;
- 5 the national trend towards smaller households.

Insert
Population Projection 2003 – 2019
ONS 2004
(From HMA)

The projections suggest that household growth across the Pathfinder over the next 15 years is likely to be between 6,200 and 12,500 additional households, depending on what assumptions are made (**see Appendix 3.1.2**).

Insert
Household Growth Projection
(From HMA)

These projections provide the Pathfinder with evidence of the likely growth in households within the Pathfinder over the next 15 years, providing that new homes are provided. Clearly, if the Pathfinder does not develop new homes then the outward migration levels will increase, and this is likely to accelerate the migration out of the Pathfinders of the more economically active residents, and reinforce the concentration of relative poverty in the Pathfinder. Therefore the Pathfinder has developed the Strategic Objective to increase its housing provision over the next fifteen years.

The increasing number of households is both a challenge to the Pathfinder and an opportunity to restructure the housing market. On the one hand, the additional households entering the housing market could mean in the short term increased overcrowding and in the longer term outward migration could increase if the supply does not similarly increase and diversify. However, on the other hand the huge numbers of new households forming over the next twenty years provides the Pathfinder with an opportunity to provide a radical step change in the economic make up of households.

Failure to seize the opportunity facing Oldham and Rochdale will see many of the success stories of this young generation lost from the Pathfinder, as increasing demand will increase the outward migration rates to stronger housing markets in the sub-region. This increased migration will accelerate the present pattern of the more economically active residents leaving the Pathfinder, leaving behind an increasingly poor population.

3.1.3 Housing Supply

The HMA also presented picture of market dysfunction in the Oldham and Rochdale Pathfinder area. The current supply does not meet aspirations of residents and our population dynamics study⁵ has shown there is evidence of choices being constrained for the growing south Asian population. This dysfunction is characterised by

- 6 Oversupply of some outdated property types – this amounts to some 6,000 to 9,000 private sector terraces and socially rented flats, evidenced by the HMA
- 7 Overcrowding - there are insufficient larger properties in places people want to live to meet demand. The population study affirmed that larger households in the South Asian heritage community should be expected for the next two decades. The study gave the overcrowding rate as 6% for the Pathfinder as a whole (some 4,300 households), compared to 1% for outside, and this rises to 26% for the Pakistani community and 44% for the Bangladeshi community;
- 8 Choices constrained for the south asian population with overcrowding within settlement areas and avoidance of some adjacent areas, as evidenced in the population study;
- 9 Quality of product – the MORI household survey of 2003 indicated aspirations for a higher quality and more modern product;
- 10 Monolithic housing supply on some socially rented estates and in private sector areas where pavement terraces predominate. The analysis provided by the HMA, our resident surveys and confirmed by national studies such as JRF’s Transatlantic perspectives (**see Supporting Document 3.1.3b**) on mixed communities in 2005, informs the Pathfinder that the concentrations of poverty experienced in localised neighbourhoods, such as the peripheral social estate, have become so ingrained that radical intervention is required to provide a housing choice that is attractive to all the community;
- 11 Poor condition of properties – a lack of ability and/or incentive for individuals to invest in their own home has led to growing levels of unfitnes;
- 12 Right to Buy - increasing mismatch between supply and demand in social rented sector as houses are bought and less desirable flats become more dominant in the socially rented stock.

Insert
Supply/Demand by Dwelling -
Type
Four diagrams
(From HMA)

Insert
Supply/Demand by Dwelling Type

(From HMA)

⁵ Population dynamics within Rochdale and Oldham, University of Manchester (See Supporting Document 3.1.3a)

In summary, there is a need to provide a **larger range of property types**. This range will have to meet the needs and aspirations of residents for larger properties to address overcrowding (and implicitly larger household sizes in the South Asian heritage population) and smaller properties to reflect the national trend towards smaller household sizes. This housing must all be of a **high quality**.

There also is evidence of constrained choice for different ethnic groups primarily through the inability to afford to buy a better home elsewhere, but also through cultural and potentially discriminatory constraints. It is essential therefore that in tackling the housing supply issues of the housing market the Pathfinder also address **community cohesion** factors to support residents to make informed choices. Implicit in this strategy is the aim to provide a housing offer capable of retaining, and in the longer term attracting, economically active residents within and to the Pathfinder area.

The Pathfinder has poorer quality of homes and a high level of overcrowding. There are few empty properties. Whilst our surveys and price differentials inform us that there is a demand for affordable larger and better quality homes, households are unable to access appropriate accommodation. This is due to a number of factors, ranging from the lack of supply, to the economic circumstances of households making housing options unaffordable and there are social constraints that render locations unsuitable for households despite appropriate properties being available.

3.1.4 Quality of Life

It is clear that there is a correlation between education, crime and local environment and the strength of the housing market, as evidenced by the Kwest survey.

The Pathfinder is also clear that an overall good image of an area and a high quality physical environment enhances the attractiveness of housing.

The Pathfinder has established a series of mechanisms to measure the impact that quality of life factors have upon the housing market and is undertaking a series of longitudinal studies too establish whether they are drivers of, or dependant upon, the market.

3.1.5 Statistical Summary

Our estimates of overall demand and supply have been derived from a number of sources, and are summarised in **Appendix 3.1**.

Demand

New Households	12,500	Top Range Household Projection
	6,200	Low Range Household Projection

Whilst there is a large range in household projections we have chosen a conservative estimate of **6,200 households** based on recent trends and upon our own local analysis and projection of population dynamics in individual HMR Neighbourhoods.

Supply

	Number	Explanation
New Development	12,300	We have the capacity to deliver this number of new units which are needed to meet most of the projected household growth. 7000 on land identified in Urban Potential Study 5,300 on cleared housing sites
Clearance	8,600	Reflects the need to rebalance the housing market by reducing obsolete housing and providing sites for new, modern homes, to achieve much greater choice of house types.
Net Stock additions	3700	New developments minus clearance
Voids	1500	1500 of the proposed cleared stock is already void
Total Net Additional Households	5200	This is the net number of new households that can be accommodated

Our estimate of **5,200 additional housing stock** is informed by our analysis of urban potential, development rates and densities. It has also been checked against factors of deliverability in terms of construction rates and Regional Spatial Strategy. This demonstrates that we can accommodate most of the net household growth within the Pathfinder area. However this in reality this will be a net figure based on flows within and outside the Pathfinder area.

It should not be forgotten that there will be opportunities outside the Pathfinder to increase supply within the Boroughs and indeed outside the Boroughs. The Boroughs' Urban Potential Studies (**Supporting Document X**) show potential capacity for 15,000 housing units over the plan period, of which it is estimated that 7,000 could be provided in the Pathfinder area. The strategy set out in the next chapter caters for the substantial proportion of the emerging households and ensures that the more economically active have a much better choice of housing to choose from within the Pathfinder area.

3.1.6 Conclusion

In summary this analysis presents us with the following major challenges; -

The next twenty years provide Oldham and Rochdale with a major opportunity to transform the housing market. Both towns are exhibiting significant population growth, mainly due to the high proportion of young people, particularly from the

increasingly mature south Asian heritage communities, and the next twenty years will see this young population form their own households and feed through into the housing market, significantly increasing the number of households across both Boroughs.

The diversity and choice of housing currently available is insufficient to retain the more economically active members of the community, resulting in their outward migration⁶ and an increasing concentration of relative poverty within the Pathfinder. The economies of the two towns are weak and vulnerable, and that the housing supply is of poor quality, small and often obsolete houses, occupied by a community with lower skill and income levels than average across Greater Manchester.

The projected growth in households over the next fifteen years will result in this trend being amplified unless there is a comparable increase in the housing supply within the Pathfinder.

The quality of homes within the Pathfinder is not sufficient to attract new residents, and we cannot construct a market transformation upon the trickle effect of the growth of the sub-regional economy. In fact, the migration patterns are outwards towards higher value housing market, which results in the Pathfinder becoming increasingly residualised, with those residents that access the economic success of Manchester city centre and the southern part of the conurbation leaving the Pathfinder, to access the housing choice offered elsewhere.

Unless these housing market and economic issues are addressed in the round then the Pathfinder may be left with an increasing concentration of low paid low skilled labour with very limited housing options available to them because they will not be able to afford them.

The Housing Market Assessment (HMA) and other research has therefore informed us that we need to restructure the economy and the housing market in tandem.

3.1.7 Future research and analysis

The analysis of the research carried out on behalf of the Pathfinder has led to the development of strategic objectives which direct the interventions proposed by the Pathfinder. However, it is recognised that it is important to see this research and analysis as an ongoing process and that issues will arise in the future which will require further investigation.

The housing sub market areas are now defined – this will provide a good basis for further analysis. Ongoing analysis and monitoring are undertaken at the sub market and Pathfinder level to be able to respond if a market starts to decline relative to others or starts to recover without intervention.

Further research and analysis will be required in the following areas (**see Appendix 3.1.7**):

- Migration patterns and qualitative analysis of reasons for moving
- Aspirations of future households
- Affordability
- Community cohesion

⁶ Migration flows show net outward migration of over 300 households per annum – HMA Chapter 2

3.2 STRATEGIC OBJECTIVES

Our analysis has led to re-defining our 6 Strategic Objectives, outlined below
The first three are our core objectives, which address the structural problems in our housing market.

The second set of three objectives reflect the fact that housing market renewal is 'not just about housing' and address the three key drivers which will affect our housing market

3.2.1 Key Drivers and Strategic Objectives

Driver	Strategic Objective
<p>Strong projected net household growth in the Pathfinder area, particularly focussed in the south Asian heritage community.</p> <p>A predominance of small pavement terraced properties that do not meet the needs of larger households or the aspirations of newly forming households.</p> <p>Oversupply of socially rented flatted accommodation on estates of a monolithic nature which are subject to high turnover rates.</p>	<p>1. Create a step change in housing diversity and choice by providing and facilitating new housing and securing a radically better mix of housing sizes and types.</p>
<p>Low property values and low incomes of Pathfinder residents has led to a lack of individual investment in properties which has in turn led to significant levels of unfitness across Pathfinder stock.</p> <p>Poor property condition also tends to create a poor environment.</p>	<p>2. Transform the quality of housing and neighbourhoods in the Pathfinder area and deliver long-term sustainability.</p>
<p>The growth in house values has not been matched by a growth in incomes so a growing number of residents have been unable to afford to enter home ownership. This has increased pressure for affordable options. The economic projections suggest a continuing need for affordable housing.</p> <p>The existing social rented stock is not in the right locations or of the right size for those who may now need it. Social renting as a tenure is less attractive to significant sections of the community so options need to include low cost home ownership.</p>	<p>3. Promote and provide a range of affordable housing options.</p>
<p>Over reliance on low value added manufacturing jobs and low skill levels are resulting in low wage levels, with a resulting lack of choice of homes and inability to maintain homes. Upskilling and economic restructuring need to go hand in hand with HMR</p>	<p>4. Integrate with, influence and support the economic development of Oldham and Rochdale.</p>
<p>Strong growth projected in the south Asian heritage community but there is evidence of the housing choices of this group being constrained, as some areas adjacent to areas of high overcrowding are avoided.</p> <p>High levels of deprivation in the Pathfinder which can create an environment in which resentments grow.</p>	<p>5. Promote community cohesion</p>
<p>People's choices about where to live are heavily influenced by factors beyond the physical housing, such as crime, fear of crime, harassment, anti-social behaviour, cleanliness/tidiness, and the perceived quality of local education.</p>	<p>6. Help to provide an excellent quality of life in the Pathfinder area – influencing our partners to focus on target areas as suggested by the Kwest research and to support the HMR change process.</p>

3.3 POLICY CONTEXT

In this section we examine the national, regional and local policy context and demonstrate how our HMR proposals are in line with the main thrusts of government and regional and local policy

The detail of this analysis is provided in the Strategic Context Section 5 of the Housing Market Assessment

3.3.1 New Regional Economic Strategy

One key strategy - the Regional Economic Strategy (RES) - has been reviewed since the HMA was prepared and a new consultation draft has been published (**Supporting Document 3.3.1**).

Because this is a new document we have particularly drawn out the key linkages here. Of the five RES themes, our proposals particularly align and contribute to the following: -

RES Themes	HMR Interventions
Skills and Employment	<ul style="list-style-type: none"> - working with partners to secure step change in skills levels to reduce the percentage with no skills and to increase the percentage with level 4 to support high added value growth. - providing the environment to retain and attract skilled individuals.
Regeneration	<ul style="list-style-type: none"> - tackling worklessness and unemployment in deprived areas within and close to areas of economic growth, for example at Kingsway, Ashton Moss and Hollinwood; and by overcoming the disconnection of both Boroughs with Manchester City Centre - creating conditions for sustainable growth - co-ordinating investment at spatial levels through better integration of economic and housing restructuring to provide high quality residential environments on former industrial land and tackling non-conforming uses
Infrastructure	<ul style="list-style-type: none"> - creating the housing quality and quantity to support economic growth, including the demand for housing for knowledge based workers

Oldham /Rochdale Economic Framework

The emerging Oldham /Rochdale Economic Framework analyses the economy of the Pathfinder area and sets out how the HMR strategy and economic development will go hand in hand and mutually reinforce one another. More detailed proposals on economic interventions which align with the new RES will be finalised in October this year.

The interim findings have looked at sectoral projections for the area, and drawn conclusions about the future economy assuming that there were no policy initiatives operating. Even without such policy initiatives, the Framework suggests that there will be an overall growth in jobs in Oldham and Rochdale, and HMR needs to cater for that growth. There is projected to be substantial decline in some sectors and growth in others. We have taken account of the housing market implications of this.

For example, there is likely to be less demand for the types of housing typically demanded by those in the skilled and service occupations and elementary occupations projected to lose jobs – typically terraced and flatted property – and more demand from associate professional occupations which are projected to increase in job numbers – this implies a need for developments linked to town centres and rivers/canals, which is a major part of our strategy.

Appendix 3. 3.1 presents a table which draws out some key indications from this research, compares this with the current policy initiatives and draws out some implications for HMR.

Population movements

The following map shows recent population movements to and from Oldham and Rochdale. The role that the Boroughs currently perform is to take population from Manchester and areas to the south and west, and lose population to more rural areas mainly to the north and east. Whilst we expect this trend to continue, we are keen to ensure that we understand better the reasons for the outward migration and reflect where possible the better quality environments that residents are currently leaving for. We will also be monitoring the flow of population from Manchester in light of the projected increase in new housing in New East Manchester.



3.3.2 Regional and Local Policy Alignment

The tables that follow summarise how our objectives align with national and regional policy and with local policy.

They also explain additional work we will be doing to achieve stronger and deeper alignment in the future.

3.3.3 ALIGNMENT OF REGIONAL AND SUB REGIONAL POLICIES AND STRATEGIES

Policy/ Strategy	Shared Objectives	Further Alignment
Regional Economic Strategy	The RES Regeneration Action Plan prioritises HMR areas for investment Kingsway, Ashton Moss and Central Park are Regional Employment Sites and are a NWDA key priority	Single Investment Programme applications are being prepared by each Council and the Pathfinder to secure NWDA funding for HMR and related economic investment over the next 5 years. Discussions are underway to establish a joint commissioning process with NWDA and EP. The joint economic framework establishes specific opportunities for both Boroughs to exploit the growth areas in higher value manufacturing. HMR will work with the grain of relocating viable business or extinguishing unsustainable businesses and focusing support on growth sectors.
English Partnerships Investment Programme	EP prioritises HMR areas for making strategic investments to support sustainable developments that will transform areas. EP has identified two potential strategic investment areas in Oldham/Rochdale as national priorities which they would like to pursue in further detail with the Borough Councils	Joint work is progressing to work up investment plans at ECR, Mumps and Hollinwood, linked to the HMR Spatial Strategy. Other areas will be identified as part of a rolling programme. EP are engaging their joint venture partners – English Cities Fund, Network Space and Priority Sites to invest in O/R.
Regional Housing Strategy	The RHS identifies the need to tackle low demand in the four HMR Pathfinder areas as the top regional priority	The RHS was shaped through consultation with the Pathfinder. Further joint coordinated programmes will be developed to deliver RHS priorities
Regional Spatial Strategy	The new Regional Spatial Strategy is currently being prepared and it is fully expected that this will recognise the issues in HMR (The original Prospectus was in line with the former/current Regional Planning Guidance)	HMR has submitted evidence to the RSS our assumptions on population and household change in the area. HMR are part of the RSS consultation process.
GM Economic Development Plan	The GMEDP provides the city region economic framework delivered through 5 economic drivers. The skills and economic inclusion drivers are particularly important to HMR objectives.	The O/R Economic Framework will provide detailed interventions to increase connectivity with city regional priorities Greater recognition of issues in the north Manchester are needs to be made within the Action Plan for the GMEDP.
GM Transport Plan	The public transport priorities in this plan are crucial to achieving transformation in HMR. These include the completion of Metrolink and the Quality Bus Corridors and connecting housing and employment zones	HMR are part of the lobbying team to ensure Metrolink is delivered Detailed neighbourhood plans assume that Metrolink is completed to Oldham and Rochdale
O/R Economic Framework	The O/R Economic Framework shows the priorities in developing the economies of the HMR area, how it relates to the city region and regional frameworks and helps to direct the economic development, spatial and housing market priorities	Further work is in progress to detail the key issues identified in the O/R framework phase one work. ED Strategies of both Councils will be reviewed to take account of the findings of this work. Positive linkage will be made between HMR areas and key employment zones.

