

<b>Institution:</b> University of Sheffield		
<b>Unit of Assessment:</b> C-13 Architecture, Built Environment and Planning		
<b>Title of case study:</b> Using behavioural analysis research to shape planning policy and practice		
<b>Period when the underpinning research was undertaken:</b> 2009–2018		
<b>Details of staff conducting the underpinning research from the submitting unit:</b>		
<b>Name(s):</b>	<b>Role(s) (e.g. job title):</b>	<b>Period(s) employed by submitting HEI:</b>
Craig Watkins	Professor	2004–current
Tony Crook	Professor	1968–2012, emeritus 2012
John Henneberry	Professor	1993–2020
Stephen Hincks	Reader	2017–present
Andy Inch	Senior Lecturer	2010–16, 2018–present
Sarah Payne	Lecturer	2012–present
Malcolm Tait	Professor of Planning	2001–present
Aiden While	Senior Lecturer	2005–present
Edward Ferrari	Senior Lecturer	2006–2017
R Dunning	Research associate	2014–2016
<b>Period when the claimed impact occurred:</b> 2014–2020		
<b>Is this case study continued from a case study submitted in 2014?</b> N		
<b>1. Summary of the impact</b> (indicative maximum 100 words)		
<p>Behavioural analysis research undertaken at Sheffield has influenced the use, design, and effectiveness of several major planning policy instruments in the UK. The significant positive benefits arising from the research include: (a) reforms to the New Homes Bonus, stimulating additional housing provision and reducing its negative distributional impacts; (b) the abandonment of policy proposals to make direct payments to households (Development Benefits), leading to a reduction in ineffectively targeted public expenditure; and (c) revisions to planning obligations policies and practice which helped increase annual receipts to £7bn, up by £1bn since 2016/17.</p>		
<b>2. Underpinning research</b> (indicative maximum 500 words)		
<p>Sheffield researchers, with contributions from various collaborators (Liverpool, UWE, Oxford Brookes, and Glasgow), have undertaken an extensive research programme that generated new empirical insights about the behaviour of key stakeholders in housing planning: including consumers (owners and renters), landowners, developers, planners, and politicians. This research (synthesized in a 2010 ‘think piece’ project for DCLG (the now Ministry of Housing, Communities and Local Government (MHCLG))) demonstrated that behavioural interventions can alter the decision-making processes of these actors (<b>R1, R2</b>). Subsequent applied research has explored the attitudes, perceptions and behaviour of different stakeholders in evaluations of actual and prospective policy interventions. In turn, this research has influenced the design and use of several planning policy instruments. This template focuses on the impact of our research on three specific policy interventions: the New Homes Bonus (<b>R3</b>); ‘Development Benefits’ (<b>R4</b>); and Section 106 agreements/Community Infrastructure Levy (<b>R5, R6</b>). The most significant research insights are summarised below:</p> <p><b>New Homes Bonus (NHB):</b> Drawing on research insights developed at Sheffield (<b>R1, R2</b>), the NHB was introduced in 2011 as part of a programme of policy initiatives designed to influence local authority (LA) decisions through the use of financial incentives. Specifically, NHB used</p>		

direct payments (based on additions to housing stock) to incentivise planners to support local housing growth in the form of new build homes, conversions and empty stock brought back into use. Initially (2011-2018), additional legacy payments based on local council tax rates were made to LAs each year for 6 years.

Although Sheffield (**R1**) was cited as providing impetus for the introduction of the policy instrument's development, the research was not used to inform the precise design or implementation. Questions over the efficiency of the initiative in promoting housing growth and concerns over the potential of the scheme to increase spatial inequalities led some, including the National Audit Office (NAO, 2013) and the All Party Parliamentary Group on Public Finance to call for an evaluation of the scheme. In 2014, DCLG commissioned Sheffield to study the impacts on attitudes and behaviour in planning for housing. The analysis (**R3**) used 12 representative case studies and a national survey of local planning authorities to analyse shifts in attitudes and behaviour in line with the concepts outlined in **R1**. The evaluation demonstrated that aspects of the scheme's design limited its efficacy. Specifically there was limited evidence that payments stimulated housing supply by (i) incentivising prompt development of local plans for higher housing targets, (ii) promoting higher housing targets; or (iii) by encouraging the approval of individual applications to build homes. Crucially, the research findings did demonstrate the potential to sharpen the scheme to focus on better incentives and reward proactive planning.

