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# **The Impact of the New Homes Bonus on Attitudes and Behaviour**

## **WORKING PAPER**

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**This is a working paper, delivered as a report to the Department for Local Government and Communities, April 2014**

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# The Impact of the New Homes Bonus on Attitudes and Behaviour

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## Executive Summary

This report summarises the findings of research, commissioned by the Department for Communities and Local Government (DCLG), into the impact of the New Homes Bonus (NHB) on the attitudes and behavior of planning officers, local government officials, elected members of councils, housebuilders and planning consultants, planning inspectors and community groups. The findings from the work are informing a DCLG led interim evaluation of the NHB.

The research employed a mixed methods approach. The views of planning officers were sought using an online survey of 353 Local Planning Authorities (LPAs). The survey generated 202 useable responses (57%). The views of other stakeholders were sought as part of 12 area-based case studies and via additional interviews with elected members, housebuilders and planning inspectors. The qualitative research involved a total of 99 in-depth (face-to-face or telephone) interviews.

This approach has produced:

- *robust, statistically representative attitudinal evidence* from across the local authority sector in England in respect to the NHB; and has allowed us to explore the extent to which it is *impacting on attitudes and behaviours* towards housing growth;
- in-depth *qualitative evidence about the impact of the NHB on attitudes and behaviours* amongst key actors in local planning for housing and has allowed us to explore *the implications of these attitudes and behaviours* for the process of decision-making and its outcomes.

The key research questions addressed were:

- **what is the level of understanding and awareness** of the NHB policy, including its potential and actual financial impact for their local authority?;
- **how, and to what extent, has the NHB influenced local authority attitudes** towards new homes?;
- how, and to what extent, has the NHB influenced **behaviour and decision making** that may impact on the number of new homes being made available?;
- how has the NHB been **implemented**, including how the receipts have been spent?

The key findings were:

1. The **NHB is well understood** by officers and key elected members within councils – it is described variously as simple, clear, flexible and transparent. NHB is perceived by 50% of planning officers to be a ‘powerful’ incentive and a further quarter (25%) feel that it may be too early to say what impact it is having.
2. There was evidence from the case studies of **support for the NHB principle** that new housing provision should be incentivized and rewarded through a funding bonus.
3. The **NHB has helped change attitudes** already, although it is clear that this has not happened in isolation from other policy and market influences. Specifically, the NHB is perceived to have helped push housing up the policy agenda in many areas, especially with elected members. Almost 30% of planning officers agreed that the NHB had helped increase overall support for new homes. The NHB has also **begun to contribute to a change in culture** and is seen as part of a package of pro-development policy changes. At this stage, however, it is generally viewed as less important than changes to the National Planning Policy Framework, the Community Infrastructure Levy, Planning Obligations and other policy mechanisms as a means of stimulating housing delivery.
4. **To date, there is little evidence of direct behaviour change** in terms of planning decisions resulting from the introduction of the NHB. There has been very limited impact on local plans or on individual planning decisions at this point in time. So far, there has been a mismatch between the extent to which it is perceived to be an incentive and the impact on actual decision-making locally. **Finance officers have been influenced most** but they appear to have few levers with which to influence housing and planning decisions within their organisations. Finance officers have tended to be on the outside of the housing debate but there is evidence that the NHB has led to broader strategic and more coordinated discussions about planning and housing strategy within some local authorities that could become more significant in the future. This evidence is seen even in contexts with high demand and a historically cautious planning stance. However the spatial pattern of these results suggests that the impact of the NHB varied significantly across different types of areas.

The role and use of the NHB has not been generally communicated by local authorities to the public or to community groups. It is widely felt that the NHB has had a limited impact on increasing public support for new homes. In total only 10% of LPAs agreed that the NHB had helped increase support for new homes, although this was as high as 19% amongst *Rural with*

*varying planning stance* LPAs. Views on the extent to which this might change in the future are mixed. Several local government officials believe there may be more scope to use receipts to address community needs if/as receipt flows increase in the future. Planning consultants and housebuilders believe that community representatives may begin to ask for more information about the availability and use of receipts through the consultation processes. There is a widely held view that such community incentives are ‘politically’ contentious. There is evidence of innovative practice in terms of devolving receipts to community groups but this is not linked directly to planning decisions in those communities.

- 5. NHB receipts have mainly been used to maintain service levels** as part of the general grant fund. Numerous interviewees highlight the pressure on council budgets and for many local authorities the top-sliced NHB does not represent new money. For many authorities the NHB sums involved so far have been too small for major initiatives to have been introduced. However, the study suggests that there is a general aspiration to use the NHB to support growth and there are several examples of targeted use in innovative ways. Councils particularly welcomed the flexibility of the NHB. Innovative use of the NHB is, however, limited by constraints on core council budgets and by uncertainty about the long-term future of the NHB. Discussions of best practice and innovation within and between councils have been very rare but there is a desire to share best practice.

# The Impact of the New Homes Bonus on Attitudes and Behaviour

## 1. Introduction

This report summarises the findings of a study of the impact of the New Homes Bonus (NHB) on the attitudes and behavior of planning officers, local government officials, elected members of councils, housebuilders and planning consultants, planning inspectors and community groups. The study was commissioned by DCLG as part of a wider internally led interim evaluation of the NHB. Because the findings from this study form one input against a number that are informing the evaluation, this report presents headline findings and evidence rather than a formally written up evaluation report.

The work of the study was informed by a technical advisory group that was established to inform the wider evaluation. The group provided views on various research inputs (e.g., topic guides, survey questionnaire), case study selection and draft findings and outputs.