3.3.4 ALIGNMENT OF LOCAL POLICIES AND STRATEGIES

Policy/Strategy	Shared Objectives	Further Alignment
Oldham Community Strategy	Prioritises increasing the economic activity of residents; improving quality of public and private sector housing and improving quality of life through crime reduction and cleaner and greener environments	Via the new economic strategy which will be informed by the Oldham Rochdale Economic Framework.
Oldham Beyond	This Masterplan aims to deliver liveable communities and a positive diverse image that encourages a broad range of people to live and work in Oldham.	Via neighbourhood specific physical development frameworks where Oldham Beyond and HMR objectives are developed together in greater detail.
Oldham Renewal Strategy	Area plans identify intensive activity required to tackle the causes of deprivation.	Future plans will align to physical development frameworks and increase focus on quality of life agenda.
Oldham UDP	The replacement UDP supports the objectives of the HMR.	A policy change has been made which allows for industrial land to be reallocated as residential where this supports HMR. The timetable for the development of Local Development Frameworks will be aligned with the physical development frameworks for HMR.
Rochdale Pride of Place	The Rochdale Community Strategy key targets relate to securing HMR improvements and decent social housing; as well as neighbourhood quality of life improvements	To be added
Rochdale Renaissance Masterplan	The Masterplan shows how major investments in HMR, Kingsway, Metrolink etc can be planned together over the next 10 years. The Sustainable Communities Theme prioritises housing renewal in inner areas and peripheral estates.	Modern local employment sites will be brought forward to assist HMR site assembly and local employment targets. The Gateways and Corridors programme has been prioritised to enhance HMR areas. SRB spend has been realigned to prioritise HMR areas
Rochdale Economic Development Strategy	The strategy focuses on delivering Kingsway (7,500 jobs); improving skills levels; and improving links between employment and HMR areas	The strategy will be reviewed in 2006 and will take account of the HMR Scheme update
Rochdale Neighbourhood Renewal Strategy	The NRS targets 22 neighbourhoods of which x are in HMR areas. It supports work to raise floor targets in crime, housing, education, employment and health.	NRS and HMR work has been integrated where neighbourhood planning exercises are prepared together.
Rochdale UDP	The UDP recognises HMR as a priority and incorporates the impact of HMR on the overall housing and clearance targets.	The new Local Development Framework is likely to comprise area action plans to guide and support significant land use change in HMR areas, town centres and other regeneration areas

KEY MESSAGES FROM THIS CHAPTER

- We have carried out extensive research and analysis into the main housing market drivers
- This analysis has helped us review our long term plans has refined our strategic objectives
- We have also established the scale of change that will be needed to meet our objectives
- Our plans help to deliver regional and sub regional strategies
- Our partners have aligned local plans and strategies to help us deliver our objectives and will do further work in the future to ensure further alignment and mainstreaming take place

4. LONG TERM SPATIAL STRATEGY 'Building for the Future'

In order to achieve our objectives we have evaluated a number of strategic options and chosen a preferred strategy that delivers the best combination of spatial and housing interventions.

This section describes our preferred strategy and explains briefly the process by which the options were evaluated and how the preferred strategy was chosen.

Further detail of the options and the evaluation process are provided in **Appendix 4.0**.

4.1 STRATEGY

Overall Approach

The overall approach in the strategy is to link areas of acute housing stress and projected household growth with opportunities. It will provide excellent quality, new mixed use neighbourhoods adjacent to the town centres of both towns and transform the image and reality of both Boroughs. It goes with the flow of current population movements and it requires substantial new build before further demolition.

The beneficiaries of this approach will be

- Emerging households – we will be building new houses of the right type and the right location for new household growth
- Existing residents– more of our affluent mobile population will be retained because we will provide better diversity and choice; and more affordable homes
- New residents – in the longer term there is scope to attract some new residents, particularly in areas well connected to city transport links

It focuses on

- Assembling and developing sites close to inner areas with expanding populations and households
- Providing opportunities for growing communities to expand into modern, attractive new developments nearby whilst taking advantage of the desire to remain near family and community facilities
- Redeveloping targeted social rented estates to provide additional homes and greater diversity
- Transforming land-use patterns and the urban form replacing old, low value and non-conforming industrial land with higher quality, mixed use sites close to the town centres
- Connecting neighbourhoods with each other, with the town centres and with Manchester City Centre.
- Designing neighbourhoods to attract residents from a range of backgrounds.
- Renewing and remodelling obsolete housing

This option is illustrated in the following plan.

Preferred Strategy Plan

Big Plan

4.1.2 Implications of the Spatial Strategy for Housing Market Areas

A summary of the implications of this strategy for each of these four housing market areas identified in the Housing Market Assessment is as follows:

Inner Oldham. The major area of physical change where sites will be assembled and new housing developed, will be to the west of Clarksfield, and the west and south of Glodwick, bridging into Hathershaw, and redeveloping parts of Alt, Primrose Bank and Fitton Hill. Once some of the new housing is built, some demolition will be possible in the terraced housing in these areas. Opportunities will be taken if they arise to purchase sites for residential development near to Westwood. Redevelopment opportunities will also be taken at Sholver to provide additional housing for sale for Derker and North East Oldham. An intrinsic part of this approach is to continue the work in Werneth and Derker which is providing sites for new housing where it is needed in the inner areas.

Inner Rochdale. The East Central Rochdale (ECR) approach of acquiring industrial sites and providing housing there (and helping residents move for example from Wardleworth to Bellshill) will continue, and will be applied in the areas around Milkstone and Deeplish. Sites will be acquired for residential development along the Oldham Road including the Maclure Road area and fronting onto the canal. This allows for some later demolition and rebuild in Milkstone and Deeplish. Some redevelopment and remodelling will take place in Newbold and Kirkholt. Targeted demolition to remove the worst housing will take place in Sparth. Little HMR-funded activity would take place in Spotland and Falinge.

Middleton. Increasing levels of highly attractive new build housing in Langley enables residents to move from other neighbourhoods, which in turn frees up housing there for others. In essence, there will be increasing movement from Oldham and Rochdale through to Middleton. This includes movement from Rochdale to Castleton to Middleton to Langley, and from Werneth to Chadderton to Middleton to Langley. Very little HMR activity will take place in Middleton Junction and Hollin

Failsworth. This option sees very little HMR-funded activity in Failsworth, though opportunities will be taken to add value to the planned district centre redevelopment there. The operation of the housing market here will have to be particularly closely monitored in relation to the proposed new developments in New East Manchester. It may that the flow from Failsworth to East Manchester increases, allowing space for residents from Werneth, Hollinwood and other Oldham neighbourhoods to move to. It will be part of the plan, monitor and manage approach.

▪ **Strategic Fit**

The strategy addresses the key issues identified in the Housing Market Assessment; harnesses some powerful population trends and dynamics; and links closely with the spatial and investment priority areas identified in the Borough Masterplans and detailed Physical Regeneration Frameworks

Housing Market Weakness

The strategy correlates strongly with areas of housing market weakness. The plan below plots the proposed intervention areas against the areas of lowest house prices



Restructuring the Housing Market

This is change on a substantial scale. Reflecting the Housing Market Assessment, the strategy provides an increase in homes overall in response to the projected household growth and restructures the supply to meet the defined emerging household needs and aspirations. Overall the strategy delivers a total of 12,300 new build properties with the demolition of 8,600 obsolete terraced houses and social rented stock. This gives a net housing gain of 3,700 or 5,200 when adjusted to take account of voids in the stock to be demolished. See also Section 3.1.5

Population Dynamics

Household Growth

The strategy meets most but not all of the projected household growth identified in the HMA. We are keen to avoid a “predict and provide” approach to housing and we recognise the need to monitor and manage in relation to household numbers. The reality is that the number of houses will itself influence the number of households. Residents will have other options outside the Pathfinder area, where the Boroughs’ Urban Potential Studies have identified scope for more new build than in recent years, and outside the Boroughs such as in New East Manchester. Importantly, the strategy provides for the sort of reduction in the amount of unpopular housing and the increase in modern homes, which will provide the diversity and choice currently lacking in the Pathfinder area.

Household Movement

The strategy seeks to work with and build upon existing trends in household movement between neighbourhoods and along corridors. It also seeks to overcome some of the relative isolation of the existing housing sub market areas. The plan below shows some strong actual and potential movement trends, and it can be seen how the strategy seeks to intervene to assist these changes.

Population Movement Trends

(Small Plan)
From HMA

4.1.4 Supporting the Borough Masterplans and Physical Regeneration Frameworks

Both the Borough Masterplans (**See supporting Documents 4.1.4**) identify Rochdale and Oldham town centres, and the inner areas surrounding them, as regeneration priorities; and both Masterplans seek major investment and regeneration in selected corridors. Our strategy helps deliver these themes.

The two Physical Regeneration Frameworks identify the areas of greatest opportunity for change and our strategy picks up all of these major areas.

Borough Masterplans

(Small Plan)

\$

Physical Regen Framework

Area of Opportunity
Urbed and Edaw Maps

(Small Plans)

4.1.5 Oldham Rochdale Economic Framework

The strategy will support the economic restructuring in both Boroughs, help to add to the GVA of this part of Greater Manchester and improve the connectivity with Manchester City Centre.

The 19th Century housing and employment infrastructure will jointly be transformed to meet the challenges of the 21st century. This means that some low value-added manufacturing industries employing few staff but in strategic locations (eg close to the town centres, along canal or river corridors) will be relocated or extinguished to allow for high quality residential and mixed use neighbourhoods to be created.

This will run alongside a programme of retraining and up-skilling to enable Pathfinder residents to compete effectively for jobs in the new, higher value growth sectors as identified in the Oldham Rochdale Joint Economic Framework which will be located in Kingsway Business Park and at Hollinwood, as well as in existing business parks at Ashton Moss and central Manchester Business Parks.

4.1.6 Regional and Sub-Regional Plans

The strategy seeks to exploit the locational advantage of the Boroughs in terms of their situation between Manchester City Centre and the Pennine countryside, and their position on either side of the M62 growth corridor between Manchester and Leeds.

It does this by contributing to the redevelopment of the town centres, anticipating the arrival of the Metrolink extension through key planned developments around the Metrolink stations, providing new residential environments which will be attractive in the longer term to commuters to Manchester and Leeds, orienting developments towards the Pennines and opening up neighbourhoods to canal corridors and surrounding green space.

KEY MESSAGES FROM THIS CHAPTER

- We have reviewed our long term strategy based on new analysis and experience
- The spatial strategy links areas of acute housing stress and projected household growth, with opportunities; correlates strongly with areas of housing market weakness; and builds upon existing trends in household movement between neighbourhoods and along corridors.
- Our plans fit well with the Borough Masterplans and economic plans and strategies

5. DELIVERING THE STRATEGY

In this section we outline what interventions we will be making to enable us to achieve our strategic objectives and deliver our strategy. Sections 5.1 to 5.6 detail the interventions are detailed against the strategic objective they relate to most strongly, although we recognise that some interventions will help deliver more than one objective. Some of the interventions detailed will be wholly funded by HMR, some partly funded and other funded entirely from alternative sources (**see Appendix 5.0**) However, we consider all the interventions necessary to create a sustainable housing market.

Section 5.7 describes the spatial implications of these interventions in terms of specific action planning in neighbourhoods over the next four years

5.1 INTERVENTIONS TO ACHIEVE STRATEGIC OBJECTIVE 1

STRATEGIC OBJECTIVE 1 - Create a step change in housing diversity and choice by providing and facilitating new housing and securing a radically better mix of housing sizes and types.

5.1.1 Introduction

This is about changing the supply of housing to provide a balance with future demands and aspirations. It is about securing physical change in the Pathfinder and influencing change outside. More homes are needed for the projected increase in the number of households, many of whom will be young people setting up home for the first time. The housing should attract and retain economically active people. It should also include larger housing and help reduce overcrowding.

Achieving this objective will require a substantial amount of land to be assembled. Some of this will be achieved through the demolition of existing obsolete housing stock, and some through utilising land currently in old, low value industrial use for new housing development. Through this approach we have the opportunity to fundamentally restructure the urban fabric, changing land use patterns that are based on a Victorian infrastructure, to an urban form more appropriate to the 21st Century.

For example, many older industrial properties are located along rivers and canals because when they were built they relied on these watercourses for transport or for drawing water to facilitate their processing. These locational factors have long since ceased to be relevant but the premises remain and effectively cut the watercourse off from the wider neighbourhood. Our land assembly programme will enable these sites to be redeveloped for new housing and open up the watercourse to the wider community.

Similarly, the land assembly programme will enable us to develop vibrant, mixed use areas, which contain a significant proportion of residential use, on the fringes of our town centres. This will re-connect our town centres with the surrounding residential neighbourhoods, providing opportunities to attract new residents to the Pathfinder as well as creating new business and job opportunities for local people in growth sector industries.

A key advantage of this strategy is that it creates and captures substantially increased land values, and puts this to use in achieving the Pathfinder's objectives.

As well as employment land, we will be promoting the acquisition of homes and sites in the social housing areas. Some opportunities in these areas will be created through restructuring the urban fabric (i.e. rationalising under-performing shopping areas and open spaces) along with "windfall" sites such as former schools, but there will also be a

requirement for existing housing to be acquired and demolished in order to assemble larger sites. In redeveloping these sites we will be aiming for a 60% replacement rate of old by new homes, but in terms of the replacement stock we will be significantly diversifying the stock both in terms of house type and tenure.

Both the former employment land and the redeveloped social estates will provide housing options for people in obsolete terraced housing, which will subsequently be redeveloped.

5.1.2 Land Assembly (employment sites)

The need to create opportunities to develop new housing has inevitably caused us to explore employment areas. The justification for this is that the economies of both Boroughs are changing. At present there are quite extensive areas of relatively low density industrial units and workshops in the Pathfinder. Within these areas are many viable and valuable businesses and it is not proposed that all of these should be extinguished. However future employment growth will in the main not come from these industries but from areas like the town centres and nearby business parks (Kingsway, Central, etc).

We are currently undertaking detailed masterplanning works to identify development opportunities, but at this stage anticipate that 60 hectares of employment land will be acquired and redeveloped for housing over the plan period to 2019. Replacement housing will be provided on these sites, taking into account new open space provision, other facilities, and a mix of uses. Housing densities will depend on location and will vary from relatively high density developments in locations close to town centres Hollinwood and transport nodes to lower densities in more suburban locations.

5.1.3 Business Relocations

In some cases we will be able to acquire sites and premises by agreement where they have come up for sale on the open market. However, in order to progress effectively on the assembly of sites currently in employment use we will need to take a more strategic and proactive approach in some locations. This presents the Pathfinder with one of its most difficult challenges. Many of the businesses in question will be small, locally owned with a local, low skilled workforce. They are where they are because their present accommodation is cheap and convenient for what is usually a relatively local market. Alternative sites will often be difficult to identify, and even when such sites are found there is likely to be a financial gap between the money the business receives for their existing site and the cost of a new site or premises.

To assist this process we are currently working on the development of a coherent business relocation strategy which will be completed and endorsed by March 2006 (**see Appendix 5.1.3**) This will ensure that in areas where we are proactively intervening to assemble sites, often using Compulsory Purchase Order (CPO) powers, we will be able to offer businesses a package of assistance to help them relocate. Such a package could include assistance with identifying alternative sites, general business support and the possibility of financial assistance to facilitate the development of new premises in more appropriate locations. It will be necessary to use HMR funding to meet some of these business relocation costs in order to assemble land for housing, alongside partner and private sector funding

5.1.4 Site Preparation

We anticipate that most acquired sites will need some level of remediation before they can be redeveloped for new housing. In the case of sites with a former employment use, we know from studies undertaken in the first two years of the Pathfinder programme that these costs can be very significant, particularly where residential after use is envisaged. Where sites are close to waterways there may also be a requirement to undertake some flood prevention works - either improvements to river banks or land formation works to ensure new developments are not at risk from flooding. Similarly where larger sites are being assembled there may be a requirement for the Pathfinder to help fund some of the initial

infrastructure costs such as provision of services or new highways. In order to ensure that we can deliver new housing of quality within reasonable timescales we have made some financial allowance to assist with the up-front costs of site remediation and infrastructure.

5.1.5 Land Assembly (Housing)

Our preferred phasing strategy ensures that we will create the new housing before demolition existing stock.

It is clear from the HMA that the private housing stock in parts of the Pathfinder is approaching obsolescence, with a widespread problem in the Victorian terraced housing. Whilst the market has remained relatively buoyant over the last two years the housing stock continues to experience severe problems. We are planning to intervene by acquiring 1,200 residential properties (private and public) over the next two years, with a plan to acquire over 7,000 over the lifetime of the Pathfinder initiative to 2019.

The majority of private properties acquired will be Victorian terraced housing and we will be focussing on properties in the areas indicated in our preferred spatial strategy where cohesive development opportunity can be created, sometimes in combination with the acquisition of a non-housing site (see section above). We will also have regard to the condition of the property and whether it is void. Further, detailed consultation and spatial planning will be carried out before any decisions are taken about specific properties. Whilst we recognise the importance of setting target figures for acquisitions, the programme will need to be flexible enough to reflect changing market conditions. There are two possible scenarios. The first is based on the assumption that the market for terraces will slump and values will allow a wider acquisition strategy. The second allows for the possibility that investment in new housing, far from undermining the terraces, will stimulate the entire housing market creating an ongoing market for the terraces. This would reduce both our ability and the need for wider acquisitions, but may require further assistance with upgrading the stock. Our plan, monitor and manage approach will allow us to respond appropriately to whichever scenario is realised.