**Development Benefits:** The 2014 Autumn Statement announced a pilot scheme of 'Development Benefits': payments made directly to residents in areas of potential housing development to reduce objections. Sheffield was commissioned by MHCLG to examine the likely impacts and inform policy design (**R4**). The research (drawing on concepts from **R1**) demonstrated that (regardless of amount) payments were unlikely to alter the views of those opposed to development in principle. Further, the research highlighted significant negative public and political opinion, particularly related to concerns about planning decisions being swayed by financial inducements.

**S106/CIL:** Section 106 (S106) agreements and Community Infrastructure Levy (CIL) payments are used to capture some of the windfall financial benefits accruing to landowners and developers when planning permission is granted. This "land value capture" is then used by LAs to fund public infrastructure and affordable homes. Sheffield research has focused on behavioural change of planning obligations and CIL policy. Two behavioural insights from these studies have been particularly influential:

First, we have shown that a recent decision to prevent local authorities from pooling funds has acted as a disincentive to maximising receipts (**R5**).

Second, in the light of austerity budgets and a market downturn that reduced viability, LAs stopped implementing best practice in negotiating receipts. Hincks and Watkins (with Liverpool) for Northern Housing Consortium show that this has partly been a consequence of staff cuts. This trend had been occurring, despite our research (**R6**) showing clearly that the adoption of best practice, professionalisation and investment in specialist negotiating staff and monitoring the implementation of S106 agreements is statistically a more significant determinant of the sums of money raised to pay for public infrastructure and affordable homes in England than local economic or market conditions. Our latest study (**R5**) has generated further evidence of the need to reverse the ossification of negotiating capacity.

### 3. References to the research (indicative maximum of six references)

- R1.** Ferrari, E., Henneberry, J., Leahy Laughlin, D., Tait, M., Watkins, C. and McMaster, R. (2011). *Behavioural Change Approach and the Housing Sector: A Scoping Study*, CLG. <https://bit.ly/3vQ8y0J>

- R2.** Watkins, C. & McMaster, R. (2011). The Behavioural Turn in Housing Economics: Reflections on the Theoretical and Operational Challenges, *Housing Theory and Society*, 28(3), 281-287. <https://doi.org/10.1080/14036096.2011.599177>
- R3.** Dunning, R., Watkins, C., Inch, A., Payne, S., While, A., Young, G., Bramley, G., MacIntosh, S., Watkins, D., Hickman, H. and Valler, D. (2014) *The Impact of the New Homes Bonus on Attitudes and Behaviour*, Report to Department for Communities and Local Government, London, <http://eprints.whiterose.ac.uk/81581/>
- R4.** The University of Sheffield (Henneberry, Inch, Payne, Watkins, While) and ORS (2017). Attitudinal research on financial payments to reduce opposition to new homes, Report to Department for Communities and Local Government, London. <http://bit.ly/3bIQg9t>
- R5.** Lord, A., Dunning, R., Buck, M., Cantillon, S., Burgess, G., Crook, A.D.H., Watkins, C. and Whitehead, C. (2020) *The Incidence, Value and Delivery of Planning Obligations and Community Infrastructure Levy in England*, London: MHCLG. <https://bit.ly/2NhZjow>
- R6.** Dunning, R., Ferrari, E. and Watkins, C. (2015). 'Spatial Variation in the Incidence and Value of Planning Obligations' in Crook, A.D.H., Henneberry, J. and Whitehead, C. (eds.) *Planning Gain: Delivering Housing and Infrastructure*. Wiley Blackwell. Available on request.

#### 4. Details of the impact (indicative maximum 750 words)

The impact of this behavioural research programme and its key findings on national policy design, implementation and/or local planning practice are outlined below.