### 1.1. Aims and Objectives

The aim of the study was to produce:

- **robust, statistically representative attitudinal evidence** from across the local authority sector in England in respect to the NHB; and has allowed us to explore the extent to which it is **impacting on attitudes and behaviours** towards housing growth; and
- in-depth **qualitative evidence about the impact of the NHB on attitudes and behaviours** amongst key actors in local planning for housing and has allowed us to explore **the implications of these attitudes and behaviours** for the process of decision-making and its outcomes.

### 1.2 Research Questions

The key questions addressed were:

- **what is the level of understanding and awareness** of the NHB policy, including its potential and actual financial impact for their local authority?;
- **how, and to what extent, has the NHB influenced local authority attitudes** towards new homes?;

- how, and to what extent, has the NHB influenced **behaviour and decision making** that may impact on the number of new homes being made available?;
- how has the NHB been **implemented**, including how the receipts have been spent?

### 1.3 Structure of the Report

The report is organised in three further sections. Section 2 outlines the research design and summarises the research methods used. Section 3 provides a summary of the main research findings. It draws together evidence from a survey of planning officers with information collected from in-depth case studies in a variety of localities and from interviews with national stakeholders. These findings address each of the key research questions in turn. Section 4 provides some brief conclusions.

## 2. Research Approach and Methods

### 2.1 Research Design

The research employed a mixed methods approach. There were three key elements to the research design:

- a quantitative survey of local planning officers;
- twelve place-based case studies, each consisting of 5 to 12 in-depth interviews with a wide variety of local stakeholders including council officers (chief executives, housing, planning and finance officers); elected council members (including housing, planning and finance portfolio holders; and cross-party perspectives); local housebuilders and planning consultants; and community and resident groups;
- in depth interviews and stakeholder consultation to ‘triangulate’ the ‘local’ findings with (i) elected members from outwith the case-study areas; and (ii) national housebuilders, planning consultants and planning inspectors.

The research team also designed a typology of Local Planning Authorities (LPAs) (see Appendix 1 for more detail). The typology was constructed using data on economic and market performance, housing delivery, planning stance (based on applications, approvals and decision times, public finance and potential housing capacity). The data were grouped to form five composite indices for capacity,

demand, previous planning stance, current output, and financial stringency. These indices were analysed using cluster analysis and allowed us to identify five ‘types’ of LPA, alongside County Councils and National Park Authorities. These ‘types’ represent the score each LPA received for the indices and the normal characteristics of the LPAs in these groups.

Descriptive names are used to represent the most common characteristics of each ‘type’, but the name may not describe every LPA within the type, for example some non-London LPAs match most closely the large number of London boroughs in the third type and are hence grouped with them under the name: *London Metropolitan*. The ‘types’ were given the following names:

- Low demand urban;
- High demand, cautious planning stance;
- London Metropolitan;
- Pro-development housing growth;
- Rural with varying planning stance

County Councils and National Parks have also been included as separate categories of respondent for the analysis. These types are indicated in italics throughout the report.

The typology was used in four ways. First, it was used to monitor survey responses and to steer follow-up activity. This allowed the research team to make telephone contact with LPAs from under-represented sub-groups and helped ensure that the survey captured the heterogeneity within the LPA population. Second, it allowed the research team to explore the potential implications of under-representation and to consider the case for weighting the data (see Appendix 2). Third, the typology was used to inform the selection of case studies. It allowed the research team to identify areas where, despite some similarities in conditions and policy stance, there have been differential levels of receipts or differential financial impacts. Fourth, the typology was used to explore patterns on the data. Much of the discussion that follows in section three of this report makes reference to differences between different ‘types’ of council area.

## **2.2 National Survey of Planning Officers**

The online survey of planning officers was issued to 353 key staff contacts across all authorities in England. The chief executive (or equivalent) and chief planning officer (CPO) (or equivalent) were contacted one week in advance of the survey and were invited to provide the contact details for the

planning officer who was best placed to complete the survey. Where details were provided, the survey was sent directly to the key contact. In all other cases the survey was sent to the chief planning officer. The survey was issued by email and was accessed via an embedded web link. It was developed using the LimeSurvey platform. The survey was designed to take between 15 and 20 minutes to complete. Responses were submitted during a three-week period over the months of February and March 2014. Survey recipients were issued with reminders on a weekly basis and each authority was contacted by telephone at least once by a member of the research team. This led to revisions to the mailing list and ensured, as far as possible, that the survey was routed to an officer who was equipped and empowered to respond. This process generated 202 (57%) useable responses (see below).

Table 2.1 Survey response rate

Type	Number of responses	Number in type	Percentage of responses
Low demand urban	55	93	59.1%
High demand, cautious planning stance	41	79	51.9%
London Metropolitan	17	34	50.0%
Pro-development housing growth	32	46	69.6%
Rural with varying planning stance	37	64	57.8%
County Councils	13	28	46.4%
National Park Authorities (NPAs)	7	9	77.8%
Total	202	353	57.2%

The highest response rates came from *Pro-development housing growth authorities* (70%), *Low demand urban areas* (59%) and *Rural with varying planning stance authorities* (58%). The lowest response rates came from *High demand, cautious planning areas* (52%), *London Metropolitan* (50%) and *County Councils* (46%).

Table 2.2 Response rate by receipts level (per capita)

Type	Frequency	Number in type	Percentage of responses in type
Quartile1 (£16.91-98.08)	56	86	65.1%
Quartile2 (£12.98-16.90)	48	86	55.8%
Quartile3 (£9.28-12.97)	47	86	54.7%
Quartile4 (£0-9.27)	43	86	50.0%

There was similarly good coverage across areas receiving different levels of receipts (see Table 2.2). The possible respondents (excluding NPAs) were ordered by the level of receipts per household over the last three years and were assigned to different quartiles. The highest response rate (65%) comes from the upper quartile (those with the highest receipts per capita). The response rate for the other quartiles is very similar (ranging from 50% to 56%).