Acquired housing will be demolished to create development opportunities for new housing. However, as the existing terraced stock is a very dense urban form and because of our objective to develop larger housing, these sites will not provide as many homes as will have been demolished. Combined with the reality of low void rates and the consequent problems of finding alternative homes for those affected by the housing acquisition programme, we have recognised the need to utilise some sites currently in lower grade employment use for new, residential development as described above.

We will also be increasing the housing supply, and providing better quality housing and greater choice, through redevelopment of social estates most closely related to our preferred spatial strategy. We recognise that some of this housing is poorly designed and is unlikely to have a long term future as identified in the HMA, and there are opportunities to achieve higher densities as well as greater diversity of type and tenure. We also recognise that the cost of redevelopment will in many cases be less than with the employment land as the land is already in public ownership. This gives us the opportunity to achieve our objectives and deliver good value for money. However, the housing is generally occupied and we will redevelop the estates in a staged way to allow for new build before demolition.

5.1.6 New Developments and Gap Funding

Clearly the overriding requirement in the Pathfinder is to develop new housing which will create more choice both in terms of house type and tenure. To this end we have procured subject to contract a development partner consortium for our first wave neighbourhoods. We have undertaken a comprehensive selection process to ensure that on the one hand the selected partners have the capacity and expertise to develop quality new developments,

and on the other that they understand our requirements in terms of addressing housing market problems in our Pathfinder neighbourhoods.

The selected consortia will sign a Framework Agreement with Oldham and Rochdale Councils respectively. The basis of this agreement sets out a four year working relationship where we will be working closely with the developer on delivering physical improvements to our Pathfinder neighbourhoods and providing new housing. New developments will be consistent with our neighbourhood development frameworks and the new housing will meet our requirements in terms of size, density, tenure, design and quality.

There is an option for the developer to renew the Framework Agreement for a further four years, but this will be on the basis of their performance over the previous four years as measured through the Performance Management Framework which forms part of the agreement. The longer term nature of this relationship has a number of benefits: It allows the developer to take a long-term view of their investment in the neighbourhood so that it is in their interest to create value over a longer time period rather than on a site by site basis; as such, it also provides the opportunity to create sustainable neighbourhoods rather than a number of discrete new housing developments - as the developer will have an interest in creating quality "places" not just quality housing, and; it creates the opportunity for the developer to establish a permanent on-site presence and thus build a positive relationship with the local community.

Where sites within our first wave neighbourhoods have been acquired by developers other than our selected partner, we will work with those developers to ensure that their schemes are consistent with our aims and objectives, but it is unlikely that we will be directing any significant HMR funding towards them. Outside the first wave neighbourhoods, we are exploring the possibility of a further procurement exercise to secure a development partner in those areas. The nature of this procurement will depend on a review of the first procurement exercise to be completed by December 05.

Whilst we have made provision for some up front remediation and infrastructure costs which should expedite new housing development, we have also made some financial provision for gap funding for instances where the cost of the development is greater than the end value. Gap funding is likely to be required where there are significant abnormalities due to such factors as ground conditions, contamination and flood risk, or where we are demanding higher design standards to help achieve our "Building for Life" and "BREEM Ecohomes" targets. It is projected that the requirement for gap funding will diminish as our strategy progresses and land and house values rise.

Whilst we are exploring possibilities for a "simplified" assessment of gap funding requirements for smaller schemes, in general it is our intention to adopt a standard approach to the assessment of gap funding requirements as currently used by both English Partnerships and the North West Regional Development Agency. We anticipate that initially some of the gap funding assessment work will need to be out-sourced while we develop our internal capacity to undertake such assessments.

5.1.7 Summary of Interventions for Strategic Objective 1

Intervention	Reason
Land assembly (housing)	To provide sites for new housing developments and enable restructuring of the housing supply
Land assembly (employment sites)	To provide sites for new housing developments, remove existing amenity problems and create more appropriate land use patterns
Business Relocations	To provide assistance to businesses displaced by the land assembly process.
Site Preparation	To prepare formerly developed sites secured under land assembly interventions for redevelopment
New Developments and Gap Funding	To provide new housing stock which will: help diversify current provision in terms of house size and type; help meet needs of growing population, and; attract new residents to the Pathfinder.

5.2 INTERVENTIONS TO ACHIEVE STRATEGIC OBJECTIVE 2

STRATEGIC OBJECTIVE 2 - Transform the quality of housing and neighbourhoods in the Pathfinder area and deliver long-term sustainability.

5.2.1 Introduction

This objective is about the quality of new and existing housing and the quality of the physical neighbourhoods. The new housing and its environment will need to be very attractive in terms of its physical appearance and its relationship with green space, town centres and transport nodes. As detailed in the previous section, this will require some restructuring of the urban fabric to overcome the 19th Century industrial legacy, but there is a real opportunity to exploit the potential of the Pathfinder's proximity to Manchester city centre on one side and to glorious countryside on the other. To make the most of this opportunity we need to ensure that we apply good urban design standards and build quality new homes in a way which is sustainable and reflects the likely preferences of future generations.

We will also be intervening to address problems with the existing housing stock where it can be demonstrated that this will have a positive impact on improving housing market conditions in our Pathfinder neighbourhoods. To this end we will complete our evaluation of housing refurbishment programmes and will be making changes to ensure that the level of refurbishment is appropriate and that works are geographically targeted to maximise private investment in the neighbourhood. This is a fundamental change from previous approaches to housing refurbishment which was largely assessed on stock condition, and presents us with a challenge in terms of communicating the change in policy and its rationale to local people and politicians.

There is also a requirement to make a significant improvement to the public realm. The quality of the public realm and general environment has a huge impact on people's perception of an area and consequently on house values. In order to create a sustainable housing market we will be investing in improving the quality of the environment in the

Pathfinder, and exploring ways to ensure that improvements are well maintained and sustainable in the longer-term.

5.2.2 Housing Refurbishment

The aim of refurbishment works is to restore market confidence, prolong property life and encourage further investment in properties. Even with our house building programme, a substantial part of the housing stock which will exist in the Pathfinder at the end of the HMR programme will be houses that are already there. As such, it is vital to the strategy that we facilitate improvements to these homes. As market confidence in the area grows we envisage that private owners will be prepared to invest in home improvements to a much greater level than at present. However, in the short-term there is a requirement for HMR to invest in housing refurbishment in order to aid the process of restoring market confidence.

There is currently a range of refurbishment products that are applied in the Pathfinder area to suit local requirements. This ranges from a basic facelift with new gutters, brick clean and pointing to front elevation, new wall ties and painting, through to higher specification gateway schemes which include rebuilding the front elevation, re-roof, new doors and windows, and rebuilding boundary walls.

We accept that we need to take a more coherent and consistent approach to housing refurbishment across the Pathfinder. To this end we are undertaking a comprehensive review of our refurbishment programmes (**see Appendix 5.2.2**) Part of this review includes market testing the different approaches to refurbishment with our preferred development partners. In this way our revised policy will establish a direct link between the refurbishment works and their impact on improving developer and market confidence in the area.

Improvements to the social rented stock in the Pathfinder will continue through our ALMOs' and RSL, and Decent Homes Standard investment programmes.

5.2.3 Equity Release

Equity release is an important element of the strategy to improve the overall quality of housing in the Pathfinder neighbourhoods. Equity release is already providing the mechanism to enable owner occupiers on low household incomes to improve their homes with such facilities as new bathrooms, kitchens and heating systems. This is achieved through the provision of a loan for such works to be undertaken, but rather than the loan repaid an equity stake in the home is agreed. This equity is then repaid at some point in the future when the house is sold. This intervention will improve the quality of existing housing, but is also an important intervention in terms of making quality housing affordable to local people. We are investigating the extension of this scheme to allow for external refurbishment costs to be met through a mixture of grants and loans, as enabled under both Councils' Regulatory Reform Orders, and to provide a resource for ongoing maintenance of the properties.

5.2.4 Landlord Accreditation Scheme

Areas of low demand housing and failing markets have often had a high proportion of privately rented accommodation in terms of the overall housing stock. Problems associated with this sector include poor management of the properties, anti-social tenants and lack of investment in maintenance and property improvements. Both Oldham and Rochdale Councils have introduced a Landlord Accreditation Scheme to improve the management and physical condition of homes in the private rented sector. This initiative will assist the Pathfinder in several ways, including the potential to provide affordable housing, but it will have a key impact in terms of improving the quality of the housing stock as the Accreditation Scheme sets basic standards for the physical condition of properties. In addition, both Councils are in discussions with the Pathfinder about the application of their forthcoming powers for selective licensing which will be applied in targeted areas within the Pathfinder. (**See Appendix 5.2.4**)

5.2.5 Area Improvements

We will be undertaking a range of environmental works which can be broadly categorised into macro and micro interventions. At the macro level, we will be looking to improve the quality of strategic sites, such as local parks or other areas of significant open space. Connecting up currently fragmented and incoherent public space networks will also be important in this regard, and we will also be investigating the possibility of using new and improved open spaces to connect our Pathfinder neighbourhoods with the wider rural hinterland. We are undertaking environmental audits and further research into the impact of such strategic interventions on values, and where we can demonstrate that such works will have a positive impact we will be seeking to implement such works early in the programme. In this way the value of a rise in land values can be partly captured by the Pathfinder through the rise in values of sites that have been acquired.

Recognising that first impressions are important, we are also working with partners to look at ways to improve key gateways and corridors into both Boroughs. Setting a positive impression at these points of arrival can only help bolster confidence in the wider area and in the Pathfinder area itself.

At the micro level, we recognise the importance of improving the quality of the environment immediately adjacent to people's homes. To this end, we will be consulting and engaging local communities and undertaking a number of works to improve the local environment. Such works could include resurfacing and alley-gating rear alleys, improving street lighting, improving boundary treatments and proving new street nameplates. This type of environmental improvement will only be progressed using HMR funds where it will have a significant impact on the housing market. This would include works to existing housing areas in the vicinity of proposed new developments, or at key gateways and corridors through neighbourhoods where new housing developments are planned. We will be working closely with our development partners to identify areas for such work to ensure that there such works will have the desired positive impact on the housing market.

Before any environmental improvement works are implemented using HMR funds, we will ensure that adequate maintenance procedures are in place to ensure that the schemes remain in good condition and are kept clean and tidy. This may simply be through existing Council ground maintenance contracts, but we are also exploring other options which could include community land trusts or established mechanisms such as the Land Restoration Trust.

5.2.6 Raise Design Standards

We will be seeking a high design standard for all new developments in the Pathfinder, and ensuring that wider urban design considerations are made rather than a focus just on the quality of individual new buildings (**see Appendix 5.2.6**) In this way we will ensure that new developments make a positive contribution to improving neighbourhoods and create a "sense of place". To achieve this we are planning interventions at three distinct (although interrelated) levels.

The first level are strategic interventions which have an impact over the two Boroughs as a whole, link back into the statutory planning system and produce the required step change in raising design standards. Such interventions include:

- Physical Regeneration Frameworks (referred to as Area Development Frameworks in other Pathfinders) - developed within HMR neighbourhoods to provide strategic analysis and a business case for any interventions required;
- Thematic Frameworks - initially the development of an Urban Design Supplementary Planning Document to inform development activity; and

- Promoting Understanding – through a wide range of mechanisms including Design Review, Education and Training.

At an intermediate intervention level we will be developing:

- Area Masterplans – developing more detailed interventions at the neighbourhood level;
- Thematic Strategies – developing specific strategies to assist intervention, including issues relating to green space and movement through intervention areas;
- Design Codes – developing more detailed technical codes to improve quality, provide a vehicle for consensus and speed up the planning process;
- Area Action Plans – linking the above initiatives into the statutory planning process.

At a project specific level we will raise design quality through the provision of initial design support, developing comprehensive masterplans, design competitions and design review. We have also made financial provision for gap funding to ensure that new developments meet the required design standards in cases where this creates an unreasonable cost to the development.

5.2.7 Summary of Interventions for Strategic Objective 2

Intervention	Reason
Housing Refurbishment	To improve the quality of the existing housing stock and create confidence in the area for investors and potential house-buyers
Equity Release	To provide owner-occupied, low income households with the means to improve facilities such as new kitchens, bathrooms and heating.
Landlord Accreditation Scheme	To improve the housing offer within the private rented sector.
Area Improvements	To significantly improve the quality of the public realm both within and approaching Pathfinder area to create confidence for investors and potential house-buyers.
Raise Design Standards	To ensure that all new housing contributes to creating a desirable place to live.

5.3 INTERVENTIONS TO ACHIEVE STRATEGIC OBJECTIVE 3

STRATEGIC OBJECTIVE 3 - Promote and provide a range of affordable housing options.

5.3.1 Introduction

New housing developments will need to contain an appropriate mix of affordable and market sale housing. Affordable housing includes social rented housing, shared ownership, discounted price, equity loans, flexible tenure and other mechanisms. What is affordable will be determined according to the circumstances of the household and sufficiently flexible to allow changes in those circumstances. The affordable housing will need to be attractive to different communities and take into account cultural needs and circumstances. A particular challenge will be making the larger, and therefore more expensive, homes affordable.

Affordable housing will be to the same high design standards as the market housing and be indistinguishable from it. We will also be seeking for it to be interspersed among the market housing and not concentrated in one part of a development. We will also be seeking to ensure that the new housing will be affordable to maintain too.

5.3.2 Low Cost Home Ownership Options

The homeownership strategy for the Pathfinder recognises that the economic situation of the Boroughs means that residents of the HMR areas will require assistance to access home ownership and to sustain it. The different low cost home ownership models described below are all currently available and will be further negotiated and developed with the development partners to provide the level of support needed.

- Relocation Equity Loans - have been developed to meet the affordability gap for residents affected by clearance when they choose owner occupation as a re-housing option. The loan is offered as an equity share and is only repaid when the house is sold in the future. Residents using the relocation equity share can buy a house anywhere in either Borough.
- Discounted homes - both Boroughs use planning powers to negotiate a number of affordable homes on new development sites. The properties are then sold at a discount on the market value. Residents affected by clearance are prioritised for this scheme. Discussions are ongoing about given other Pathfinder residents second priority. The discount remains with the house in perpetuity.
- Shared ownership - allows residents to invest existing equity in a new home and an RSL holds the ownership of the remaining share of the property. The resident then has to pay rent on the RSL share of the property. This is a good option for those who cannot raise additional finance to purchase a larger share of the equity and is especially beneficial for those who can claim housing benefit to assist with the rental element.
- Homebuy - is similar to the Relocation Equity Share but is funded by the Housing Corporation and is administered by RSLs. The Homebuy allocation for Oldham and Rochdale is all targeted at the Pathfinder and is prioritised for residents affected by clearance.

There are currently proposals from the Housing Corporation to merge Shared ownership and Homebuy. It is also recognised by the Pathfinder that the offer on low cost home ownership needs to be fair to all residents and with this in mind it is a longer term objective to look for alignment between all the above models.

5.3.3 New Build Social Rented Housing

The Pathfinder proposals include the demolition of socially rented units. It is recognised that a proportion of these units need to be replaced by high quality new build homes for rent which meet future residents’ aspirations.

5.3.4 Reducing Running and Maintenance Costs

Measures outlined earlier in relation to raising design standards of new housing relate not only to the physical appearance of the buildings but also to how efficient they are. We will be using the BREAM Ecohomes standard to benchmark this to ensure that new homes are economical to run and straightforward to maintain. We are also researching mechanisms to facilitate maintenance such as equity release, sinking funds, service charges, management arrangements and Community Land Trusts. This applies in respect of existing housing as well as the new build.

5.3.5 Summary of Interventions for Strategic Objective 3

Intervention	Reason
Low Cost Home Ownership (LCHO) Options	To provide a range of affordable housing.
New build social rented housing	To provide new social rented housing as part of the affordable housing mix.
Reducing Maintenance & Running Costs	To ensure that new housing is economical to run and maintain

5.4 INTERVENTIONS TO ACHIEVE STRATEGIC OBJECTIVE 4

STRATEGIC OBJECTIVE 4 - Integrate with, influence and support the economic development of Oldham and Rochdale.

5.4.1 Introduction

The interventions required in relation to this particular strategic objective are largely the domain of other organisations and agencies rather than the Pathfinder, both in terms of funding and delivery. However, the Pathfinder recognises the importance of the economic performance in relation to the housing market – with a healthy economy usually related to a healthy housing market and vice versa. It is crucial that the HMR strategy is aligned with the economic development strategies of both Boroughs, the sub-region and the region. The joint Oldham/Rochdale Economic Development Framework is helping to achieve this and will strengthen both Boroughs’ role and influence.

Investment through the HMR programme itself creates a great opportunity to provide jobs and training opportunities and increase incomes of Pathfinder residents. We will try to ensure that this opportunity is maximised through local labour market initiatives. We are also acutely aware of the need to raise household incomes of residents in the area to ensure that local people can afford to buy the new homes that are developed in their neighbourhood. In relation to this improving the skills of local people is a particular priority for the Boroughs of Oldham and Rochdale.