**New Homes Bonus:** The main evaluative report undertaken by researchers at Sheffield was incorporated into a comprehensive review and evaluation of the NHB published by DCLG in 2014 (R3). In 2015, drawing on the findings of the report, the UK government released a technical consultation designed to 'sharpen the incentive' and improve the efficiency of NHB payments in incentivising housing market growth (S1). Specific mechanisms adopted following the consultation included:

a) *The introduction of a national baseline of 0.4% of housing growth.* This mechanism was designed to improve cost efficiency by 'removing deadweight'. Drawing on the analysis conducted at Sheffield, the introduction of a baseline recognised the importance of targeting the initiative so as to reward proactive planning decisions and proportionally rewarding authorities according to completion numbers and, thus, recognizing additionality.

b) *A reduction in legacy payments from six to four years.* Following the consultation, the UK government reduced legacy payments for each home constructed from six years to four years. The reasons for this were twofold; firstly, this would reduce the total cost of the scheme through reducing total payments and secondly, this move was designed to increase the potential of payments to change the behaviour of LPA actors (S1, p. 9).

The introduction of a baseline and reduction in total legacy payments has allowed for savings in the total budget allocated for the scheme. In 2016, Sajid Javid MP briefed Parliament on these changes that drew on R3 including that £240m of the savings generated were earmarked for adult social care budgets. This was, in part, to mitigate the adverse distributional impacts highlighted in our study, which had left less prosperous local authorities with reductions in budgets (S2).

The 2017 briefing paper also indicated a desire to further sharpen the incentive through a) restricting payments for those authorities who have failed to produce plans, and b) restricting payments for homes built following appeal (S3).

**Development Benefits:** Sheffield's research findings on the likely efficacy of Development Benefit payments in changing residents' attitudes towards development (**R4**) directly contributed to the government abandoning the initiative.

As an Economist at the UK Department of International Trade wrote, "*Rarely does one come across research with such unequivocal findings...that a policy is so strongly opposed in principle and in practice by both households and professionals. In the end, the government quietly dropped the pilots on the back of the internal findings from this research*" (**S4**). In a follow up to a call for local authorities to apply to pilot the scheme, MHCLG commented "*The initial attitudinal research to support the pilots has revealed some interesting insights into the opposition to development [...]. We have decided not to proceed with pilots at this time*" (**S5**). In demonstrating the weak behavioural incentives, the study was responsible for halting the £3.5M pilot scheme and saving further millions from a national roll out (**S5**).

A similar scheme was again proposed in a 2017 speech by (then) Prime Minister, Theresa May. The May administration developed a proposal to provide direct payments for residents living close to fracking sites in order to minimise local opposition. Accompanying the announcement, the Prime Minister also suggested the potential to replicate this process across other schemes, including the Community Infrastructure Levy (CIL). In response, a Freedom of Information (FOI) request was submitted by a former civil servant in the hope that the insights would inform other policy areas, such as energy infrastructure and fracking, where financial incentives of this sort were under consideration (**S4**). This FOI led the government to publish the Sheffield report (**R4**) which, in turn, contributed to the proposal being dropped from the subsequent consultation (**S6**).

**S.106/CIL:** Throughout the period since 1st August 2013, Sheffield researchers have continued to engage directly with MHCLG on Planning Obligations (comprising S106 agreements and CIL) and related policies, providing evidence and advice which has shaped debate and reforms. For example, in 2018, Crook and Henneberry both gave evidence relating to potential reforms of S.106 agreements and CIL to the Housing, Communities and Local Government Select Committee review of Land Value Capture. This evidence, drawing on **R5 & R6**, was cited throughout the Committee's report and was linked specifically to proposals to reintroduce pooling of receipts to pay for infrastructure (**S7**). More recently, Crook has used the team's research evidence in undertaking reviews for the Scottish Land Commission and the OECD. We submitted evidence to the First Homes consultation in April 2020 and to the Adam Smith Institute Affordable Housing Commission.

Our policy engagement activity has led to specific and highly significant changes since 2014. The adoption of our research recommendation that in order to incentivise obligations on smaller schemes, local authorities have had the right to "pool" receipts returned led to an increase in revenue and the delivery of additional affordable homes (**R6, S8, S9**).