The high response rate relative to other studies of this type and the good coverage of each of the LPA types and across receipts levels provides a high degree of confidence that the survey results are representative and reliable (see Appendix 3 for a discussion of the modest difference that might be made by weighting the results). The responses provide a robust overview of the level of understanding of the NHB and the impacts on attitudes and behaviour evident to planning officers.

### 2.3 Case Study Approach and Selection

The case study element of the project was designed to add depth to the survey analysis. Specifically the case studies allowed the research:

- to consider the views of a wider variety of stakeholders (i.e beyond planning officers) of the impact on attitudes and behavior in relation to housing delivery;
- to better understand what might be underpinning the attitudes and behaviour exposed by the survey questions;
- to help understand the complex inter-play between the NHB and other policy mechanisms;
- to examine the differences between areas that exhibit a degree of similarity (in terms of market conditions, budgets, planning stance, etc) but appear to be performing at different levels;
- to explore the way in which attitudes and behaviour are evolving and may adapt in the future.

Twelve case studies were undertaken. The case study areas selected are summarised in Table 3 below. The selection of these cases was intended to achieve a balance between different types of authority, differences in financial outcomes, and geographic factors. There were at least 2 areas selected from each of the 5 ‘types’ of LPA identified from the classification analysis discussed in Appendix 1. We also took account of the performance of each LPA in terms of both the NHB receipts per capita and Net Financial Impact when the NHB receipts are taken into account alongside other changes to formula funding.

Each case study began with a discussion with key stakeholders from local government (officers and members) and the development sector and then developed on a ‘snowballing’ basis. The mix of interview participants varies from case to case. For instance, community groups or registered providers were only interviewed where they had been engaged in discussion or debate about the NHB. Similarly, views from different political parties were sought where leadership had changed or cross-party debate about the NHB was prominent. The research team sought to interview to ‘exhaustion’ (that is to say, to the point at which it seemed unlikely that meaningful new evidence would emerge).

A total of 84 (face-to-face and telephone) in-depth interviews were undertaken at an average of 7 interviews per case study area. The number of interviews in each case ranged from 4 in *Low demand urban (3)*, where the NHB receipts have been low and debate limited, to 10 in *Rural with varying planning stance (1)*, where debates about implementation and receipt use have been more extensive. The majority of participants were council officers but the interviews involved a total of 20 elected members and 11 local housebuilders/development sector representatives. The case study fieldwork took place over the months of February through to April 2014.

Table 2.3 Case study selection and interviews

Council Type (identification number)	Net financial contribution quartile	NHB receipts per capita quartile	Interview Participants
Low demand urban (1)	4 <sup>th</sup>	2 <sup>nd</sup>	7 – Planning Officer (2), Finance Officer (1), Finance Director (1), Elected Member (1), Builder (1), Social Landlord (1)
Low demand urban (2)	4 <sup>th</sup>	4 <sup>th</sup>	9 – Head of Strategy & Performance (1), Planning officers (3), Policy Officer (2), Finance (1), Housing (1), Elected Member (1)
Low demand urban (3)	4 <sup>th</sup>	4 <sup>th</sup>	4 – Planning (1), Housing (1), Finance (1) officers; Community Group (1)
High Demand, Cautious Planning (1)	3 <sup>rd</sup>	2 <sup>nd</sup>	5 – Planning (1), Finance (1), Housing (1) officers; Elected Member (1); Builder (1)
High Demand, Cautious Planning (2)	2 <sup>nd</sup>	1 <sup>st</sup>	8 – Planning (1), Finance (1), Elected Member (3), Builder (3)
High Demand, Cautious Planning (3)	2 <sup>nd</sup>	4 <sup>th</sup>	9 – At District: Planning (1), Development (1), Finance (1) officers; Builder (1), Registered Provider (1), Elected Members (2); At county: Planning Officer (1), Partnership Manager (1)
London Metropolitan (1)	3 <sup>rd</sup>	3 <sup>rd</sup>	5 – Planning Officer (1), Elected Members (2), Finance Director (1), Community Group (1)
London Metropolitan (2)	1 <sup>st</sup>	1 <sup>st</sup>	6 – Planning Officer (1), Housing Officer (1), Finance Director (1), Registered Provider (1), Elected Members (2)
Pro-development housing growth (1)	2 <sup>nd</sup>	1 <sup>st</sup>	7 – Chief Executive (1), Finance Director (1), Infrastructure (1), Housing (1) and Planning (2) Officers; and (1) Elected Member (1)
Pro-development housing growth (2)	1 <sup>st</sup>	2 <sup>nd</sup>	6 – Chief Executive (1), Finance Officers at LA and County (2), Planning Policy Officer (1), Elected Members (2)
Rural with varying planning stance (1)	3 <sup>rd</sup>	1 <sup>st</sup>	10 - Planning (2), Development (1), Finance Officer (1); Elected Members (3), Builders (3)
Rural with varying planning stance (2)	2 <sup>nd</sup>	3 <sup>rd</sup>	8 - Housing Officer (2), Planning Officer (1), Finance Officer (1) at LA; Elected Members (2); Planning Officer at County (1); Builder (1)

## 2.4 In-depth Interviews with Elected Members and National Stakeholders

Several additional in-depth interviews were conducted over and above those undertaken in the case study contexts. These were designed to corroborate the evidence emerging from the survey analysis and case study research. There were three separate tasks involved in this element of the research design.

First, we sought to interview a range of elected members from outside the case study areas. This was intended to broaden coverage of elected member views providing additional confidence in the evidence generated from the survey and case studies. In total the research team conducted 8 in-depth telephone interviews with members, following up on all responses to national invitations for elected member involvement in the project. The interviews asked about their views of the NHB; the NHB and attitudinal change within the local authority area; its significance relative to other factors; NHB impact on planning decisions; and issues related to the use of receipts.

