

<b>Institution:</b> University of Sheffield
<b>Unit of Assessment:</b> 16 - Architecture, Built Environment and Planning
<b>Title of case study:</b> Improving Policy on Planning Obligations and the Community Infrastructure Levy.
<p><b>1. Summary of the impact</b></p> <p>Planning obligations are used by local government to capture some of the financial windfall that accrues to land owners and developers when planning permissions are granted. University of Sheffield research into the incidence of planning obligations, their financial value, and variations in related local policy and practice has made a significant contribution to national policy development. This includes the shaping of the Community Infrastructure Levy (CIL) and the improvement of obligations policy implementation throughout the UK. The three main impacts of the research have been: (i) to provide evidence that has resulted in a much larger proportion of sites now contributing to infrastructure provision than was initially intended in national policy; (ii) to provide evidence that influenced the decision to restructure affordable housing grants, resulting in better use of around £2.8bn per annum of public expenditure and a greater supply of new housing for lower income households than would otherwise have been possible; and (iii) to inform best practice within local authorities, enabling many of them to use obligations to capture increasingly large contributions to infrastructure provision.</p>
<p><b>2. Underpinning research</b></p> <p>Planning obligations are used by local government to capture, through negotiation, a share of the financial gain that accrues to land owners and developers when planning permissions are granted. The income derived from obligations is used to secure the delivery of new affordable homes and the infrastructure required for new development, including schools and public transport.</p> <p>The use and design of planning obligations policies have been a longstanding source of controversy and their scope, effectiveness and impact on the operation of markets has been both under-researched and poorly understood by policy-makers and practitioners. Staff at The University of Sheffield (Professor Tony Crook [Emeritus since 2010], Professor John Henneberry, and Professor Craig Watkins, with input from Professor Heather Campbell, Dr Ed Ferrari, Dr Steven Rowley [Curtin since 2007], and Dr Malcolm Tait) have conducted a series of 12 externally funded projects on the incidence, value and delivery of planning obligations that have been highly significant in shaping planning obligations policy nationally and in influencing the way in which policy is implemented at the local level. Currently, we estimate that Planning Obligations worth more £6bn per annum are agreed in England and Wales (<b>R1</b>).</p> <p>This research commenced at Sheffield in 1993 and has, at times, involved working with colleagues at Cambridge University and with planning consultants Halcrow. Our research has extensively influenced the scope and scale of the uniquely structured planning gain policy arrangements operating in England and Wales.</p> <p>Our initial research, undertaken by Henneberry for the Department of Environment, explored the implications of the introduction of a development impact fee system, including the likely effects on practitioner behaviour. (Note: the current Community Infrastructure Levy is technically a form of Impact Fee). These findings informed an examination of how planning obligations mediate the relations between planners and developers and highlighted the profound influence that the increased use of obligations was having on policy and practice (funded by Royal Institution of Chartered Surveyors (RICS) Land Development Trust and the Department of the Environment, Transport and the Regions (DETR) £32k, 1998-2000). This work led to high quality academic outputs (<b>R2</b>) and helped shape the future research agenda.</p>

The conceptual and practical insights provided a platform for detailed studies of the use of obligations (known as section 106 agreements) and related grant policy arrangements as a means of securing new affordable housing. This work, which spanned 6 funded projects (all conducted with Cambridge who led mainly on delivery issues, and shared the case study work geographically), provided the basis from which to disentangle the influence of agreements from other funding mechanisms and to explore the efficiency and equity of the policy regime in its entirety. The research outputs included contributions to conceptual debates about the distributional effects of the policy arrangement (**R3**) and numerous reports and briefings detailing specific findings, targeted at policy makers and practitioners.

The key contributions include: (i) the first estimates of the additional affordable housing secured through planning gain (2000, £181k funded by Joseph Rowntree Foundation (JRF), Housing Corporation, Countryside Agency, Royal Institution of Chartered Surveyors (RICS) and the Royal Town Planning Institute (RTPI)); (ii) a detailed exploration of the extent to which new homes were funded through planning gain and/or grants (2003, £42k JRF); (iii) an assessment of the value for money of using planning gain compared with grant (2003, £60k Office of the Deputy Prime Minister (ODPM)); (iv) analysis of the extent to which agreements for new homes were delivered (2005, £36k JRF); (v) an exploration of how negotiations could maximise the funds secured by planning gain (2007, £48k DCLG); and (vi) an assessment of how CIL levies might reduce sums negotiated for affordable homes through planning gain (2011, £10k National Housing Federation (NHF)). **R4** and **R5** provide overviews of a large part of this work. Crucially, as we discuss in section 4, when examined in the round the findings of this research called into question the effectiveness of affordable housing grants.