Supporting existing businesses is important, but a key factor in the success of the HMR strategy will be the successful diversification of the economies of Oldham and Rochdale. New business and job opportunities in growth sector industries will generate new opportunities for Pathfinder residents to improve their career prospects and earn higher wages. Clearly there is an important link here back to the skills agenda. New job opportunities will also attract potential residents who currently do not live in the Pathfinder area, and we are keen to ensure that we have a housing offer which is attractive to such people. We recognise that this will only work effectively if our Pathfinder neighbourhoods are well connected to areas of strengthened or new economic activity.

5.4.2 Local Labour Market

The scale of public sector investment in the Pathfinder represents a massive opportunity to create job opportunities for local people. The selection process for the appointment of our development partners has included consideration of the added value they can bring by supporting local people to access construction jobs and other related jobs such as security and administration.

The Pathfinder has sponsored the development of a multi-agency partnership project – Construction Oldham Rochdale (COR) – which is developing a one-stop-shop approach for contractors, training providers and potential employees. COR has been re-branded as J21, and will continue to build upon the successes of its first year when over 160 people received construction training. This initiative will ensure that there is a ready supply of local labour so that construction contracts can be delivered on time and local economic benefits realised.

5.4.3 Improving Skills Of Local People

The HMA identified low skills levels as a highly significant issue for Oldham and Rochdale and a major barrier to economic development. Low skills levels and low wage levels in the Pathfinder area are barriers to people being able to invest in their own homes, and make it difficult for residents to buy and maintain appropriate housing. Both Boroughs have Economic Partnerships and Learning and Skills Partnerships which are driving the skills agenda (**see Appendix 5.4.3**) We will work with these Partnerships along with the Learning and Skills Council, Manchester Enterprises and the NWDA, to influence the development and implementation of a major programme of skills training in Oldham and Rochdale linked to the sectors in the sub-regional economy where growth is projected. We are exploring the opportunities of working together to develop other skills clusters and build on the successful formula of J21.

5.4.4 Providing Business Support

As a key part of our strategy is about developing new housing on sites that are currently in employment use, we recognise the importance of providing support to those businesses affected by our plans. Where possible we will be seeking to relocate businesses into better premises in better locations, and we will be working closely with business support agencies such as Chamberlink and Rochdale Development Agency to this end.

We are also aware of the need to retain and provide new job and business opportunities within the Pathfinder area. Some existing concentrations of employment uses will remain within Pathfinder neighbourhoods, and again we will be working with partners to ensure that these areas continue to offer job opportunities to local residents without causing any amenity issues. Supporting those existing businesses will be important to ensuring their long-term survival and development.

5.4.5 Diversifying the Economy

Globalisation and the rise of the information economy have changed the criteria by which competitive advantage is now gained. As new economies emerge, old industrial areas like Oldham and Rochdale must adapt and embrace new technology and industry. We will be

working with Oldham and Rochdale's Economic Partnerships to promote the diversification of the area's economy. New business park developments in and around the two Borough's will play an important role here, with the success of Kingsway Business Park perhaps pivotal to the success of our HMR strategy sitting as it does at the heart of the Pathfinder area.

Town centres have a key role as centres of service and economic activity. Current planned improvements to our town centres will reinforce this role and create new opportunities for job creation and commerce. Opportunities exist in some Pathfinder neighbourhoods where they abut the town centres to create quality mixed use areas which provide accommodation for growth sector businesses as well as accommodation. A key role for the Pathfinder here will be promoting and supporting the development of town centre living, particularly as a location to retain and attract skilled residents.

5.4.6 Improving the Transport Infrastructure

The extension of the Metrolink light rail system to Oldham and Rochdale is vital to the transformation of housing markets in both Boroughs. If the extension goes ahead, it will considerably help to overcome the lack of connectivity identified by the HMA between Manchester City Centre on the one hand and Oldham and Rochdale on the other. Improving connectivity from the Pathfinder to Manchester City Centre to the west and to Kingsway Business Park to the east is a hugely important means of improving economic development, increasing wage levels and improving the residential offer of neighbourhoods close to the Metrolink stops. We will therefore be working very hard with GMPTE and DoT to ensure that the HMR investment is reinforced by investment in the extension of Metrolink.

We very much support the Northern Way proposals to improve transport links within and between city regions. We will be working with the relevant agents to seek improvements to the M62 and to the trans-Pennine rail service. Oldham and Rochdale are very well placed to provide high quality residential locations for Manchester and Leeds, the twin economic growth pillars of the North as identified in the Northern way. Linked to this, our corridors and gateways programme contains proposals to improve the links from the M62 and other major routes to the Pathfinder neighbourhoods.

At a more local level, we will be working with partners to improve connections between our Pathfinder neighbourhoods and key employment, cultural and leisure destinations. Initiatives in this area include the development of the Quality Bus Corridor (QBC) network and the promotion of cycling and walking strategies.

5.4.7 Summary of Interventions for Strategic Objective 4

Intervention	Reason
Local labour market	To ensure that the HMR investment creates training and jobs for local people directly through the construction process or through supply chain opportunities.
Improving skills of local people	To increase household income in the Pathfinder to enable residents to afford new homes which meet their housing needs.
Providing Business Support	To support businesses that will remain in the Pathfinder and those affected by our land acquisition programme.
Diversifying the Economy	To provide new job and business opportunities in Oldham and Rochdale in growth sector industries.
Improving the transport infrastructure	To ensure that the Pathfinder is well connected to key employment opportunities such as town centres, Manchester city centre and business parks such as Kingsway, Central Business Park, Ashton Moss and Hollinwood.

5.5 INTERVENTIONS TO ACHIEVE STRATEGIC OBJECTIVE 5

STRATEGIC OBJECTIVE 5 - Promote community cohesion

5.5.1 Introduction

The Pathfinder's role, from the perspective of community cohesion, is to help create the conditions which will allow people to exercise real choices in the housing market. Housing clearance and the building of large numbers of new homes will inevitably impact on the social, economic and emotional well-being of people living in the communities affected. Unless this is managed sensitively there is a risk that HMR will significantly damage community cohesion. To help prevent this, residents need to be at the heart of planning for these changes, and then supported through the implementation process. Having the right support mechanisms is particularly important for those who are vulnerable in this process such as older people, disabled people, families with young children and refugees and asylum seekers.

To address the dysfunctional nature of the housing markets in Oldham and Rochdale, there is also a need to work with communities and individuals to tackle the barriers to housing choice relating to community cohesion. Lack of social contact between people from different ethnic and cultural backgrounds creates both a perceived, and sometimes real, concern that they will be unwelcome or even harassed in particular neighbourhoods.

Work with individuals and communities to build community cohesion will be complemented by the physical redevelopment activity, which will create neighbourhoods offering wider, and affordable, choices of property types and tenures. Breaking down barriers to choice in these ways will help to create the kinds of sustainable and diverse neighbourhoods which will be required to secure the future prosperity of both Boroughs.

The phasing of different elements of the programme will clearly have a major influence on the scale, nature and focus of the work needed to support communities. This work will be

particularly crucial in the areas that are most likely to form part of the CPO programme. The challenge will be to create a package of support for individuals and communities which is flexible enough to respond to differing needs as they emerge, and the following proposals seek to define this in more detail. We are working with partners in the community cohesion partnerships to agree a shared approach to the funding of these proposals – HMR will only be used where other resources cannot be utilised or redirected. Both cohesion partnerships are fully supportive of the approach outlined.

5.5.2 Community Engagement and Communication

It is essential that there is strong community engagement with HMR to ensure that local people have the opportunity to influence the detailed development of the scheme. It will be essential to continue to ensure that we start involving people at an early stage to prepare the way for HMR intervention, and to assist in getting them actively involved as programmes start to take shape locally. The use of interesting and interactive techniques, such as Planning for Real™, will be central to this.

Actively seeking and considering the opinions of residents and service-users and providing a pathway for those opinions to influence the quality of HMR plans, interventions and outcomes will help to build confidence and trust in HMR activity. Demonstrating where those views have led to change will contribute to the empowerment of residents.

We will extend our qualitative and quantitative consultation throughout the planning and implementation stages, for example:

- The HMR biennial residents' opinion survey
- Pathfinder-wide residents 'sounding board'
- Masterplanning consultation
- Design-related initiatives
- Customer satisfaction surveys

Consultation processes have, in themselves, the potential to impact on community cohesion and, therefore, they will be monitored and assessed for quality and effectiveness. Standards and principles set out in the HMR Community Engagement Strategy will guide this assessment.

Effective communication is essential to keep local people and partners informed about HMR, what it is achieving, how it affects them and how they can be involved. It is vital that a positive vision is articulated for HMR, and the Communications Plan will be central to this. We have appointed the marketing consultants IPB to take on this role from the macro perspective.

However, we will also be seeking to strengthen communications at a local level to keep local people, elected members, and professionals from partner agencies well informed. This will help ensure the effective implementation of HMR, co-ordination with other work, and prevent the creation of false rumours which can damage the programme.

5.5.3 Supporting Communities in Transition

The movement of people into and out of neighbourhoods affected by HMR, could massively disrupt social networks and relationships in the area. The creation of new communities as a result of the building programme, with a planned mix of tenure and property types, will also create support needs for these new communities.

To manage the change process within neighbourhoods, it is essential that there are local forums at which those involved in the delivery of HMR, residents organisations, elected members and partner agencies can discuss HMR and inter-related issues (such as problems with anti-social behaviour, the environment or service delivery as numbers of vacant properties increase prior to demolition), plan together and troubleshoot. Where

forums do not already exist in intervention areas, we will work with partners to establish them.

Community development support is needed to enable the development of sustainable communities. This will include preparing communities for the social and physical changes in their neighbourhoods, involving them in shaping these, and breaking down fears and concerns. The work needs to take place both within HMR neighbourhoods (such as to break down barriers between younger and older people, or to strengthen the engagement of excluded groups) and between neighbourhoods and communities. Breaking down misperceptions and negative stereotypes, such as between people with different ethnic and cultural backgrounds, is essential to create the conditions in which people are willing to consider a wider range of housing choices.

There are many ways in which the delivery of the scheme can be enhanced to contribute these wider benefits. These include, for example, contributing to the design of neighbourhoods and public spaces, development of social networks which will support people moving into the area, and sharing of experience between residents living in intervention areas at different stages of the programme. Participatory approaches – such as those involving the use of arts and culture – will be used to stimulate interest and involvement and ensure the more effective engagement of “harder to reach” groups such as young people and members of ethnic minority communities.

5.5.4 Supporting Households through Change

We have established the sequencing policy of, wherever possible, building new homes in advance of clearance and the associated need for re-housing. In this way we will seek to minimise the disruption to local families and communities, and create a vision of the Pathfinder as a positive agent in improving social and economic well-being. But whether people move voluntarily or are forced to move because of CPO, support will be needed to assist them in this process.

Examples of the types of advice and support required include:

- Independent valuation of existing property
- Mortgage advice (including advice specific to equity loans) for those buying a new home
- Financial advice e.g. relating to capital sums resulting from the sale of properties or home loss payments
- Advice on welfare benefits such as Housing Benefit
- Specialist housing advice such as relating to people’s rights as tenants
- Support for elderly or disabled people who need to move into homes with specific aids and adaptations
- Support for vulnerable individuals with practical aspects of moving – including organising the move and helping them settle into their new neighbourhoods.

Vulnerable people will need more intensive support. This includes, for example, people who have not had experience of moving home or of moving home for many years (such as some older people and young people leaving home), people who are unfamiliar with the systems and processes (such as refugees and asylum seekers), people with some health problems and disabilities (such as learning disabilities and mental health problems). In some neighbourhoods in the two Boroughs, many people do not speak English and interpreting support will be required.

Residents moving into areas where they feel unwelcome or vulnerable, or a real, or perceived, risk of harassment will need particularly intensive support for a period. This is currently most often the case where ethnic minority tenants are moving into housing estates on which other residents are predominantly white. Managing this is mainstream activity for

RSLs with support from other partners, but HMR will increase the numbers of people needing this type of support, and the variety of circumstances in which it will be required. Work with residents organisations and the development of support networks / befriending schemes will be used to help prevent problems and enable more diverse neighbourhoods to be sustained after a period of more intensive intervention.

5.5.5 Summary of Interventions for Strategic Objective 5

Intervention	Reason
Community Engagement	To provide opportunities for people to be actively involved in the ongoing development of the HMR programme. To communicate effectively with residents and other partners keeping them well informed, encouraging involvement and promoting a positive impression of HMR.
Supporting communities in transition	To ensure that the needs of existing residents and potential new residents are considered and addressed in neighbourhoods undergoing substantial change. To create the conditions in which people are willing to consider a wider range of housing choices.
Supporting households through change	To provide support to households who are moving either as a result of our acquisition programme or those who are moving to housing more suited to their needs. To support residents moving into neighbourhoods in which they may feel vulnerable.

5.6 INTERVENTIONS TO ACHIEVE STRATEGIC OBJECTIVE 6

STRATEGIC OBJECTIVE 6 - Help provide an excellent quality of life in the Pathfinder area.

5.6.1 Introduction

A sustainable community is about much more than simply the housing offer. The quality of our town centres and of local services and facilities is an important factor when people are making choices about where they live. Our aim is to create neighbourhoods where people want to live and to achieve this we will be working with partners to ensure that residents in Pathfinder neighbourhoods have access to a wide range of good quality services and facilities. We do not seek significant HMR resources for this objective – the aim is to work with partners to help them focus on areas and issues most significant in achieving our sustainable housing market. We set out here the work we intend to undertake in influencing partners, which represents an extension of the activities we have already been doing.

5.6.2 Improving Town Centres

Town centres are important as hubs of economic, commercial, cultural and leisure activity. We will struggle to retain higher earning residents and attract new residents to Pathfinder

neighbourhoods unless we have vibrant and successful town centres. Current proposals for both Oldham and Rochdale town centres will see significant improvements over the next few years in terms of the quality of the public realm, improved public transport connections and new retail and office developments. This work is being progressed from a variety of funding sources, including significant investment from the private sector. There will be a role for HMR to intervene in town centres by promoting town centre living opportunities, particularly targeted at retaining existing and attracting new higher earning residents.

5.6.3 Improving Local Services and Facilities

Successful neighbourhoods provide a range of good quality services and facilities for local people. One of the key services in terms of determining people's housing choice is the quality of the local education system. Considerable progress has been made in raising education attainment in Oldham and Rochdale and there is an expanding provision in the Higher Education sector. We will work with both Local Education Authorities (LEAs) to influence them to help schools in and around the Pathfinder area to make significant further improvements in educational performance. We will continue to seek a particular focus on those schools which are close to the areas where HMR investment is being made, so that the overall residential offer of these neighbourhoods is gradually improved.

The physical appearance and condition of some schools in and around the Pathfinder area currently detracts from the attractiveness of the surrounding neighbourhoods. There are specific examples of this in each of our first wave neighbourhoods. We will therefore work through the LEAs to seek to align the Building Schools for the Future programme with the HMR programme so that investment in schools can take place alongside our investment in the housing. We will also work to influence DFES to enable appropriate investment in primary schools.

In terms of HE, we will increase our work with both authorities to help them substantially expand the provision of degree-level courses in both Boroughs. This will help to increase the numbers of young people who are able to live in and around the Pathfinder area whilst continuing their studies. There is already projected to be a substantial increase in the number of undergraduates in Oldham following the establishment of the Oldham University Centre.

We will also be working with partners to improve the quality of other services and facilities. For example, there are proposals by the Primary Care Trust (PCT) to develop new health facilities in some of our Pathfinder neighbourhoods as part of their strategy to improve services. We will continue to work closely with the PCT to ensure that their plans are consistent with our Physical Regeneration Frameworks and that the new buildings are well designed and make a positive contribution to the physical appearance of the area.

The Physical Regeneration Frameworks we have developed recognise the importance of providing a range of recreational facilities. We will work with a range of agencies, including our development partners, to ensure that existing recreational facilities are improved and new ones are created where we are creating new demand through our house building programme.

5.6.4 Community Safety

The MORI and Kwest surveys have shown the substantial impact of perceptions about crime and anti-social behaviour on the choices people will make about where to live. Significant progress has already been made in terms of additional resources being made available to tackle crime, such as additional Police Community Support Officers in both Boroughs and results are beginning to be seen in reductions in crime figures.

However, crime prevention remains an important driver for residents in the Pathfinder area. We will work with the police, probation, the Community Safety Units and the two Crime and

Disorder LSP Partnerships to tackle crime and fear of crime in the Pathfinder area. We will influence them to focus on those neighbourhoods where we have identified this issue as being a higher than average driver of the housing market. We will work with partners to help them develop an appropriate package of measures embracing prevention, detection, diversionary activities, drug misuse prevention and treatment and an effective publicity / education strategy. We will also work with the Police's Architectural Liaison Officers to design out crime where new housing is being developed and existing housing redeveloped.

5.6.5 Environmental Maintenance

The MORI and Kwest surveys have also identified that perceptions about the appearance and cleanliness of their immediate neighbourhood is a very important factor in residents' choosing whether to stay or move and where to live. On new developments, we are insisting on low / easy maintenance being designed in from the outset. We will ensure that adequate provision is made for the maintenance of common parts and shared areas. But we will also work with both local authorities to ensure that improvements in the quality, thoroughness and frequency of environmental maintenance takes place in those neighbourhoods where this issue has been identified as a particularly strong driver of the local housing market. This will be helped by the fact that both authorities have chosen to invest additional resources in environmental maintenance at a time of severe budgetary constraint. We will be particularly keen to ensure that we minimise the inevitable adverse impact on environmental quality during major HMR physical works.