Second, five interviews were undertaken with national housebuilders and planning consultants to capture their perspective on the extent to which the NHB was impacting on builders and on other stakeholders. We also sought their views on differences between different localities.

Third, members of the Planning Inspectorate were consulted on their impressions of the impact of the NHB. Specifically we explored their views of the behaviour of LPAs and we examined the extent to which the NHB was being introduced into the decision-making process by developers or residents. The interviews also explored the extent to which the NHB is being given weight as a material consideration. Two inspectors submitted views, although they were clear that they were doing so in a personal capacity and not representing the views of the Planning Inspectorate.

The evidence from these 15 interviews has been woven into the key findings reported below, alongside the evidence from the other 84 interviews and 202 survey responses.

## 3. Key Findings

This section of the report outlines the key research findings from the study. It considers in turn the level of understanding and awareness of the NHB policy; how, and to what extent, the NHB has influenced attitudes towards new and newly made available homes; the extent to which the NHB has

influenced behaviour and decision-making in planning for housing; and the ways in which the NHB has been implemented.

### 3.1 Understanding of the New Homes Bonus

#### 3.1.1 Understanding within Councils

The relevant officers (planning, housing and finance), senior leadership teams and key elected members (leaders, chairs of planning committee) are generally well informed about the NHB and its financial implications.

Table 3.1 Understanding of the NHB

To what extent do you agree with the statements?	Strongly Agree / Agree		Neither Agree nor Disagree		Disagree / Strongly Disagree		Don't know		<i>Net agree score</i>	
	No.	%	No.	%	No.	%	N	%	No.	%
I have a good understanding of the NHB and its role in helping to facilitate housing growth	193	97.5	5	2.5	0	0.0	0	0.0	193	100.0
It is relatively simple to calculate the revenue that would derive from the NHB	149	75.3	22	11.1	24	12.1	3	1.5	125	72.3
I have a good understanding of the likely overall impact of the NHB on the finances of my council?	171	85.9	19	9.5	8	4.0	1	0.5	163	91.1

Ninety-eight percent of responding planning officers felt that they had a good understanding of the NHB and its role in helping to facilitate housing growth. Perceptions of a good level of understanding of the NHB rose to 100% for *Pro-development housing growth* areas, County Councils and National Park Authorities (Table 3.2).

Only 12% of responding planning officers disagreed that it was relatively simple to calculate the potential NHB revenue from development, and only 4% felt that they did not have a good understanding of the overall financial implications for their local authority. Chairs of planning committees and planning officers are aware that supporting new housing provision is important for local authority finance.

Table 3.2 Planning officers’ understanding of the NHB by authority type of LPA

To what extent do you agree with the statement “I have a good understanding of the NHB and its role in helping to facilitate housing growth”?	Strongly Agree / Agree		Neither Agree nor Disagree		Disagree / Strongly Disagree		Don’t know		<i>Net agree score</i>	
	No.	%	No.	%	No.	%	No.	%	No.	%
ALL	193	97.4	5	2.5	0	0.0	0	0.0	193	100.0
Low demand urban	53	98.1	1	1.9	0	0.0	0	0.0	53	100.0
High demand, cautious planning stance	38	97.4	1	2.6	0	0.0	0	0.0	38	100.0
London Metropolitan	15	88.2	2	11.8	0	0.0	0	0.0	15	100.0
Pro-development housing growth	32	100.0	0	0.0	0	0.0	0	0.0	32	100.0
Rural with varying planning stance	36	97.3	1	2.7	0	0.0	0	0.0	36	100.0
County Councils	12	100.0	0	0.0	0	0.0	0	0.0	12	100.0
National Park Authorities (NPAs)	7	100.0	0	0.0	0	0.0	0	0.0	7	100.0

Taken together, the survey responses and qualitative evidence suggest that the NHB is viewed as being simple, transparent and flexible.

### 3.1.2 Housebuilders’ Understanding

Forty one per cent of responding authorities felt that housebuilders in their area had a good understanding of the NHB and only 16% felt that this was not the case.

Table 3.3 Housebuilders’ understanding of the NHB resulting from new development

To what extent do you agree with the statement?	Strongly Agree / Agree		Neither Agree nor Disagree		Disagree / Strongly Disagree		Don’t know		<i>Net agree score</i>	
	No.	%	No.	%	No.	%	No.	%	No.	%
In my council area house builders have a good understanding of the NHB that would result from new development	81	40.7	59	29.6	31	15.6	28	14.1	50	44.6

Qualitative interviews revealed that major housebuilders and planning consultants have a very clear understanding of the NHB and have developed strategies for using the NHB in targeted negotiations with local authorities. Understanding is more mixed amongst smaller local and regional housebuilders.

## 3.2. The Impact of the New Homes Bonus on Attitudes

This section of the report explores the extent to which the NHB is perceived as an incentive to support housing delivery. It also explores the impact of the NHB on levels of support observed by planning officers for new building, affordable housing and empty homes. Planning officers were also asked to

consider the attitudes of elected members, housebuilders and community groups. These views were crosschecked in interviews at the local and national level.