Further impact has been impeded by the COVID-19 pandemic. In the last year, we have been directly involved in providing evidence in relation to the Planning Bill and, in particular, to specific proposals relating to Planning Obligations policies but the policy timetable has been delayed. MacDonald the Permanent Advisor to the House of Commons Housing, Communities and Local Government Select Committee commented "[R5 has] had significant influence in shaping more recent thinking about the continuing value of planning obligations and was, for example, cited in the MHCLG White Paper, Planning for the Future, published in August 2020. .... The direct effect on national policy making of this work is clear and undisputed." (**S8**).

To further influence government towards incremental change of existing policy instruments, we have promoted a series of reforms that could make current arrangements more efficient and capable of increasing funding (**S10**). Significantly, Crook and Henneberry (with Whitehead, LSE, **S9**), have drawn on our work to show that alternative, national flat-rate charge (Infrastructure Levy) proposed by the government is unlikely to increase receipts.

The research (**R5, R6**) that professionalization of negotiations, monitoring and delivery continues to be a more significant driver of receipts than economic and market conditions has seen LPAs

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reinvest in their teams. This, in turn, has helped underpin an increase in land value capture receipts by around £1bn per annum - from £6bn in 2016/17 to just over £7bn in 2018/19.

The former Director of Research and Policy at the RTPI comments on the causal link “[the Sheffield research] feeds into the practices employed by local authorities in securing planning obligations to secure benefits for local communities arising out of development..... this research not only has a direct influence on both policy and practice but is intertwined with it...” (S8).

The team has also continued to share best practice across the planning and housing professional practice communities. This has included presenting papers at events such as the national Royal Town Planning Institute (RTPI) conference (2018) and the Chartered Institute of Housing (CIH)/Affordable Housing Commission webinar (2020). We have also published regularly in the professional press (S11) and Housing Quality Networks’ Governor magazine. These pathways have been important as means of influencing professional practice.

##### 5. Sources to corroborate the impact (indicative maximum of 10 references)

- S1. MHCLG (2015) New Homes Bonus: sharpening the incentive: technical consultation (<https://www.gov.uk/government/consultations/new-homes-bonus-sharpening-the-incentive-technical-consultation>). Accessed 15th February 2019
- S2. Javid, S. (2016) Provisional local government finance settlement 2017 to 2018 (<https://www.gov.uk/government/speeches/provisional-local-government-finance-settlement-2017-to-2018>). Accessed 15th February 2019.
- S3. Wilson, W., Murphy, C., & Barton, C. (2017). The New Homes Bonus (England). Briefing Paper, House of Commons Library (<https://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN05724>). Accessed 15 February 2019.
- S4. Brownie, S. (2017) ‘The cash for homes policy that never was’ ([https://www.linkedin.com/pulse/cash-homes-policy-never-shane-brownie/?trk=public\\_profile\\_article\\_view](https://www.linkedin.com/pulse/cash-homes-policy-never-shane-brownie/?trk=public_profile_article_view)). Accessed 1 January 2021.
- S5. MHCLG, Follow up note to invitation for expressions of interest in the pilot (<https://www.gov.uk/government/publications/development-benefits-pilots-invitation-for-expressions-of-interest>).
- S6. Donnelly, M. (2017) ‘Research pours cold water on PM's plan to pay residents to back schemes’, Planning Resource (<http://bit.ly/30CzqLK>). Accessed 9 July 2020.
- S7. Parliament. House of Commons. Housing, Communities and Local Government Committee (2017) Land Value Capture Tenth Report of Session 2017-19. 13 September 2018 (<https://publications.parliament.uk/pa/cm201719/cmselect/cmcomloc/766/766.pdf>). Written evidence available at <http://bit.ly/3tdJmis>.
- S8. Testimonial from ex-Head of Policy RTPI, Planning Inspectorate & Advisor to MHCLG Select Committees
- S9. Additional written evidence submitted by Professors Tony Crook , John Henneberry and Christine Whitehead [FPS 164] (<https://bit.ly/3shVCyx>).
- S10. Capturing increases in land values, CaCHE Policy Brief (<https://housingevidence.ac.uk/wp-content/uploads/2019/12/191212-capture-inc-in-land-value-TC.pdf>).
- S11. Planning magazine (<https://www.theplanner.co.uk/features/gain-worth-the-pain-do-planning-obligations-work>).