5.6.6 Summary of Interventions for Strategic Objective 6

Intervention	Reason
Improving town centres	To improve the quality of the environment and offer in both Oldham, Rochdale and Middleton town centres.
Improving local services and facilities	To ensure that desirable places to live are created within the Pathfinder where local residents will have access to a range of good quality local services and facilities such as shops, health centres, schools and recreational facilities.
Community safety initiatives	To reduce crime and fear of crime in the Pathfinder and thereby increase confidence in the area for investors and potential house buyers.
Environmental maintenance	To improve the appearance of the Pathfinder and put in place mechanisms that will ensure that neighbourhoods remain clean, tidy and presentable.

5.7 HMR ACTIVITY OVER THE NEXT FOUR YEARS BY AREA

5.7.1 Werneth

- Land assembly: now that the CPOs are in place for four sites, we will proceed with the acquisition of terraced housing and demolition, and make CPOs for the remaining areas.
- Redevelopment: building on the increasing confidence evident from developments now completed, we will accelerate the development of sites for new housing: Spencer Street, St John's, other demolition sites.
- Acquisition of Hartford Mill and surrounding businesses, and redevelopment for housing.
- Improving road layouts and street hierarchy/permeability.
- Refurbishment of retained housing areas
- Implementation of Homezones/traffic calming
- Substantial open space improvements including redesign, development of linkages, and creation of new green areas.
- Accelerate relocation equity shares.

5.7.2 Derker

- Confirmation of the existing CPOs and completion of the clearance programme.
- Completion of new housing development at Granville Mill
- New housing constructed on sites of demolished housing and on currently industrial sites around station.
- Refurbishment of retained housing areas.
- Piloting of selective licensing scheme
- Creation of new public square
- Enabling of new retail facilities
- Improvements to main road corridors.
- Environmental improvements.

5.7.3 East Central Rochdale

- Completion of Dale Mill/Arkwright Mill housing development with excellent design standards.
- Creation of new linear open space and walkway along River Roch
- Linkages made to the town centre
- Refurbishment programme to retained housing
- Completion of first two phases of the demolition programme
- New build completed in central Wardleworth and other clearance sites.
- Substantial works to public open space and green space improvements
- Improved traffic management of A58 corridor
- Implementation of Bellfield Road feasibility and traffic calming measures.

5.7.4 Langley (see Appendix 5.7)

- Completion of review of Masterplan and Business Plan
- Completion of new build on inner sites where development has not been possible before.
- Improvements to design and mix of new housing
- Implementation of green space strategy and traffic proposals
- Boundary treatments along key corridors
- Demolition of tower blocks
- Completion of works to provide revitalised inner core

5.7.5 Inner Oldham (in addition to Werneth and Derker above)

- Spatial planning completed, and sites acquired and assembled, in area adjacent to the town centre around the southern bypass and near to Glodwick and Clarksfield.
- Spatial planning completed, and sites acquired and assembled, along Ashton Road corridor including Coppice and Hathershaw/Fitton Hill.
- Business relocation undertaken to facilitate the above.
- Completion of ground-breaking St Mary's development (between Derker and town centre)

5.7.6 Inner Rochdale (in addition to ECR above)

- Spatial planning and consultation completed for Milkstone and Deeplish.
- Acquisition of sites along Oldham Road corridor and nearby, and associated business relocation, and start of residential development.

5.7.7 Peripheral estates (in addition to Langley above)

- • Spatial planning and consultation completed in respect of Sholver, Alt, Oldham NDC and Kirkholt.
- • Redevelopment started on all four estates.
- • Completion of redevelopment at Newbold

KEY MESSAGES FROM THIS CHAPTER

- • We have a detailed range of interventions focussed on achieving our objectives
- • They are well-researched and most are based on experience, and they are therefore deliverable
- • We will build on our work in three first wave neighbourhoods and prepare a sound platform for transformation of in further area over the next four years

6. BUSINESS PLAN

6.1 INTRODUCTION

This chapter summarises the business plan which is attached as **Appendix 6.1**. It sets out the financial implications of the strategy and the interventions described in the previous two chapters.

The business plan sets out the basis for the Pathfinder's bid for a total of **[£??m]** HMR funding for the next implementation period (2006/07 to 2007/08). The total funding required for the programme in this period is **[£???m]**. This consists of:

- [£__m] of private investment;
- [£__m] of non-HMR public funding; and
- the application for the remaining [£__m] of HMR funding.

Table 1, below, indicates the specific interventions (and their associated costs) that this gap funding will support, and sets out the sources of funding.

Table 1: Interventions (and their costs) for next implementation period

INSERT COSTS AND FUNDING TABLES FOR YEARS 3-4

The remainder of this chapter is set out under the following headings:

- The Approach to defining the Programme

- The Preferred Option
- Funding
- Key Sensitivities
- Efficiency Plan
- Risk Management

6.2 THE APPROACH TO DEFINING THE PROGRAMME

The approach to defining the strategy for the Pathfinder is described in chapter 4, including the Option Appraisal undertaken.

Underpinning this process, and providing the vehicle for financial outputs, a financial model has been produced by the Pathfinder with the assistance of Deloitte. The model is essentially a gap funding model. Its primary purpose is to calculate the amount of public subsidy needed to deliver the housing supply components of the Pathfinder programme both on an annual basis and for each of ODPM's specified time periods. The model calculates the HMR funding gap by totalling the costs of the preferred programme, assessing the amount of non-HMR funding available, and calculating the value uplift for the interventions involved. During the calculation process, the model disregards any interventions that would be carried out by the private sector (by assessing their probable financial return) and concentrates HMR funding only where its use is **critical** to the intervention actually taking place. That said, the model outlines the total outputs and costs of all interventions being put forward by the Pathfinder within its programme.

The options appraisal process outlined in chapter 4 enabled the Pathfinder to select a preferred strategic option. Having identified the basic shape of the Pathfinder strategy, the model was able to test a number of different phasing options to assess the funding and cost implications of different phasing of the preferred programme.

Figure 1, below, summarises the model outputs for each of the phasing options.

Figure 1: Preferred programme phasing options model outputs

Phasing option	Details	Model outputs	
		Annual HMR Funding requirements	Cumulative net stock change
1. Baseline	<p>Starting all projects in 2006. This option involved a concentration of acquisition, site assembly and development in the first half of the programme.</p> <p>This hypothetical option results in a total HMR funding requirement of over £100m per annum in the first five years. In addition, it is unlikely that the developers could deliver the number of new build homes in the time indicated in this option.</p>	[Insert baseline HMR funding requirements]	[Insert baseline cumulative net stock change]
2. Peripheral-led	<p>Peripheral projects priming inner urban change. This option involved the first half programme being dominated by FWN and peripheral estate redevelopment. The major areas of inner urban area intervention involve no change until the middle of the programme.</p>	[Insert peripheral HMR funding requirements]	[Insert peripheral cumulative net stock change]

Phasing option	Details	Model outputs	
		Annual HMR Funding requirements	Cumulative net stock change
3. Inner-led	<p>Inner urban area projects commencing early. The first half of this option is dominated by first wave neighbourhoods and commencement of major industrial/commercial acquisition, site assembly and development in inner urban neighbourhoods. Peripheral estate redevelopment occurs in the latter half of the programme.</p>	[Insert inner-led HMR funding requirements]	[Insert inner-led cumulative net stock change]
4. Targeted	<p>Achieving an early focus on targeted areas. Within this option, the first wave neighbourhoods (including demolition) continue in 2006. There is a concentration of industrial/commercial site assembly in first half of programme in principal areas of major change and the early phase of new development ensures net stock gain.</p>	[Insert targeted HMR funding requirements]	[Insert targeted cumulative net stock change]

Source: O&R HMR Pathfinder, 2005

Phasing option 4 (Targeted) was considered the best of the options at this stage of the phasing analysis. However, further refinement to the phasing of individual projects was required to achieve a better funding profile over the lifetime of the programme and to achieve the desired outcomes. By making realistic judgements, which reflected the resources available Option 4 was developed further to achieve the preferred option (see below) which achieved the right balance between the periphery and inner area approach.

Phasing option	Details	Model outputs	
		Annual HMR Funding requirements	Cumulative net stock change
5. Preferred Phasing Option	This option takes a balanced approach to phasing individual projects to achieve a level of HMR funding that best sits within the ODPM's guidelines for the initial two years, and then sees a steady increase in activity as land assembly in the inner area, and more peripheral housing redevelopment continues. It is important to note that the refined phasing results in some elements of the programme extending beyond 2019/20.	[Insert preferred phasing option HMR funding requirements]	[Insert preferred phasing option cumulative net stock change]

6.3 THE PATHFINDER STRATEGY

Figure 2, below, illustrates the projects (and their associated funding requirements and key outputs) within the preferred option which will be occurring in the first 4 years (the next two implementation periods), grouped into the four key areas of action:

- First Wave Neighbourhoods
- Peripheral/Social Estate Remodelling
- Inner Oldham
- Inner Rochdale

[*These outputs and total costs need to be checked against new outputs from the model]

INSERT ARROW DIAGRAM

Figures above rounded

As can be seen from this summary representation of what occurs during the next two implementation periods, the largest component of interventions and expenditure is on progressing with the First Wave Neighbourhoods, where masterplans have already been prepared and where new development needs to be brought forward. However, the next two implementation periods will also see the commencement of intervention on social estate remodelling and the emerging strategic interventions in Oldham (notably on land assembly), alongside works in areas such as Deelish and Milkstone in Rochdale.

The key milestones, insofar as they can be articulated as key goals or accomplishments, are set out in the schedule overleaf. In many respects, the milestones are limited because very few projects will actually be finally completed during the next implementation period. Even the First Wave Neighbourhoods will see some activity, including development, in Years 7+ of the programme.

KEY MILESTONES					
Years					
	3	4	5	6	
Planning and Feasibility	First Wave Neighbourhoods				
	Complete review of masterplan and Business Plan	Review of masterplans for Derker, Werneth and East Central Rochdale.			
	Social Estate Remodelling				
	Masterplanning and Business Plans for Sholver, Alt, Oldham NDC and Kirkholt				
	Inner Oldham				
	Site Assembly Strategy/Delivery Structure and Area Development Framework completed for central Oldham.	First Phase masterplanning completed	Review of Masterplan	Masterplan for Hollins (Oldham)	
	Inner Rochdale				
	Area development framework and masterplanning undertaken for Milkstone and Deeplish	First phase masterplanning completed.			
	New build, acquisitions and Demolitions	First Wave Neighbourhoods			
		Commencement of new development in East Central Rochdale	Completion of acquisition of commercial sites in Werneth.	Completion of Acquisition Strategy in Derker	Completion of first two phases of acquisition and demolition in East Central Rochdale
Social Estate Remodelling					
Commencement of new build, acquisition and demolition in Sholver, Alt and Oldham NDC		Commencement of implementation of first stages of masterplanning proposals for Kirkholt	Completion of redevelopment of Newbold.		
Inner Oldham					
Commencement of acquisition of Industrial/commercial/vacant land			Residential development starts on first sites.		
Inner Rochdale					
		Commencement of site acquisition and remediation in Milkstone and Deeplish	Residential development starts on sites in Milkstone and Deeplish.		

6.3.1 Costs

The cost outputs of the financial model have enabled us to understand the total costs of the proposed programme for the next implementation period (2006 – 2008) and beyond. The costs covered by the financial model (include an assumption for professional fees) are as follows:

- Acquisitions (residential private and social);
- Acquisitions (commercial);
- Demolition (residential);
- Development (residential private);
- Development (residential social);
- Infrastructure and environment;
- Refurbishment (group / block repair);
- Equity loan refurbishment; and
- Management and other support costs

The approach to estimating the costs of these items is set out below:

Cost Element	Approach
Acquisitions (residential private and social);	Acquisition costs for private property based on market values of properties in each neighbourhood, plus an allowance for fees, home loss, and disturbance payments, alongside an assumed level of £20k for equity loan to assist in relocation, assuming that 20% of owner occupiers take up that assistance. Social housing is assumed to be acquired at nil cost other than home loss and disturbance, although there is a clear opportunity cost. This is an overall assumption that is reasonable for the purpose of the Business Plan (in light of replacement provision and the approach to regeneration in individual estates) but will need further work as individual business plans are developed.
Acquisitions (commercial);	Acquisition of employment land is based on assumed valuation of employment land across the Pathfinder, based on applied assumptions to original estimates by King Sturge in respect of Spatial Planning work. On top of this are assumed levels of either relocation or acquisition costs for commercial businesses that might be relocated, again based on applied assumptions about the proportion of occupier/businesses that might be affected. Finally, an allowance for remediation (at either a high or low level) is included. The value from development of public land is generally assumed to be recycled into the Pathfinder where appropriate – although specific exceptions are made where this is known not to be the case (e.g. on school sites where receipts are needed for specific purposes)
Demolition (residential);	A unit cost for demolition, including security cost, is applied (£2,105)
Development (residential private);	Unit costs for new development are included based on the assumptions provided by FPD Savills and allowing for the achievement of the Pathfinder's quality standards, and inflated to reflect the date of the assumptions. These range from £68,000 for a semi-detached property, to £84,000 for a detached dwelling.

Cost Element	Approach
Development (residential social);	
Infrastructure;	Assumptions are made about the level of infrastructure required for individual developments. In the majority of cases, these are indicative assumptions pending the more detailed masterplanning work that will be needed. In the 'First Wave' Neighbourhoods, more detail on infrastructure projects is included.
Refurbishment;	Block improvement schemes are estimated on the basis of three different levels of intervention – Low (£5,000), Medium (£10,000) and High (£15,000)
Equity loan refurbishment; and	Equity loans of circa £10,000 for refurbishment (top up over and above refurbishment for block repair) are applied for an assumed number in target locations across the Pathfinder, with a projected pay back at the assumed average payback term of 10 years. A draft business plan for the whole equity loan portfolio is attached as a supporting document.
Management and other support cost.	<p>An assumed level of management and other support costs are assumed, including costs for:</p> <ol style="list-style-type: none"> 1. Management & Administration; 2. Gateway and environment; 3. Pathfinder wide communications / consultation; and 4. Masterplanning and feasibility.

The financial model indicates all costs associated with the proposed programme (at an overall Pathfinder wide area) at a number of different levels, specifically by type of intervention; and by chronological time period.

These costs (and the key outputs) are set out in the table below.

[*Insert costs table (including equity loan and management costs) for years 3 – 7+ (2006/07 – 2010/11-20019/20)]

This shows a programme totalling over [£??bn] over the period to 2019/20. It is important to note that the total's column represents the total outputs and costs for the period to 2019/20. This is slightly different to the total numbers outlined for the strategy in chapter 3 because some of the outputs will be completed after 2019/20 and are therefore not all captured above.

Over the course of the programme, the estimated costs and profile of interventions changes to reflect the strategy, as outlined in Section 4. This changing profile is shown on the graph below.

[*Insert estimated costs and profile of interventions bar chart]

As can be seen, over the lifetime of the Pathfinder period, the key cost items are those associated with new build and the acquisition of either commercial/industrial land or residential properties.

6.4 FUNDING

The financial model indicates a number of the OPDM's funding-related financial requirements for the scheme update, including:

- The amount of HMRF grant required in each financial year;
- The amount of other public sector funds expected to be made available in each financial year towards the implementation of the Pathfinder's scheme;
- The amount of private sector funds expected to be made available in each financial year towards the implementation of the Pathfinder's scheme;

The non-HMR funding covered by the model includes:

- English Partnerships (EP);
- North West Development Agency (NWDA);
- Housing Corporation (HC);
- Oldham Metropolitan Borough Council;
- Rochdale Metropolitan Borough Council;
- Registered Social Landlord (RSL)/Arm's Length Management Organisation (ALMO); and
- Private Finance Initiative (PFI).

The majority of non-HMR funding is generally either focused on:

- Private sector housing renewal (OMBC and RMBC)
- Social housing development (Housing Corporation, RSL/ALMO, PFI)
- Industrial and commercial land acquisition/site assembly (EP/NWDA)

In terms of the local authorities, in addition to the amounts shown in the table below are the other private sector capital resources going into the HMR areas which have been aligned to fit with the HMR strategy, including work on empty homes and overcrowding grants.

Where possible, validation of the assumptions for the first two years has been made. In the longer term, of course, it is only possibly to hypothecate and here the emphasis has been on identifying the likely funding available to deliver the preferred strategy, rather than tailoring the preferred strategy to funding. The estimates reflect a reasonable basis for planning. It will of course be important that these resources are drawn down. We have made realistic assumptions based on dialogue with the agencies concerned and letters of support are given at Appendix X.

The funding profile is shown below:

[*Insert funding figures for years 3 – 7+ (2006/07 – 2010/11-2019/20)]

The total HMR requirement (including inflation, is [£??m] – an annual average requirement of [£??m] over the period to 2019/20. However, this is not evenly spread. The funding profile for Housing Market Renewal Fund resources is shown on the graph below.

[*Insert funding profile for HMR resources 2006/07 – 2018/19)

The requirement is within the ODPM guideline figure for Years 3-4 of the programme (2006/7 – 2007/8) at an average of [£??m] pa but increases to an average of [£??m] pa in the period 2008/9 to 2015/16 when the scale of land assembly (both commercial/industrial and residential) is concentrated. This shows the reduced requirement for gap funding from its peak in 2013/14. The scale of resource then drops markedly for the final years of the programme when the scale of activity drops and the programme is dominated by new development and final phases of clearance (and the major cash-inflows from new development and value capture help offset continuing costs of acquisition and demolition). Cumulatively, this is shown below.