### 3.2.1 The NHB as an Incentive

Table 3.4 NHB as a powerful incentive for my council in helping to facilitate housing growth by type of LPA

The NHB is a powerful incentive for my council in helping to facilitate housing growth	Strongly Agree / Agree		Neither Agree nor Disagree		Disagree / Strongly Disagree		Don't know		Net agree score	
	No.	%	No.	%	No.	%	No.	%	No.	%
ALL	98	48.5	44	21.8	51	25.2	2	1.0	47	31.5
Low demand urban	27	50.9	13	24.5	13	24.5	0	0.0	14	35.0
High demand, cautious planning stance	17	42.5	9	22.5	12	30.0	2	5.0	5	17.2
London Metropolitan	7	43.8	6	37.5	3	18.8	0	0.0	4	40.0
Pro-development housing growth	21	65.6	3	9.4	8	25.0	0	0.0	13	44.8
Rural with varying planning stance	22	59.5	10	27.0	5	13.5	0	0.0	17	63.0
County Councils	4	30.8	3	23.1	6	46.2	0	0.0	-2	-20.0
National Park Authorities (NPAs)	0	0.0	0	0.0	4	100.0	0	0.0	-4	-100.0

Almost half of all responding authorities (49%) feel that the NHB fulfills its aim of being a ‘powerful incentive to facilitate housing growth’. Within this group 36 authorities (18%) strongly agreed with the statement. Only 25% felt that the NHB was not acting as a powerful incentive for housing growth. A further 22% neither agreed nor disagreed that the NHB is a powerful incentive. The qualitative evidence suggests that the “don’t know” responses might reflect a view that it is too early for those respondents to make a clear assessment.

Perceptions that the NHB is a powerful incentive for housing growth rise to 66% in *Pro-development housing growth* and 60% in *Rural with varying planning stance* areas. The impact of the incentive is less marked in *High demand, cautious planning stance* and in London, though it is still felt to be a powerful incentive for at least 43% of responding authorities amongst those types. *London Metropolitan* authorities tend to be more equivocal about the impact of the NHB incentive, with 38% responses registering neither agree nor disagree. Responses are most polarised in the *High demand, cautious planning stance* authorities with 43% agreeing that the NHB had been a powerful incentive and 30% in disagreement. County Council respondents were noticeably less positive about the power of the NHB in incentivising housing growth.

Respondents in areas with higher receipts per capita tended to be more positive about the power of the NHB incentive (62% agreement from those in the upper quartile of receipts against 49% agreement from those in the lowest quartile), although the relationship is not directly linear.

Table 3.5 The NHB as a powerful incentive in housing growth by quartile of NHB receipts per capita

The NHB is a powerful incentive for my council in helping to facilitate housing growth	Strongly Agree / Agree		Neither Agree nor Disagree		Disagree / Strongly Disagree		Net agree score	
	No.	%	No.	%	No.	%	No.	%
ALL	98	48.5	44	21.8	51	25.2	47	48.0
Quartile1 (£16.91-98.08)	34	61.8	11	20.0	9	16.4	25	58.1
Quartile2 (£12.98-16.90)	26	55.3	11	23.4	9	19.1	17	48.6
Quartile3 (£9.28-12.97)	16	35.6	14	31.1	15	33.3	1	3.2
Quartile4 (£0-9.27)	21	48.8	8	18.6	14	32.6	7	20.0

### 3.2.2 The Impact on Overall Support for New Homes

The extent to which support for new housing has increased due to the NHB varies by the type of housing provided and by the type of local planning authority. A “net agree” score is used to help illustrate the strength and balance of support across respondents by subtracting the number of authorities disagreeing from those agreeing. The most positive net agree score relates to the impact of the NHB on reducing the number of empty homes. The NHB is seen as having more frequently influenced members than community groups.

Table 3.6 Support for housing delivery

To what extent to you agree with the following statements?	Strongly Agree / Agree		Neither agree nor disagree		Disagree / Strongly Disagree		Net agree score	
	No.	%	No.	%	No.	%	No.	%
The NHB has helped increase <u>overall support</u> for new homes being built within my council area	77	38.9	46	23.2	73	36.9	4	2.7
The NHB has helped increase overall support for new <u>affordable homes</u> being built within my council area	57	28.8	53	26.8	82	41.4	-25	-18.0
The NHB has helped reduce the number of <u>empty homes</u> in my council area	91	46.7	40	20.5	54	27.7	37	25.5
The NHB has helped increase overall support for new homes <u>within the local community</u>	20	10.2	49	24.9	116	58.9	-96	-70.6
Overall the NHB has resulted in <u>my elected members</u> being more supportive of new house building	76	39.2	46	23.7	64	33.0	12	8.6

## Impact on Support for New Homes

Table 3.6 suggests that the NHB is helping to slightly increase overall support for new housebuilding in a large number (39%) of local authorities. There is a small positive net agree score with more authorities agreeing to this statement than disagreeing.

There is some variation between LPA types. *Pro-development housing growth* (50%), *Rural with varying planning stance* (46%) and *High demand, cautious planning stance* (43%) authorities are more likely to agree that overall support for new housebuilding has increased; while *London Metropolitan* (31%) and *County Councils* (23%) are less likely to agree (Table 3.7).

Table 3.7 NHB impact on overall support for new homes by authority type of LPA

The NHB has helped increase overall support for new homes being built within my council area	Strongly Agree / Agree		Neither agree nor disagree		Disagree / Strongly Disagree		Net agree Score	
	No.	%	No.	%	No.	%	No.	%
ALL	77	38.9	46	23.2	73	36.9	4	2.0
Low demand urban	19	35.8	17	47.2	17	32.1	2	5.6
High demand, cautious planning stance	17	42.5	5	14.3	18	45.0	-1	-2.9
London Metropolitan	5	31.3	7	87.5	3	18.8	2	25.0
Pro-development housing growth	16	50.0	2	6.7	14	43.8	2	6.7
Rural with varying planning stance	17	45.9	10	37.0	10	27.0	7	25.9
County Councils	3	23.1	3	33.3	6	46.2	-3	-33.3
National Park Authorities (NPAs)	0	0.0	2	40.0	5	71.4	-5	-100.0