This complemented a further series of Sheffield-led studies that, like the early impact fees studies, re-focused on the wider role of obligations and related policy instruments as mechanisms to secure not just affordable homes but also the infrastructure needed for all types of new development. These projects were designed to provide an input into the design of CIL and established a robust method for measuring the value of obligations in England (see above; and 2005, with Halcrow, £93k for ODPM; 2007, £51k DCLG; & 2007/08, with Cambridge, £123k DCLG) and Wales (**R6**, 2007/08, £35k, Welsh Assembly Government). The research also provided unique insights into local experience and demonstrated that, contrary to the popular views held by policy and professional communities, variations in the value and number of obligations secured more often arose from differences in local practice than from more commonly cited drivers such market conditions, with land and property values tending to be of secondary importance. This evidence has had important implications for local policy-makers and practitioners and the way in which policy has been implemented.

### 3. References to the research

- R1. Burgess, G., ADH Crook, R Dunning, E.T Ferrari, F. Lyall-Grant, J.M Henneberry, S. Monk, S. Rowley, CA Watkins, & CME Whitehead (2010), *'The incidence value and delivery of planning obligations in England'*, London, Department of Communities & Local Government
- R2. Campbell H., H. Ellis, C. Gladwell & J. Henneberry J (2000) 'Planning obligations, planning practice and land-use outcomes', *Environment & Planning B*, 27(5): 759-775 doi: [10.1068/b2683](https://doi.org/10.1068/b2683) [submitted to RAE2001]
- R3. Crook, ADH and CME Whitehead (2002) 'Social housing and planning gain: is this an appropriate way of providing affordable housing?', *Environment & Planning A*, 34(7): 1259-1279 doi: [10.1068/a34135](https://doi.org/10.1068/a34135) [submitted to RAE 2008]
- R4. Crook ADH, S. Monk, S Rowley & C Whitehead (2006) 'Planning Gain and the Supply of New Affordable Housing in England: Understanding the Numbers', *Town Planning Review*, 77, 353-373 [submitted to RAE 2008]
- R5. Crook, ADH & S. Monk (2011) 'Planning gains, providing homes', *Housing Studies* 26, 997-1018 doi: [10.1080/02673037.2011.619423](https://doi.org/10.1080/02673037.2011.619423)

R6. Crook, ADH, JM. Henneberry, S. Rowley, & C.A. Watkins (2007) *The use and value of planning obligations in Wales*, Cardiff, Welsh Assembly Government

#### 4. Details of the impact

The evolution of planning obligations policies in the UK since 2008 has been shaped by the research undertaken at Sheffield on the incidence of obligations, their value and the way they have been delivered. The research team developed a strategy to maximise the impact of their findings that was based on three sets of complementary activities:

(i) *Co-production* of the research agenda and research design: a range of stakeholders (including policy makers and researchers within DCLG, Welsh Assembly Government, Countryside Agency, Housing and Communities Agency (then Housing Corporation), the National Housing Federation, Halcrow Consultants and local planning and housing practitioners) were involved at various stages in establishing policy-relevant research questions, co-designing research methods, and analysing and interpreting results in partnership with our team. These stakeholders played different roles in different projects. They acted variously as commissioners of research, members of the research teams, research subjects and steering/advisory group members; and assisted in distilling the key messages from the research. This ensured that the research was robust, relevant to the challenges faced by policy makers and practitioners, and that the findings were accessible to different user groups.

(ii) *Dissemination of Best Practice*: the team has engaged in an extensive UK-wide programme of dissemination of findings to housing/property, legal and planning practitioners involved in policy implementation. This includes the publication of articles in the professional press (e.g. *Planning*), Continuing Professional Development activities and contributions to around 20 best practice briefings. The events programme included numerous national symposia reaching around 400 members of the planning profession (e.g. the RTPI Planning Convention (2009), the RTPI S106 and CIL Seminars (2008x2, 2009, 2010; 2011 and 2012 [latter two chaired by Crook]); a series of local events including workshops on the value and incidence of obligations in London, Leeds and Bristol attended by representatives of 57 different local planning authorities; and presentations to around 100 property industry leaders at the British Property Federation Seminar (2010), to Housebuilders' Heads of Legal Forum hosted by lawyers Nabarro LLP (2010) and to the planning partners and their teams at lawyers DLA Piper LLP (2008, 2010).