[*Insert cumulative HMR funding requirement 2006/07 – 2018/19)

The level of HMR funding over the lifetime of the programme starts during the first two years at a level in line with the top end of the ODPM's guideline, but increases markedly as the resource requirements of the major site assembly programme kick-in in earnest.

Public Funding Profile

The public funding split over the lifetime of the programme is shown on the graph below. Relative to the scale of HMR funding, the amounts of non-HMR public funding are modest and relatively constant. This is partly because the financial models only those interventions which can be said to closely relate to HMR gap funding criteria and does not include any allowance for broader housing-related investment (e.g. decent homes investment by ALMOs/RSLs). Considerable amounts of other public investment will be made in Oldham and Rochdale over the period, including in relation to Kingsway Business Park, the redevelopment of the town centres, and investment by the RSLs and ALMOs in Decent Homes work and using the anticipated new freedoms and flexibilities. The implications of the HMR business plan for the ALMOs and RSLs is discussed in Appendix 6.4.

[*Insert public funding split over lifetime of the programme 2006/07 – 2018/19)

The HMR resource will dominate the spend on predominantly physical HMR interventions, but non-HMR public funding will play an important role throughout, particularly on the provision of new build social housing and on site assembly.

Annual public/private funding split

The graph below shows the profile of the public/private funding split. Overall, the gearing of HMR to private investment is circa 1:2.42, but the profile does change markedly over time.

[*Insert profile of the public/private funding split 2006/07 – 2018/19)

Private funding investment is maximised during the years 2011/12 when the level of new build residential is at its peak, with over [£??m] of private investment secured through just under [£??m] of public funding.

6.5 KEY SENSITIVITIES

The financial model enables a series of sensitivity analyses to indicate the effect on the proposed programme (and associated HMR funding requirements) of several different scenarios. The sensitivities which were run focussed around some of the key areas of potential change:

- The potential for the cost of development to increase – a recent cause of concern, and something to be considered given the scale of increased development envisaged by the programme;
- House price inflation to increase by 1% (affecting both acquisition costs and sales values)
- The increased costs of acquisition of commercial/industrial land and property as a result of requiring extinguishing and relocation allowances greater than currently assumed.

The effects of these sensitivities on costs and the HMR funding requirement are summarised below:

Costs of preferred programme

		HMR 3 (2006/2007) £m	HMR 4 (2007/2008) £m	7+ (2010/11 – 2019/20) £m
Base model		[??]	[??]	[??]
Sensitivity from base model:				
Developers cost inflation	+1%	[??]	[??]	[??]
House price inflation	+1%	[??]	[??]	[??]
Application of increased commercial extinguishing costs	+25%	[??]	[??]	[??]
Application of increased commercial relocation costs	+25%	[??]	[??]	[??]
All four of the above	-	[??]	[??]	[??]

HMR funding requirements

		HMR 3 (2006/2007) £m	HMR 4 (2007/2008) £m	7+ (2010/11 – 2019/20) £m
Base model		[??]	[??]	[??]
Sensitivity from base model:				
Developers cost inflation	+1%	[??]	[??]	[??]
House price inflation	+1%	[??]	[??]	[??]
Application of commercial extinguishing costs	+25%	[??]	[??]	[??]
Application of commercial relocation costs	+25%	[??]	[??]	[??]
All four of the above	-	[??]	[??]	[??]

The key sensitivity surrounds **development cost inflation** which increases the HMR funding requirement significantly (>£??m) with a single percentage increase over the lifetime of the programme. Whilst the assumption for developer cost inflation adopted in the model is considered to be reasonable over the lifetime of the programme (based upon Gardiner and Theobald regional forecasts), it will be important to monitor local cost inflation as part of the risk assessment, and to continue to invest in measures to maximise cost efficiency and increase the supply of construction labour to reduce costs

- **A Reduced HMR requirement**

The strategy for the Pathfinder is strategy-led rather than resource led, albeit guided for the next implementation period by the ODPM's guideline figure for likely HMR resource of £40-70m. For this reason, the financial model has not been run on the basis of what can be achieved for a set level of funding. However, it is useful to consider a sensitivity around the impact of a reduced amount of HMR funding during the next implementation period.

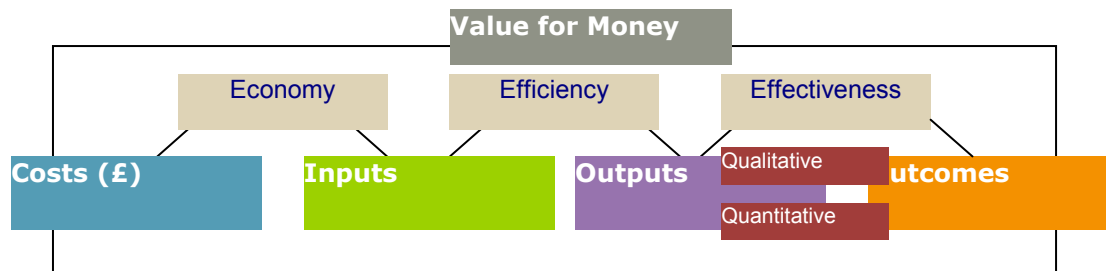
On this basis, we have considered the broad impacts of an HMR grant of just **£55m** over the next implementation period. The effects are considered to be:

- Given the need to maintain confidence and momentum in neighbourhoods where activity has commenced, the emphasis would need to remain on continuing HMR activity in the First Wave Neighbourhoods.
- However, it would not be possible to finance our current and projected CPO activity in the first two years.
- In addition, **interventions from Emerging Strategic projects would be delayed**, whilst it would be **difficult to progress the remodelling of social peripheral estates** in tandem with emerging RSL/ALMO/NDC investment plans
- There would be an overall **knock-on effect throughout the programme**, which would either
 1. further increase the HMR funding requirement in the crucial middle period of the programme from 2008/9 to 2015/16, or
 2. result in delays that would extend the period for the majority of HMR interventions beyond 2019/20; or
 3. result in a significant downsizing in the scale of the programme, resulting in the inability to meet the Strategic Objectives of the programme.

- **EFFICIENCY PLAN**

The ODPM has stated that each Pathfinder must include an efficiency plan within their scheme update which details how additional efficiency savings will be made in each financial year and quantifying those savings.

A key component of the efficiency plan is value for money (VFM). The diagram below indicates the main drivers for VFM – economy, efficiency and effectiveness.



Over the past year, a number of major efficiency initiatives have been progressed, and these will bear fruit:

- the work undertaken on improving the efficiency of residential acquisitions, where processes have been streamlined to improve the speed and reduce the cost of buying properties
- the strategic commissioning process and selection of preferred delivery partners
- revised project appraisal and performance management systems

The efficiency plan that has been prepared sets out proposals for efficiencies in a number of areas:

(ii) Corporate costs

As a result of the increased scale of the programme, corporate costs will increase from last year's baseline, but in proportion to the scale of the programme they will see a reduction, reflecting economies of scale and efficiencies.

(iii) Revenue expenditure

We are committed to keeping revenue costs at a minimum because HMR funding is essentially a capital grant. Work has been undertaken to ensure that revenue expenditure is limited to that directly focused on delivering the capital programme.

(iv) Productive time

The efficiency plan includes a consistent and continual focus on the Pathfinder's process management costs. A streamlined Project Appraisal process has already established increased efficiency and will continue, alongside ongoing review of systems and improved governance.

(v) Procurement

This is an area where we are committed to consistently improving efficiency gains. This is reflected in our procurement of preferred consortia for the first wave neighbourhoods which will be contractually completed by November 2005. It will also encompass more effective commissioning (including framework agreements and more accurate project briefs), joint procurements, longer partnering arrangements, supply chain management, risk identification and allocation, and the development of unit costing.

6.6.2 Key Actions to be Taken

Estimated Efficiency Gains	Baseline	2006/07	2007/08
(1) Corporate Costs	<ul style="list-style-type: none"> ▪ Recent review of governance ▪ Use of existing Council and NWDA resources in preparation of Scheme Update and implementation of PRFs, shared cost of population and household projections, and Joint Economic Framework ▪ Appointment of Market Analyst to save consultancy costs ▪ Business Plan model transferred to Core Team with training ▪ Programme Management Committee established at nil cost ▪ Board strengthened by additional private sector membership at nil cost ▪ Performance monitored at PMG and PMC ▪ Review of policies at regular intervals 	<ul style="list-style-type: none"> ▪ Service level agreements ▪ Implementation of revised governance arrangements ▪ Regular performance monitoring and reviews ▪ Enhancing shared use of resources ▪ One off consultancy, sharing consultancies with other Pathfinders, building expertise within core team ▪ Established approach to delivering major step change in approach (je commercial acquisitions) 	<ul style="list-style-type: none"> ▪ As 2006/07
(2) Revenue Expenditure	<ul style="list-style-type: none"> ▪ Strategic Commissioning Framework developed ▪ Strategic and Phasing Option Appraisal exercise carried out ▪ NRF part funded community development posts in Rochdale's HMR first wave neighbourhoods ▪ Joint Oldham/Rochdale ERDF bid ▪ Business Plan developed for equity loans 	<ul style="list-style-type: none"> ▪ Strategic Commissioning ▪ Joint Commissioning with NWDA and EP ▪ ▪ Prioritising investment to strategic fit ▪ Following review and the development of exit strategies, many HMR-funded revenue projects cease or are funded elsewhere by the end of 2005/06 ▪ Alternative resourcing ▪ Taking advantage of existing area-based teams (e.g. NDC.SRB) ▪ Some HMR projects to be mainstreamed ▪ NRF to prioritise support to HMR programme 	<ul style="list-style-type: none"> ▪ As 2006/07
(3) Productive Time	<ul style="list-style-type: none"> ▪ Governance arrangements reviewed ▪ Project Appraisal process streamlined into two stages ▪ Appraisal form simplified ▪ Project management training undertaken ▪ System K to be adopted across the Pathfinder ▪ Sharing of good practice through joint learning event with RENEW ▪ Participated in NW Regional Agencies meeting to share research results ▪ Equity Loans work shared at PPWG and CIH events ▪ Shared OEF modeling from RFI work with MSP 	<ul style="list-style-type: none"> ▪ Implementation of revised governance arrangements ▪ Streamlined and focused project appraisal methodology ▪ Improved processes to reduce lead time ▪ Regular performance monitoring and reviews ▪ Improved project and programme management ▪ Sharing of good practice ▪ Project management system based on Prince2 to be adopted across the Pathfinder subject to feasibility 	<ul style="list-style-type: none"> ▪ As 2006/07
(4) Procurement	<ul style="list-style-type: none"> ▪ Enter into contracts with preferred consortia for FWNs, delivering <ul style="list-style-type: none"> – Longer partnership working – Ability to generate 	<ul style="list-style-type: none"> ▪ Group Repair reduced in cost ▪ Management of selected consortia through Performance Management Framework with application of incentives and penalties and sharing of best 	<ul style="list-style-type: none"> ▪ As 2006/07

Estimated Efficiency Gains	Baseline	2006/07	2007/08
	<ul style="list-style-type: none"> - lower costs - Use of consistent framework contracts and drop down agreements - Risk identified and allocated - Land collaboration agreements which share developer profit - Sharing of specifications - Supply chain efficiency ▪ PRF consultants commissioned via local authorities. 	<p>practice in terms of cost saving and capturing value increases</p> <ul style="list-style-type: none"> ▪ Sharing best practice for development of briefs for consultants ▪ Establish framework contracts for call-on/call-off work ▪ Joint procurement ▪ Working with Regional Centre of Excellence 	

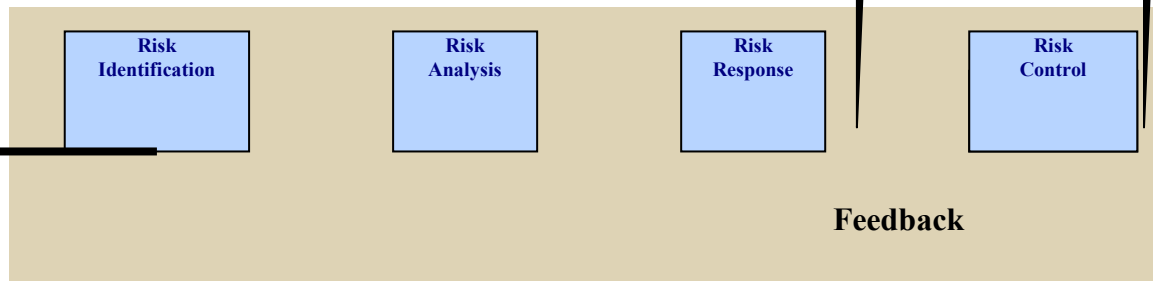
6.7. RISK MANAGEMENT

Any major programme of regeneration is subject to risk. We currently operate a risk management process which involves the maintenance of a risk register and the development of risk plans for those risks with the highest ratings.

Risk management is a pro-active procedure to identify, analyse and respond to future events that may adversely affect the success of a project. It provides the framework for status evaluation while regular analysis helps to determine project priorities.

6.7.1 The risk process

The approach to risk management is in four parts as described below:



- **Risk Identification** is the determining of future events that are likely to affect the programme.
- **Risk Analysis** is the evaluation of risks to assess the impact on the project and the probability of occurrence.
- **Risk Response** involves the defining of steps for mitigating the risk and includes the allocation of a risk owner and the creation of a response plan including a contingency plan where appropriate.
- **Risk Control** is the management of changes in events and responding to escalations over the course of the programme. The risk owner will implement risk mitigation.

This approach to managing risk is intended to be an integral, continual and on-going part of the planning, monitoring and management of the transformation effort.

6.7.2 Pathfinder-wide Risk analysis

The risk identification process creates a comprehensive risk register such as the one we already operate. Analysis requires the rating of risk in terms of probability and impact. The assessment of risk is undertaken at two levels:

- at a strategic level, each time the strategy and Delivery Plans are reviewed; and
- at individual project level so that project managers can assume responsibility for the control and management of risk.
-

6.7.3 The risk matrix

The risk matrix charts below highlight the key risks identified based on an overview of all significant risks mapped against impact and the likelihood of occurrence. It determines the risk exposure and allows for simple comparison of risks, helping to prioritise and categorise accordingly.

The key strategic and political risks can therefore be identified as:

- Media and political risks around the future of HMR; and
- The need to ensure a robust economic strategy is in place and implemented

INSERT RISK MATRICES

The key risks emerging from this analysis are:

INSERT RISKS

6.7.4 Project Level Risk Registers

The risk register, and the matrices, defined above at a programme-wide level, will be developed for individual projects.

6.7.5 Risk Response

The key to risk response is to identify ownership and clarify roles and responsibilities. The table below summarises the roles and responsibilities of key persons in the risk process.

Task List	Risk Owner	Project Manager	HMR Programme Manager	HMR programme Management Committee
Identify Risks	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Update Project/ Programme Risk Log	<input checked="" type="checkbox"/>			
Assign Risk Owner		<input checked="" type="checkbox"/>		
Refer to Risk Matrix	<input checked="" type="checkbox"/>			
Complete Risk Monitoring Template	<input checked="" type="checkbox"/>			
Complete Status Report with high level risks	<input checked="" type="checkbox"/>			
Escalated irresolvable issues/risks	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Provide resolution on escalated risks		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Communicate resolutions to necessary parties		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

The risk owner is responsible for ensuring risk response plan has been considered and where, appropriate:

- Identify action steps to mitigate a risk before it happens
- Action steps to respond to risks which have occurred
- Determine trigger points

The risk owner is responsible for reviewing the risk status and revising the risk assessment (likelihood/impact) as changes dictate. He/she is responsible for communicating the risk status to impacted areas.

Project teams – those on the ground responsible for delivery actions will identify project risks and update the risk identification log.

Risk owners (key project officers) – will perform an initial assessment of risks identified during risk planning (as part of Project Appraisal) and identification based upon:

- Probability ratings
- Impact ratings

- Impact timeframes
- Exposure ratings

They will provide regular, timely reports on status and progress in the review and mitigation of risks.

Local Project manager – will lead the identification, assessment, monitoring and mitigation of risks at the project level. This should ensure that project level risks that may impact on goal achievement are escalated.

HMR Programme manager (Core Team) – will gather risk quantifications from the risk tracking pool, determine which risks require escalation to the Programmes Management Committee and will work with them to provide resolution for the risks submitted.