Table 3.8 The NHB impact on overall support for new homes by quartile receipts per capita

The NHB has helped increase overall support for new homes being built within my council area	Strongly Agree / Agree		Neither agree nor disagree		Disagree / Strongly Disagree		Net agree Score	
	No.	%	No.	%	No.	No.	No.	%
ALL	77	38.9	46	23.2	73	36.9	4	2.0
Quartile1 (£16.91-98.08)	23	42.6	12	22.2	18	33.3	5	12.2
Quartile2 (£12.98-16.90)	28	59.6	7	14.9	12	25.5	16	40.0
Quartile3 (£9.28-12.97)	14	30.4	14	30.4	18	39.1	-4	-12.5
Quartile4 (£0-9.27)	11	25.6	11	25.6	20	46.5	-9	-29.0

There are also differences between LPAs who have received different levels of NHB payments. Local authorities in the second quartile by receipts per capita tend to have seen the most significant change in attitudes to new homes (60% agreement, compared with 43% for first quartile and under 31% for quartiles 3 and 4) (Table 3.8). The *net agree* scores are much lower for low revenue recipients.

## Impact on Support for Affordable Homes

The NHB payment might be expected to offer a particular incentive to support affordable housing by offering a higher payment per additional unit. However, only 29% of responding authorities agreed that the NHB has helped increase overall support for new affordable homes; 41% of respondents disagreed that the NHB has led to an increase in overall support for new affordable housing and with those who neither agreed nor disagreed a total of 68% did not agree that they have seen a positive change. There were some differences in views between LPA types. The NHB appears to have had more of an impact on support for affordable housing in *London Metropolitan* and in *Pro-development housing growth* authorities.

Table 3.9: Support for affordable homes by type of LPA

The NHB has helped increase overall support for new affordable homes being built within my council area	Strongly Agree / Agree		Neither Agree nor Disagree		Disagree / Strongly Disagree		Net agree score	
	No.	%	No.	%	No.	%	No.	%
ALL	57	28.8	53	26.8	82	41.4	-25	-12.6
Low demand urban	13	24.5	19	35.8	21	39.6	-8	-23.5
High demand, cautious planning stance	12	30	8	20	19	47.5	-7	-22.6
London Metropolitan	6	37.5	4	25	5	31.3	1	9.1
Pro-development housing growth	14	43.8	3	9.4	14	43.8	0	0.0
Rural with varying planning stance	10	27	3	8.1	12	32.4	-2	-9.1
County Councils	2	15.4	3	23.1	5	38.5	-3	-42.9
National Park Authorities (NPAs)	0	0	1	14.3	6	85.7	-6	-100.0

The in-depth interviews suggest that the majority of local authorities were already very supportive of the principle of new affordable housing, though they lacked the financial and policy levers to influence the delivery of affordable housing. Evidence from the survey and case studies suggests that numerous local authorities are now using the NHB receipts to support additional affordable housing, although the initiatives tend to be fairly small-scale.

## Impact on Empty Homes

The NHB is felt to have had a positive impact on reducing the number of empty homes in 47% of authorities, and no impact on reducing empty homes in 28% of authorities. This is consistent with qualitative evidence that the NHB offers significant incentives for local authorities to invest in empty homes support. The impact has been largest in *Pro-development housing growth* and *Rural with varying*

*planning stance* authorities but has also been particularly important in *Low demand urban areas* where new building has been limited.

Table 3.10: Impact on the number of empty homes by type of LPA

The NHB has helped reduce the number of empty homes in my council area	Strongly Agree / Agree		Neither Agree nor Disagree		Disagree / Strongly Disagree		Net agree score	
	No.	%	No.	%	No.	%	No.	%
ALL	91	46.7	40	20.5	54	27.7	37	25.5
Low demand urban	22	41.5	15	28.3	13	24.5	9	25.7
High demand, cautious planning stance	18	45	9	22.5	12	30	6	20.0
London Metropolitan	7	43.8	2	12.5	6	37.5	1	7.7
Pro-development housing growth	19	59.4	2	6.3	10	31.3	9	31.0
Rural with varying planning stance	22	59.5	3	8.1	7	18.9	15	51.7
County Councils	3	25	3	25	2	16.7	1	20.0
National Park Authorities (NPAs)	0	0	1	20	4	80	-4	-100.0

There is a stronger correlation between the extent to which authorities agreed the NHB had reduced the number of Empty Homes and Council's who received above average levels of NHB receipts per capita than for lower receipt authorities.

Table 3.11 Impact on the number of empty homes by receipts

The NHB has helped reduce the number of empty homes in my council area	Strongly Agree / Agree		Neither Agree nor Disagree		Disagree / Strongly Disagree		Net agree score	
	No.	%	No.	%	No.	%	No.	%
ALL	91	46.7	40	20.5	54	27.7	37	25.5
Quartile1 (£16.91-98.08)	30	55.6	9	16.7	13	24.1	17	39.5
Quartile2 (£12.98-16.90)	28	59.6	9	19.1	9	19.1	19	51.4
Quartile3 (£9.28-12.97)	18	39.1	13	28.3	13	28.3	5	16.1
Quartile4 (£0-9.27)	15	35.7	8	19.0	14	33.3	1	3.4

### Impact on Support for New Homes from the Community

The NHB is perceived to have had very limited impact on community support for housing development to date. The highest impact was found to be in *Rural with varying planning stance* authorities, *London Metropolitan* and *Pro-development housing growth* authorities and the lowest in the market-constrained *Low demand urban* authorities.