(iii) *National Policy Engagement*: ongoing engagement with national policy makers involved in new policy formation, including invited seminars at the Treasury, Welsh Assembly Government, and DCLG (2009); presentations to meetings of the UK and Irish Chief Planners; and the provision of evidence to Select Committees (for example **S1**).

The cumulative effect of this extensive approach to user engagement with the planning obligations research programme can be seen most clearly through three important, demonstrable impacts.

(i) The research has been influential in **informing government thinking about policy** reform on the role of planning obligations and its relationship to other forms of funding of affordable housing. Our evidence on the way in which state subsidies from the Homes and Communities Agency were used (with little impact on the level of provision) contributed to the restructuring of grants for affordable housing on sites subject to planning obligations (now formalised in the Homes & Communities Agency's National Affordable Housing Programme for the years 2012 to 2016) and thus to a more efficient use of £2.8bn per annum of public expenditure on affordable homes (**S2**).

(ii) Our evidence on the value of obligations **has had a direct impact on the development of the Community Infrastructure Levy (CIL)** influencing the reach of the levy and leading to a larger proportion of sites contributing to infrastructure funding and provision. This influence can be tracked from the Barker Review of Land Use Planning (**S3**) through debates about the nature and

shape of post-Barker Reforms including the subsequently abandoned Planning Gain Supplement proposal and its successor, the CIL (**S4**). Our work was a central component of the evidence base for the development of CIL, being the only research quoted in the series of DCLG consultations on the policy and regulations (e.g. DCLG, 'CIL', August 2008, p13) (**S5**). Our work on 'Common starting points for S106 negotiations' indicated that proposals for statutory guidance on negotiations would prove to be ineffective. This proposal was dropped. Furthermore, our estimates of obligations' value and incidence also had a prominent role in the official regulatory impact assessments (DCLG 'CIL Impact Assessment', p 8 & 16) because they shed light on how the previous framework has been operating, and specifically evidenced the limited incidence of obligations and supplied unique estimates of the additional revenue to be raised via the Levy (**S6**).

(iii) the findings **influenced local authority and private sector (including legal) policy and practice** by showing how specific approaches to negotiations and to monitoring were strongly related to the number and value of obligations secured. Our first study of the Value of Obligations for ODPM provided the basis for the Planning Obligations: Practice Guide (DCLG, 2006) and our updates (supported by the dissemination and CPD certificated contributions outlined above) have continued to be influential throughout this REF period with, for example, the 2010 study (R1 above) used extensively in the impact assessment concerned with renegotiating S106 Planning Obligations (**S7**) which has sought to steer local practice in response to the market downturn. More generally, our research has been credited by many, including the former Director of Policy at the RTPI, with providing a rationale for greater formalisation of policy, better preparation for - and structuring of - negotiations, and much improved monitoring of policy delivery (**S8**). These changes in practice have been associated with improved levels of value capture.

In sum, the programme of research led by The University of Sheffield on planning obligations has influenced the design and development of policies in ways that have helped to secure additional homes for low-income households and to ensure that public infrastructure provision is better resourced at local and national levels. The research team has influenced the behaviour of practitioners and contributed to improvements in the way in which planning obligations policies have been implemented by local government. As the former specialist adviser to House of Commons Select Committee on Communities and Local Government has commented "[this research] has added considerably to the capacity of local authorities to deliver affordable homes and infrastructure for new development" (**S8**). This has led to improvements in access to housing, the provision of public goods and physical neighbourhood quality in a great many local communities throughout the UK.

##### 5. Sources to corroborate the impact

- S1. Burgess, G., ADH Crook, E. Ferrari, S. Monk & C.M.E. Whitehead (2012), 'Funding affordable housing through planning obligations', in *House of Commons Communities & Local Government Committee, Session 2010-12, Eleventh Report: Financing New Housing Supply*, House of Commons Paper HC 1652, London, The Stationery Office
- S2. Assistant Chief Executive, Homes & Communities Agency; letter to the research team
- S3. Barker, K (2006) *Barker Review of Land Use Planning*, Interim Report, HM Treasury, July 2006, cites Sheffield research on numerous occasions
- S4. DCLG (2011) *Community Infrastructure Levy: An Overview*, May p5.
- S5. DCLG (2008) *Community Infrastructure Levy*, August, p13
- S6. DCLG (2010) *CIL: Final impact Assessment*, February, see pages 8 and 16.
- S7. DCLG (2012) *Renegotiation of Section 106 Planning Obligations*, DCLG, London, August, page 3
- S8. Former specialist adviser, House of Commons Select Committee on Communities & Local Government and RTPI Director of Policy and Research; letter to the research team.