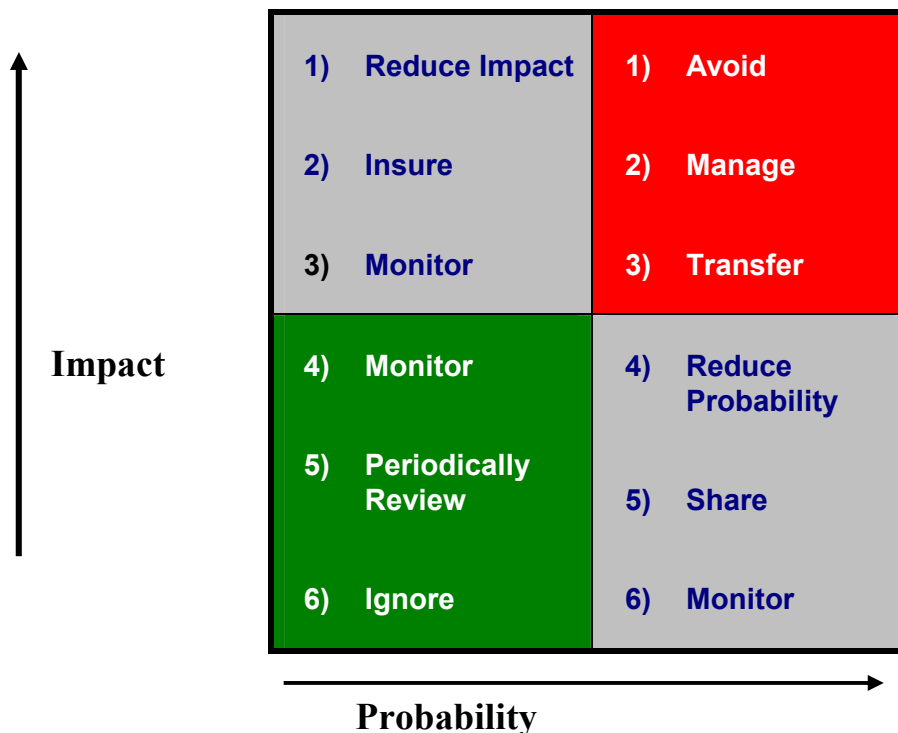
HMR Programmes Management Committee – will periodically review the risks across the programme and provide resolution on escalated risks. They will provide updates to the Board on risk, including exception reporting of critical risks.

It will be critical to ensure that risk management does not remain a paper exercise, so that actions are carried out and monitored. It is not a one off activity but a continuing and critical part of programme management.

6.7.6 Risk Control

The Business Plan in the Appendix sets out how we will control risk using four areas to be addressed during mitigation and contingency planning:

- Research – do we know enough about this risk? Do we need more information before deciding what action to take?
- Accept – can we live with the consequences if the risk were to occur?
- Manage – can the team do anything to reduce the impact of the risk should it occur?
- Avoid – Can we avoid the risk by changing the process or scope?



o **Conclusion**

In this chapter, we have set out the options we have considered for phasing our proposed strategy. The chosen approach to phasing has been outlined and we have described the implications in terms of costs, funding and outputs. We have set out our assumptions clearly and we have tested the plan to identify the key sensitivities. We have also explained how we will generate efficiency gains and outlined our approach to risk management. In the final chapter, we set out our proposed approach to governance and other matters relating to performance management.

7. GOVERNANCE AND PERFORMANCE MANAGEMENT

7.1 DEVELOPING A PERFORMANCE MANAGEMENT FRAMEWORK

Experience and best practice show us that if we are to deliver, then this has to be done under a strict Performance Management Framework, which gives a clarity of purpose to everyone concerned and appropriate accountability and responsibility. The principles of our performance management framework are that it will:

- Be led by the Board;
- Focus on the strategic objectives and key outcomes;
- Be appropriate, accessible and useful to stakeholders;
- Provide clarity of purpose, process, responsibility and accountability;
- Be robust to withstand change
- Be integrated into a culture of performance improvement;
- Be cost effective and have value for money at its core;
- Be an aid to learning and innovation. What have we learned?

It is only by effective performance management that continuous performance improvement can be achieved. Since developing our initial Prospectus we have learned a lot about what is needed to manage the implementation programme and the HMR initiative in general. This learning will be factored into our approach to performance management.

7.1.1 Learning from Experience

The headline success for the Pathfinder in 2004/05 was that we exceeded most of our targets and achieved exactly the £17.150m spend in line with target. This was a significant achievement when one considers that this was done from very much a standing start. Our ability to achieve this output was due to our flexible approach to delivery and the use of the skills and experience of our delivery partners. In addition, we have identified areas where we will be improving our processes in order to ensure that we achieve both our outputs and moreover our outcomes in line with the programme which doubles this financial year.

The Board recognised that the programme management culture and framework required improvement and established the Programme Management Committee (PMC). The PMC is a sub-group of the Board and is chaired by the Board Chairman, such as the importance we attach to programme delivery. The group is tasked with the approval of all projects within the Delivery Plans and detailed monitoring of the performance of the programme and individual projects. An 'Actions Progress List' has been introduced which draws immediate attention to any areas of the programme that are under-achieving. Regular reports from the PMC are presented to the Board for information and discussion. Effective programme delivery is vital to our success, but we understand that this is only one aspect of delivering the overall programme and our meeting our objectives.

Overall, our project appraisal and management arrangements have enabled us to deliver projects and monitor their outputs. However, programme outputs have been driven by individual project outputs and leading into the next wave we will be more prescriptive about the output targets we need to achieve. There will be an increased emphasis on outcomes and quality, which we see as essential to achieving sustainability.

Whilst we have been able to deliver our outputs, we will further improve our monitoring and evaluation framework to ensure that forecasting is accurate and issues can be identified early enough to put in measures to rectify problems. The PMC has started to tackle this but

under our improved arrangements delivery partners will be closely managed to ensure outputs and outcomes are achieved, with value for money to therefore.

We have moved on considerably in our understanding of the housing market, both locally and sub-regionally, and the future demographic trends across the Pathfinder. This better understanding is allowing us to be specific about our strategic objectives, our outputs and outcomes.

There is still much work to do to make milestones and risk management smarter and the Board are gearing up to the challenge by ensuring that there is capacity in the core team. Resources will be increased from half a post to three members of staff, which reflects the importance that the Board attach to performance and evaluation as the programme increases to £36.350m in 2005/6. A detailed action plan has been developed to introduce a substantive performance management framework and culture into the Pathfinder to deliver from April 2006 (**See Appendix 7.2**)

Priorities include:

- Revised appraisal process to complement the strategic options appraisal;
- An increased emphasis on the **forward planning** of programmes;
- Programme management that balances **quality** with spend and outputs against targets;
- Introduction of an **accountable officer** in each authority for the programme;
- Development of capital programme monitoring procedures that include complementary activity to allow funding sources to be maximised;
- Implementation of a “**plan, monitor, manage**” approach to ensure that we are continually reviewing our intervention strategies;
- Sharper focus and **integration of risk** in the monitoring and evaluation process;
- An increased emphasis on the **equalities impacts** of what we do;

The programme is complex and the challenges for the Pathfinder in delivering the programme over the next 3 years are recognised as:

- Building the capacity of the Board to be more rigorous and precise in its requirements from delivery partners;
- Increasing the capacity and skills to deliver quality projects within the programme;
- Implementing a robust commissioning framework, which incorporates the preferred consortia, delivers the programme and meets the strategic objectives;
- Ensuring that the Board exercises its governance role effectively;
- Ensuring that value for money is achieved.

7.2 KEY ELEMENTS OF THE PERFORMANCE MANAGEMENT FRAMEWORK

This section explains how we will deliver a quality programme on time and within budget and how we aim to monitor and evaluate performance. The performance management framework, which will allow us to better achieve our objectives, contains a number of key elements, namely:

- Governance;
- Strategic Commissioning and Procurement;
- Systems and Processes, inclusive of project appraisal, review, monitoring, evaluation, and programme management.
- Asset Management;
- Delivery Capacity;
- Risk Management;
- Financial Management, inclusive of Value for Money and an Efficiency Plan;

- Design
- Communications, inclusive of consultation and engagement;
- Cohesion.

In addition to the above the PMF will also give clarity on what will be reported to Board, when it will be reported, who will be responsible for reporting and how it will be reported. We feel that this approach is essential to effective governance. The elements listed above are now described in more detail.

7.2.1 Governance

Effective governance is the cornerstone of our approach to delivering on our many objectives. **Appendix 7.2.1** sets out the composition of the Board and its structures and responsibilities, plus the structure of the Core Team. The Board has overall responsibility for the Pathfinder's strategy, policy and delivery. The Board is committed to ensuring that we deliver the transformation of the housing market that is needed across the Pathfinder. We believe that the Board's composition brings a range of skills and experience that will enable this to be delivered. Indeed, the Board has been strengthened recently by the addition of private sector development experience and the NWDA are now members. We will further review the capacity of the Board and take further measures to strengthen it as appropriate. The Board though does not operate in a vacuum and is well supported by a range of different organisations and stakeholders, namely:

The Local Strategic Partnerships – our ability to act as a sub-regional partnership is greatly strengthened by the strong working relations with the two LSP's, who play an important role in supporting and influencing the HMR programme. The LSPs regularly meet jointly across the two authorities as do some of the thematic partnerships, which we understand is almost unique and lends great strength to the quality of our strategy and the alignment of our proposals;

The Local Authorities – in addition to them both being members of the Board, both are and will continue to be key delivery agents for the Pathfinder. They also provide the programme monitoring information for their areas and submit reports to the Board and other groups when necessary. The roles and responsibilities of the two LA's are set out in an Agreement – **see Appendix 7.2.1a**

Currently, the LA's and other agencies help with the project approval process, however the process will be changed when the arrangements for strategic commissioning have been finalised, as discussed later in this chapter. Oldham MBC is the Accountable Body for HMR and there is a legal agreement in place between both LA's in relation to the accountable body functions and responsibilities in Rochdale;

RSLs and ALMOs – the RSLs and ALMOs are also key delivery agents for the Pathfinder. They are represented on the housing partnerships, which have existed for many years in both Boroughs and are represented on the Board;

Hathershaw and Fitton Hill NDC – the NDC area is one of the main intervention areas within Oldham. We are ensuring that we align the HMR interventions with that of the NDC, so that we can obtain maximum impact and value for money. HMR and NDC will jointly procure a more detailed spatial plan for the area building on our preferred spatial strategy for the Pathfinder as a whole. It is proposed that the NDC team will play a major part in the delivery of the HMR programme as it rolls out into the area.

Private Sector – it is widely acknowledged that the private sector plays a major part in us meeting our objectives. Elsewhere in this document there is detail on how the contribution of the private sector will be maximised. We have procured consortia for each of our first wave neighbourhoods and as well as leading the delivery of the physical programmes they will also help in terms of spatial planning and policy development work. Their contribution in terms of design, training and employment, market testing and consultation will also be extremely valuable and will contribute enormously to our efficiency plans.

We have had positive discussions with potential lenders in respect of our equity loans portfolio on the basis of the business plan model we have developed. We are keen to take

this forward in partnership, if possible with other Pathfinders. We also believe that there is a role for the ODPM in facilitating this.

We will be extending our consultation with estate agents as part of our ongoing process of deepening and keeping up-to-date our understanding of the local housing markets.

Local Delivery Structures– we have recruited Neighbourhood Programme Managers and teams under them to lead the delivery of the programmes for each of the first wave neighbourhoods. There are now local offices in all the first wave neighbourhoods and established neighbourhood and stakeholder fora. We will continue to operate through these structures and will review and strengthen them where appropriate

The site acquisition and assembly process for those areas identified as priorities in our strategy will be delivered by the Rochdale Development Agency (RDA) and Oldham MBC's Regeneration Department or their agents. We are investigating the potential for a joint delivery process. Further, more detailed spatial planning and consultation will be carried out in these priority areas.

7.2.2 Strategic Commissioning and Procurement

The Pathfinder Board has recognised the need to strengthen the current process and we will have completed the move to a commissioning approach by March 2006. We have already begun this process and now have preferred delivery partners for each of our first wave neighbourhoods from this year for an initial period of four years. We have Delivery Plans in place for each of our first wave neighbourhoods and we will develop Delivery Plans for each of our other proposed projects (each containing a groups of HMR interventions) as set out in the Business Plan.

This will ensure that our commissioning will-

- Be evidence based with strong analysis
- Have identified key outcomes which are to be delivered
- Be based on key chosen priorities
- Be "needs leads spend" – not the reverse
- Contain Best Value approach to choosing delivery agents

The Commissioning approach that will be adopted will be two pronged to enable us to be best placed for working effectively with our preferred Delivery Partners and local delivery agents, as follows: -

a) Preferred Delivery Partners.

Following the procurement process we have now selected our preferred Delivery Partners (**see Appendix 7.2.2a**) Each delivery partner is a consortium of organisations, with the skills, knowledge, experience and capacity to deliver the full range of projects and interventions required within each neighbourhood over the life time of the HMR programme. This ranges from new build and refurbishment of housing, related environmental and highways work and community/resident liaison. In addition, there will be opportunities for commercial new build and refurbishment and a range of other work. Each consortium has a lead organisation and a range of partner organisations. We recognise that new organisations may need to be introduced by the Consortia over the lifetime of the programme as projects and needs evolve, but we maintain a flexible approach to this.

Typical consortia include: builders, property managers, chartered surveyors, property acquisition companies, financial, master planners, landscape and design architects, consulting engineers, community engagement consultants, security services, planning supervisors and spatial planners.

We will enter into a formal contract with our selected preferred partners which will incorporate a very thorough suite of performance indicators covering a range of areas. We will be prescriptive about the outputs and outcomes we require in neighbourhoods and

delivery agents will be expected to develop the solutions, deliver the projects and output and outcome targets.

The benefits of this arrangement include:

- Long term partnerships in which we have confidence and a framework for delivery.
- The advantage of using a range of organisations that can deliver under one contract and performance management framework.
- Economies of scale in terms of programme and timeframe.
- A framework with incentives to maximise and share land value increases.
- Added value of quality design, sustainability, training and employment locally and use of local businesses/suppliers.
- Commitment to community engagement.
- Overt focus on the Sustainable Communities ethos
- The ability to compare and contrast the performance between the different consortia and to spread good practice.

The contract will be between the Councils and the consortia and will incorporate performance management requirements. We are currently at contract negotiation stage with our preferred partners and we are in the process of defining exactly who will do what and at this stage we will be much clearer on our need for further commissioning through our local delivery agents. We expect to reach contractual agreement with our preferred consortia by September 2005.

b) Local Delivery Agents

We will work closely with our existing delivery agents, the two local authorities and appropriate thematic partnerships of both LSP in the Pathfinder area, to commission activity that falls outside the remit of our preferred Delivery partners (**see Appendix 7.2.2b**)

The draft framework is in place and will be further developed during the coming months, once we have completed the contractual negotiations with our preferred Delivery Partners and are clear on what they will and will not be doing, for implementation from April 2006.

As we move into other neighbourhoods we will be looking at the progress with our modified approach to commissioning and the success of the preferred consortia. For example, in Oldham we believe there are opportunities to take advantage of the Hathershaw and Fitton Hill New Deal for Communities (NDC) in terms of our approach to commissioning projects and getting optimum value for money and real quality outcomes; and this will be explored with the NDC over the coming months.

We recognise that the commissioning will not be without challenges as it will take time, require leadership, and require:-

- a cultural change (and an end to project bidding mentality) hence need for staff development,
- Clear expectations and communications
- Collection, analysis and joint use of data on needs and performance
- Clear targets with strong performance management
- Robust and transparent processes and systems

The Pathfinder is already gearing for the commissioning process and will, as part of it review of delivery capacity, review the resource implications of managing and implementing this.

We are also working closely with RSLs to ensure that the preferred consortia approach complements the existing partnering arrangements that many have in place. Where there are opportunities to make use of the delivery agents in delivering development schemes in

the HMR neighbourhoods these will be progressed. This coupled with our experience/observations so far on Langley involving close working between Rochdale MBC, Bowlee Park Housing and Lovell's, suggests that this has extra additional economies of scale for the Pathfinder as it will increase contract values and ensure a seamless approach to developments.

In addition we will be working very closely with the English Partnerships and North West Development Agency to develop a joint strategy for commissioning. This will enable us to pursue common objectives, maximise our outcomes and enable maximisation of the resources available to us.

We have already revised are revising our appraisal procedures to take account of the learning we have gained from the first year's programmes and we will be reviewing these again in order to reflect and capitalise on the benefits of going to a more commissioning based approach. This will create a more effective partnership approach, leading to greater efficiencies and economies of scale.

7.2.3 Systems And Processes

Based upon the successes and challenges faced so far the Pathfinder is committed to a process of continuous improvement. To that effect we have been pro-active in developing and reviewing our systems and procedures associated with ensuring the effective management and implementation of the HMR Programme. This has mainly focussed on project appraisal & review, monitoring & evaluation, and programme management

7.2.4 Project Appraisal & Review

Appraisal

Reflecting on our experience so far and the feedback from the Audit Commission we have revised the project appraisal and approval process. We now have a single framework across the Pathfinder. This framework entails 2 stages:-

Project Outline- this stage assesses the proposed projects strategic fit with HMR objectives and what contribution will be made to achieving Market restructuring and sustainable communities.

Project Application- this is the detailed application stage that builds upon the project outline, reflects on the comments made by the before projects are Appraisal Panel during the outline stage (panel comprising of representatives from Oldham, Rochdale, the Core Team and NWDA). The applicants are required to demonstrate:-

- Impact on Market restructuring
- Strategic Fit with HMR Objectives
- Equality Impact Assessment
- Option Analysis
- Value for Money
- Risk Assessment/Management
- Linkage to other activity
- Consultation with partners and community

The above means that the Pathfinder is now strongly influencing the activity that is being proposed and is able to make direct links with the desired HMR outcomes whilst ensuring value for money is achieved and links with complementary regeneration resources are maximised. Recently our revised Project Appraisal system has been increasingly successful in filtering out or amending project proposals that failed to meet criteria for approval. We will further review our appraisal process in light our commitment to move towards a commissioning framework.