Table 3.12 The NHB impact on overall support for new homes within the local community by type of LPA

The NHB has helped increase overall support for new homes within the local community	Strongly Agree / Agree		Neither Agree nor Disagree		Disagree / Strongly Disagree		<i>Net agree score</i>	
	No.	%	No.	%	No.	%	No.	%
ALL	20	10.2	49	24.9	116	58.9	-96	-70.6
Low demand urban	2	3.7	17	31.5	32	59.3	-30	-88.2
High demand, cautious planning stance	4	10	11	27.5	25	62.5	-21	-72.4
London Metropolitan	2	12.5	1	6.3	11	68.8	-9	-69.2
Pro-development housing growth	4	13.3	7	23.3	18	60	-14	-63.6
Rural with varying planning stance	7	18.9	3	8.1	19	51.4	-12	-46.2
County Councils	1	7.7	3	23.1	6	46.2	-5	-71.4
National Park Authorities (NPAs)	0	0	2	28.6	5	71.4	-5	-100.0

The in-depth interviews suggest that public awareness of the NHB was felt to be extremely limited, and local authorities do not promote the NHB to the public. In one of the case studies, amenity groups closely involved in planning decisions were unaware of the NHB. Local authorities that have devolved funding to parish councils/community groups suggest that citizens tend to see the resource as public money rather than a specific NHB contribution linked to new housing.

There has been some local media coverage of the NHB in most of local authority areas but its impact has been limited. Local authorities are concerned that local media coverage might distort public debate by misrepresenting the scale of NHB funding and its impact on planning decisions.

In general the extent to which the NHB receipts should be linked to specific applications was a source of debate. Housebuilders felt strongly that the NHB ought to be a stronger material consideration when planning applications were being considered and decided. Planning officers, on the other hand, felt that this would be unhelpful. NHB receipts are generally not being spent on issues directly related to the development under consideration, but contribute to wider financial issues. The Planning Inspectorate had not yet had to deal with many cases that raised the NHB as an issue and were clear that the NHB would not typically be seen as a significant material consideration when considering or decision on applications.

### 3.2.3 The Attitudinal Change Process

It is notable that a larger number of respondents perceive the NHB to be a powerful incentive than believe that the policy has increased levels of support for new homes.

Table 3.13: The relationship between the perceived “power” of the NHB incentive and impact on attitudes

To what extent do you agree with the statements?	The NHB is a powerful incentive for my council in helping to facilitate housing growth		
		Strongly Agree / Agree	Disagree / Strongly Disagree
The NHB has helped increase <u>overall support</u> for new homes being built within my council area	Strongly Agree / Agree	66.3	9.8
	Disagree / Strongly Disagree	12.2	82.4
	TOTAL	(78.6)	(92.2)
The NHB has helped increase overall support for new <u>affordable</u> homes being built within my council area	Strongly Agree / Agree	46.9	7.8
	Disagree / Strongly Disagree	17.3	84.3
	TOTAL	(64.3)	(92.2)
The NHB has helped reduce the number of <u>empty homes</u> in my council area	Strongly Agree / Agree	69.1	13.7
	Disagree / Strongly Disagree	9.3	60.8
	TOTAL	(78.4)	(74.5)
The NHB has helped increase overall support for new homes <u>within the local community</u>	Strongly Agree / Agree	18.6	0.0
	Disagree / Strongly Disagree	34.0	96.1
	TOTAL	(52.6)	(96.1)
Overall the NHB has resulted in my <u>elected members</u> being more supportive of new house building	Strongly Agree / Agree	64.3	5.9
	Disagree / Strongly Disagree	12.2	33.3
	TOTAL	(76.5)	(39.2)

Table 3.13 cross-tabulates the responses to the question about the “power” of the incentive against the questions on its impact on support for new homes and empty homes. Around two-thirds of those who agree that the NHB is a powerful incentive appear to agree that it is beginning to influence attitudes. The remainder do not and around 1 in 10 actually disagree that the NHB is increasing support for housing. Arguably, this points towards a lag between policy implementation and its subsequent impact on attitudes. This is a view that has been corroborated by the qualitative case study findings. Numerous interviewees suggested that the policy is still bedding in and that attitudes and behaviour are still evolving.

The qualitative research offers some insights into what might be beginning to shape the attitudes revealed from the survey. All of the case-study authorities reported that they had become more accepting of housing development over the previous 5-10 years. In this respect the NHB is part of a number of factors that are encouraging and supporting a more proactive approach to new housebuilding, though it is not necessarily driving that change. The provision of new housing (and associated affordable housing) is generally seen as the “right thing to do” because of local, regional and national housing need. The economic and social benefits of housing development are also recognised. In this respect there was a degree of support for the NHB *principle* that new housing provision should be incentivised and rewarded through a funding bonus.

It was frequently made clear that the NHB is not operating in isolation. Rather the NHB is seen as part of a package of pro-development policy changes, although at this stage, it is generally viewed as less important than changes to the National Planning Policy Framework, the Community Infrastructure Levy, Planning Obligations and other policy mechanisms as a means of stimulating housing delivery.

Attitudinal change in local authorities is perhaps most significant amongst members and officers not previously closely engaged in or exercised about planning decisions, including chief executives, finance directors but also many elected council members. The NHB is widening and sharpening strategic debate within local authorities about new housing.

Overall there is evidence that, for various reasons, local authorities have been becoming progressively more supportive of new housebuilding over the last 10 years. The NHB is not directly shaping attitudes, but it was found to be a contributory factor within the study areas. The NHB has helped reinforce attitudinal shifts and in some cases the financial contribution has helped build political support for (and ease resistance to) a more supportive and proactive approach to new housing delivery.

### **3.3 The Impact of the New Homes Bonus on Behaviour**

This research also explored the extent to which the NHB is thought have changed behaviour, to date. Specifically it examined behavioural change in relation to the development of local plans and in the context of decisions about individual planning applications.