Review

Due to the nature of the HMR programme there are regular reviews of the HMR activity at various levels:-

Project Level

A nominated programme manager regularly reviews progress of each project. This coupled with the receipt of a monthly output/finance claim enables the Programme Management team to better understand the issues and progress being made at project level in relation to spend, outputs, risks, milestones etc.

Delivery Plan Level

Regular review of progress against the delivery plan takes place at local (Oldham or Rochdale) level to monitor the implementation of activity and assess milestones/key indicators for the programme.

HMR Programme Level

(a) There are now regular meetings of the HMR Programme Monitoring Group (officers) to review progress being made across the Pathfinder. This also enables sharing good practice and identifying key areas of attention for the Pathfinder.

(b) The Programme Management Committee regularly review progress against the HMR Business Plan and Risk Plan to ensure that we are on track to achieve our objectives.

(b) The Board receives regular reports on progress in implementing the HMR Programme as well as the minutes of the Programme Management Committee

Monitoring and Evaluation

We recognise that we are accountable to our funders, stakeholders and residents for our performance and in parallel to our improved delivery and project appraisal process we are strengthening our monitoring and evaluation frameworks. Since Jan 2005 new and improved monitoring and evaluation systems have been developed and implemented across Oldham and Rochdale. These will be further enhanced through regular reviews and evaluations

Monitoring: We are well advanced with preparations for adoption of the web-based implementation of System K programme management software. This is already partly in operation in Rochdale and is familiar to Oldham through its NDC use. System K will allow the Pathfinder Core Team instant access to delivery data to improve both its own monitoring function and the production of reports for Board and ODPM, including performance indicator and spend details. Integrated into this approach will be a Balanced Scorecard, which will allow the Board to focus on key performance issues and identify actions to deal with any areas of under-performance.

We are also mindful of the Government advice contained in "A Framework for Performance Information" that systems need to be focused, appropriate, balanced, robust, integrated and cost-effective., and this applies to management as well as measurement.

Evaluation

The Pathfinder has agreed to pilot an interactive (Web-based) evaluation tool, developed as part of the work on mainstreaming, to review and evaluate HMR funded projects. This will enable us to learn from the experiences so far, assess the contribution/impact being made on supporting market restructuring, make changes to approved projects (if necessary) and influence future activity planned from April 2006 onwards.

Programme Management

A priority over the next 12 months will be to engender performance culture that also encompasses the performance management frameworks of our strategic partners with the principles of plan, manage and monitor at the heart of it. This will ensure effective monitoring, review and evaluation across the Programme and streamlined processes to focus resources and attention to those projects that are underachieving and provide a 'light touch' to those working effectively. This will be supported by the introduction of a balanced score card approach that will use a 'traffic light approach' to project monitoring. Any 'red' or

'amber' lights against outputs not delivering must be explained and included within the 'Actions Progress List' which will be presented to the Programme Management Committee. This will provide an early warning system for any projects that may be in danger of underachieving in terms of outputs, quality or financial targets.

Additionally, we will introduce measures to conduct benchmarking assessments in conjunction with other regeneration agencies and established groupings to ensure best value for money. A pilot project in Oldham is currently undergoing funding eligibility assessment using the Gap Funding model, with the services of DTZ Pieda. This may become the preferred route for future appraisals where cost-value differential is relevant to value for money judgement.

We will introduce a comprehensive project management system, almost certainly Prince2 which is already being successfully used for other functions in both local authorities. It is recognised that this will require substantial investment of time, effort and training to implement effectively and sufficient allowance will be made to make any adaptations or calibrations necessary to ensure the system is fit for purpose. We expect to gain substantial benefits in efficiency from having a common set of procedures and documents across the Pathfinder and a greatly improved capacity to track project progress, identify and anticipate delivery problems and take appropriate action.

7.2.5 Asset Management

The Pathfinder has developed an Asset Register for its early activity in the first two years of the programme, providing detail of all land and property acquired to date. The asset register protects the Pathfinder's assets by ensuring that all HMR acquired property or land cannot be sold without the approval of the Pathfinder. In order to maximise the potential value captured by assets, the Pathfinder has established an action plan to develop an asset management system during this year, which will:

1. Maximise the value and quality of land and property achieved for the money spent
2. Optimise acquisition, holding, use and disposal of assets
3. Develop a long-term approach to sustaining Pathfinder assets
4. Maximise the value captured through the market restructuring activity undertaken

In order to achieve this the Pathfinder will:

- Establish a Pathfinder asset management group
- Develop a single electronic register detailing assets by location, size, condition, planned usage and index-linked valuation
 - Track acquisition, sales and security processes across the Pathfinder to allow benchmarking
 - Develop improved governance to provide the Board and local elected members to raise concerns at an early stage prior to proposed sales
 - Develop Local Asset Management Plans

7.2.6 Delivery Capacity

In order to deliver our programme we have developed our capacity under the following headings:

- Consortia
- Staff
- Partnership Working

Consortia

Oldham and Rochdale have undertaken a comprehensive recruitment exercise to procure long-term partners to undertake all physical activity within the first wave neighbourhoods.

The Pathfinder recognised that huge scale of transformation it is implementing may create capacity shortfalls in the construction sector, hence why it has undertaken a procurement process. The long term nature of the partnering contracts (four years initially, then another four years) provides the partners with the confidence to develop their capacity to meet the peaks and troughs of a programme of this scale. The consortia will be expected to work with the Pathfinder's construction training programme, which provides local people with the skills and opportunities to access the construction industry and will increase the supply of qualified operatives able to work in Oldham and Rochdale.

The selected consortia are as follows: *to be inserted.*- AG

Staff

The Pathfinder has been successful in creating the capacity to deliver the first two years' programme from a standing start. The core team, key local authority departments and partner organisations all identified capacity requirements and recruited sufficient staff to successfully deliver our major programme. The development, delivery and management of our £53.5 million programme has seen a step change in activity for both Boroughs, with new structures put in place, partnerships formed and teams established.

Whilst we are justifiably proud of our success to date we know we must continue to improve. We are now looking to take our capacity on a further level by developing additional strategic and programme management capacity across the partner organisations, whilst reviewing the staffing requirements once our consortia partners are on board. We expect to report to the HMR Board on our staffing requirements in October 2005.

This coupled with our firm commitment to the training and development of staff involved in both programme management and delivery will ensure that we have capacity, skills and expertise to meet the challenges of our programme.

Partnership Working

In addition to local authority departments we have looked to work with major partners such as the RSL sector to deliver our programme. In addition to the on the ground expertise, sensitivities to local communities' needs and ability to deploy resources more flexibly, RSLs are committed to delivering quality housing services across the Pathfinder. Our partners have provided a variety of services over the last two years, ranging from Bowlee Park Housing Association leading our programme in Langley, to Ashiana supporting our community cohesion activity through the much-lauded Community Induction Programme.

7.2.7 Risk Management

We take a positive, proactive approach to risk identification, management and minimisation and a risk management system operates at a strategic programme and project level. We are reviewing our risk framework and are taking action to deal with identified risks. See Chapter 6.7 for the detailed approach to Risk Management

7.2.8 Communications

We recognise that effective communications are crucial to delivery and winning the hearts and minds of residents and stakeholders. With this in mind we have employed a firm of communication consultants to work with us to look at our image and how we most appropriately communicate the messages as to what we are aiming to achieve. Linked with this is the issue of engaging and involving the community in the planning processes for the projects that affect their neighbourhoods and in the strive to meeting our aspirations around sustainable communities. The emphasis will be on the quality of our communications and engagement, rather than the quantity of what we produce. We will have a very customer centred approach to what we do and will be seeking regular feedback from residents on the effectiveness, or otherwise, of what we are doing. On the back of master planning exercises in both Boroughs consultation is ongoing with residents and key messages are being communicated.

We have developed a Communication Plan, which sets out our approach and this is attached at **Appendix 7.2.8**

7.2.9 Cohesion

Building on the above we are aware that communication and consultation don't take place in a vacuum. They are a means to an end rather than ends in themselves. To that extent our success will be measured not in terms of the crude numbers of people responding to questionnaires, or attending meetings, but in the qualitative outcomes, for example, of the attempts to made to encourage people to make new homes for their families elsewhere. This underpins our approach to community cohesion, which is referred to elsewhere in this document.

We will manage performance on cohesion in a number of key ways. Both Boroughs' have existing Cohesion Partnerships linked to their respective LSP. These will continue to monitor performance against key local targets, acting also as a means by which HMR issues get raised within the LSP as a whole. Both groups will also meet together for a minimum of twice yearly. These meetings will focus on a collective analysis of the outcomes being achieved; consideration of the ways in which shared responses can be developed to particular needs learning from best practice; and acting as a reference point for forward planning further interventions based on the outcome of the "plan, monitor, manage" work being done within the Core Team as a whole.

This pattern will be mirrored at officer level with officers from both Councils, the Core Team and other colleagues from the voluntary/community sector meeting to review performance and plan the operational delivery on the ground. A key role for this group will be to act as a reference point for other colleagues engaged in programme delivery, but who lacked information or understanding about some of the complexities involved in communication, consultation and cohesion. A further virtual network of local key contacts, which could include elected Members, local activists and front-line workers - will complete this feedback loop.

We have set specific output and outcome targets.

7.2.10 Consultation and Engagement

One of the key elements of the performance management framework is consultation with, and engagement of, residents and stakeholders to assess resident opinion and satisfaction with strategy, policy and implementation, in order to deliver quality and effective outcomes for communities throughout the whole HMR programme.

A review of HMR engagement activity was carried out in March 2005 (**Appendix 7.2.10a**). It considered:

- What had been done so far at Pathfinder, Borough, neighbourhood and individual level.
- What had worked well and what we needed to do better.
- What we need to do to improve the quality, reliability and effectiveness of consultation and engagement activity.

Learning from the Review

The review highlights that the engagement process has provided a great deal of information and that findings have been used in practice to assist policy development and the planning of strategies and interventions and also that it has enabled elements of community influence but that we should improve how this is evidenced and measured.

The review also highlights some scope to improve consistency in the standard of communication and engagement across the Pathfinder, particularly in relation to clarifying

the aim and parameters of an exercise with participants, feeding back findings to the community and demonstrating to the community how those findings have been used in practice.

The review concluded by suggesting ways to improve the **processes, systems** and **outcomes** of engagement activity.

Implementing what we've Learned

We are addressing these issues by developing an engagement strategy and a discipline of principles, standards and good practice. We will assess the quality and effectiveness of engagement activity against these standards and also ensure that they are used when commissioning projects.

It is vital that the engagement strategy, although centrally co-ordinated and evaluated, is owned at a local, delivery level. Therefore, the strategy, principles and standards are being developed through a Communications and Engagement Group made up from a cross-section of Neighbourhood Programme Managers, HMR, Council and Partner strategists and deliverers and communications, engagement and cohesion specialists. The Group will report regularly to the HMR Board.

The Communications and Engagement Group initially has the responsibility to facilitate:-

- The development of clear processes to link residents' views into the HMR Board, decision-making, performance management framework and project appraisal mechanism, including the establishment of an evidence base and audit trail of community opinion
- The establishment of good quality methodology and use of best practice in communication and engagement activity, setting clear outputs, outcomes and indicators that can be centrally monitored to evaluate quality and effectiveness
- The clarification of roles and responsibilities of HMR officers, core team, delivery agents, HMR projects, elected Members, the Board, LSP Cohesion Partnerships in relation to communication and engagement activity, including the establishment of a 'champion' from the Board
- The development of mechanisms, using, for example, existing community forums, LSP sub-partnership structures to provide public accountability.

Next Steps

- A draft strategy, containing principles, of good practice has now been developed (**Appendix 7.2.10b**).
- A toolkit for the guidance of staff planning and delivering communication and engagement activity is being prepared.
- A detailed framework and timetable is being developed now that the preferred strategic option for intervention has been agreed
- Outputs and outcomes will be devised and incorporated into the framework to measure the quality and effectiveness of communications and engagement.
- The Communication and Engagement Group will develop its role in continuously evaluating, co-ordinating and developing communication and engagement, linking to the HMR Board through the HMR Consultation Manager.

7.3 OUTCOMES

The Pathfinder has developed a set of outcomes related directly to the strategic objectives. Each outcome is not the result of a single intervention and as such, some are linked to a number of strategic objectives. Additionally there are a number of outcomes the Pathfinder wishes to track rather than directly affect, to follow the impact of its influencing strategy. The outcomes have been presented in two tables, along with the strategic objective they most closely align with and the linking objectives. A set of measures has been put in place to measure progress against the outcome. Baselines and targets are in place for the measures which will look at Pathfinder direct impacts. Baselines only are in place for those measures which the Pathfinder wishes to track as part of its influencing strategy.

Appendix 7.3 provides a detailed explanation of baselines, outputs and outcomes.

A summary table presenting outputs and outcomes against strategic Objectives is presented below

STRATEGIC OBJECTIVES, OUTPUTS AND OUTCOMESKey **Bold** – ODPM Output; Plain Text –Local Strategic Outputs*Italic*–Measures by partners which we need to track

Strategic Objective	Outputs	BY 2008	By 2019	Outcomes
1. Create a step change in housing diversity and choice by providing and facilitating new housing and securing a radically better mix of housing sizes and types.	<ul style="list-style-type: none"> • Number of house demolished (ODPM-B40) • Hectares of land acquired for new housing (ODPM-B80) • Number of new homes occupied for the first time ODPM 11 • Number of 3 bedroom or larger homes constructed • <i>Hectares of land acquired for business relocations</i> • <i>Number of businesses relocated</i> • <i>Number of businesses extinguished</i> • <i>Number of business safeguarded</i> 	<p style="text-align: center;">1298</p> <p style="text-align: center;">6</p> <p style="text-align: center;">1350</p> <p style="text-align: center;">1015</p>	<p style="text-align: center;">7690</p> <p style="text-align: center;">60</p> <p style="text-align: center;">12069</p> <p style="text-align: center;">8450</p>	<p>More homes of good quality, more larger homes and a reduced number of smaller properties with low demand</p> <p>Less overcrowding of residents</p>
2. Transform the quality of housing and neighbourhoods in the Pathfinder area and deliver long-term sustainability.	<ul style="list-style-type: none"> • Number of homes (private and Council) refurbished to decent homes standard (DHS) (ODPM-B20) • Number of homes refurbished or improved other than to the DHS (ODPM-B30) • <i>Some of these will be redirected to DHS - number to be determined</i> • Number of Equity Release Loans made • Number of accredited landlords • Number of properties managed by accredited landlords • Hectares of public realm improved • % of new homes constructed to “Building for Life” silver standard • % of new homes constructed to “Building for Life” gold standard 	<p style="text-align: center;">0</p> <p style="text-align: center;">442</p> <p style="text-align: center;">200</p> <p style="text-align: center;">40%</p> <p style="text-align: center;">20%</p>	<p style="text-align: center;">0</p> <p style="text-align: center;">4136</p> <p style="text-align: center;">1400</p> <p style="text-align: center;">40%</p> <p style="text-align: center;">20%</p>	<p>Stock in better condition with evidence of the private sector willing to invest</p>

<p>3. Promote and provide a range of affordable housing options.</p>	<ul style="list-style-type: none"> • Number of social rented homes constructed (ODPM-B10) • Number of Relocation Loans made • % of new homes meeting BREAM Ecohomes “very good” or “excellent standard • <i>Number of discounted homes constructed</i> • <i>Number of shared ownership homes constructed</i> • <i>Number of 3 bedroom and above homes which have been made affordable through one or more of the LCHO options</i> 	<p>345 143 100%</p>	<p>3390 844 100%</p>	
<p>4. Integrate with, influence and support the economic development of Oldham and Rochdale.</p>	<ul style="list-style-type: none"> • Number of apprenticeships created • Number of people employed gaining construction skills qualifications • Percentage of local labour employed on HMR construction contracts • Number of construction jobs created • Number of contractors engaged in HMR construction activity based in Oldham and Rochdale • <i>Number of residents qualified at NVQ Level 2</i> • <i>Number of residents qualified at NVQ Level 4</i> • <i>Number of businesses advised</i> • <i>Number of jobs created</i> • <i>Number of new business start-ups</i> • <i>Amount of new business floorspace created</i> • <i>Number of Pathfinder residents gaining employment on eg Kingsway Business Park</i> 	<p>To be negotiated with the development partner consortia</p>	<p>To be negotiated with the development partner consortia</p>	<p>More highly skilled residents living in the Pathfinder area</p>

5. Promote community cohesion	<ul style="list-style-type: none"> • Representativeness of involvement in relation to the diversity of communities • Number of residents involved in befriending / support schemes • Numbers of residents participating in “bridge building” activities • Number of residents supported to move to a “non traditional” area 	Targets to be provided	Targets to be provided	Residents of the Pathfinder are satisfied with the results of Housing Market Renewal
6. Help to provide an excellent quality of life in the Pathfinder area – influencing our partners to focus on target areas as suggested by the Kwest research and to support the HMR change process.	<ul style="list-style-type: none"> • Number of homes for town centre living • <i>Percentage of pupils attaining 5 or more A* - C grades at GCSE</i> • <i>Number of new schools built in the Pathfinder</i> • <i>Number of schools undergone major refurbishment</i> • <i>Number and accessibility of new health facilities built</i> • <i>Number of new play or formal recreation facilities developed</i> • <i>Number of existing play or formal recreation facilities refurbished</i> • <i>Rate of burglaries</i> • <i>Rate of juvenile nuisance</i> 	120	190	