#### **3.3.1 The NHB and Local Plans**

Planning officers were asked to record the extent to which they agreed or disagreed with three statements about behavior in relation to planning and local plan development. These were:

1. The NHB has contributed to a more strategic and coordinated approach to new housing provision in my council;
2. The NHB has been a significant factor in public consultation and discussion for my local plan;

3. The NHB has been an important influence on the number of new homes proposed or adopted in my local plan

The results are summarised below.

Table 3.14 The NHB impact on strategic approaches to planning and the local plan

To what extent do you agree with the statements?	Overall				Plan adopted prior to 1 <sup>st</sup> November 2010				Plan adopted on or after 1 <sup>st</sup> November 2010				Plan is, to date, unadopted			
	SA/A		D/SD		SA/A		D/SD		SA/A		D/SD		SA/A		D/SD	
	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%
1	59	31	83	43	24	38	27	42	13	27	20	41	12	28	20	47
2	10	5	134	72	2	3	41	64	3	6	45	88	3	7	28	67
3	21	11	130	71	5	8	39	63	4	8	42	82	6	15	27	66

Although the direct impact on local plan preparation has so far been limited, almost one third of responding authorities felt that the NHB had contributed to a more strategic and coordinated approach to new housebuilding within the local authority (see statement 1 in Table 3.14).

It has only been in very rare circumstances that LPAs have considered the potential NHB receipts when setting housing targets for their local plan (see statement 3). Just 11% of LPAs appear to have considered the NHB in this context.

One might expect that those authorities that had local plans adopted after the implementation of the NHB might be more likely to have been influenced by it. However, results from the survey suggest that there is no suggestion that this influence might be more likely in localities where Plans have or have not yet been adopted. For local authorities plan making tends to be an ongoing process.

The impact on public consultation and discussion has been even more limited (see statement 2). Just 5% of authorities felt that the NHB had been a ‘significant factor’ in public consultation and discussion in relation to the local plan, and only 11% felt that the NHB had been an important influence on housing targets.

The survey results are consistent with qualitative evidence that suggests that the NHB has only begun to have an impact on broader strategic thinking about housing provision. It was widely reported that

senior executive officers and elected members (chief executive, finance director, leader and executive) are taking greater interest in strategic decisions about planning for housing as a result of the NHB.

It is worth noting, however, that the views from county councils and from planning officers operating in two tier authorities diverge from those in unitary authorities. These officers tend to disagree with the suggestion that the NHB has improved joint working. This is corroborated by qualitative evidence.

Table 3.15 The NHB impact on joint working between districts & county councils

To what extent do you agree with the statements?	Strongly Agree / Agree		Neither Agree nor Disagree		Disagree / Strongly Disagree		Don't know		Net agree score	
	No.	%	No.	%	No.	%	No.	%	No.	%
The NHB has led to <u>better communication and negotiation</u> between county and district councils in my area with regard to new housing	19	16.1	42	35.6	55	46.6	2	1.7	-36	-48.6
The NHB has led to <u>better strategic coordination</u> between county and district councils in my area on new house building	17	14.5	42	35.9	56	47.9	2	1.7	-39	-53.4
In general I am <u>satisfied with the allocation of receipts</u> between county and district councils in my area	57	50.0	29	25.4	22	19.3	6	5.3	35	44.3

The views of National Park Authorities (NPAs) also have a clear impact on the overall responses to the question about the impact on the strategic approach to planning. The response rate for National Parks was higher than average, with seven out of nine responding, although NPAs are a very small number when compared to all local authorities. The NHB is not distributed to NPAs, but goes directly to the district or county. Those authorities are expected to negotiate with the NPAs on an appropriate redistribution, given the NPAs role in granting planning permission. Against this backdrop, four of the seven NPA's strongly disagreed that the NHB was a powerful incentive, whilst the remainder did not answer the question. This negative view of the impact of the NHB as an incentive was matched in questions about support for new homes, support for affordable homes, reducing the number of empty homes, community support and elected member support for house building. None of the NPA's agreed that the NHB had contributed to a more strategic or coordinated approach to new housing or a significant factor in public consultation, with six disagreeing or strongly disagreeing to both. Unsurprisingly, no NPA agreed that the NHB receipts were considered by planning officers or elected members when considering planning applications given they do not have planning responsibilities. The evidence suggests that few NPAs have received any redistribution of the NHB.

### 3.3.2 The NHB and Planning Applications

To date the NHB is having a limited impact on planning applications and decisions involving new homes. Just over 36% of responding authorities take the NHB into account ‘always’ or ‘often/sometimes’. Members are thought to be slightly more likely to take account of receipts than officers. In contrast, it is more common that the NHB revenues have never been taken into account. Again there are differences in the impact on elected member behavior (where 44% never consider revenues) when compared with that of officers (57% never consider revenues). In-depth interviews suggest that this might change. It was noted that officers and members have become more relaxed about considering Section 106 and CIL and it was frequently suggested that views on the NHB are evolving.

Table 3.16 The NHB and planning applications

To what extent do you agree with the statements?	Always / Almost always		Often / Sometimes		<i>Always/ Almost always / Often / Sometimes</i>		Never		Don't know	
	No	%	No	%	No.	%	No	%	No.	%
How often do <u>planning officers</u> take into account revenues from the NHB when considering planning applications involving new homes?	11	5.8	58	30.5	69	36.3	108	56.8	13	6.8
How often do <u>elected members</u> take into account revenues from the NHB when considering planning applications involving new homes?	6	3.2	66	35.1	72	38.3	82	43.6	34	18.1

There is a little variation in behaviour between different LPA types. Relatively frequent (often/sometime) consideration of the NHB revenues in planning application is more likely amongst *High demand, cautious planning stance* authorities (Table 3.17). It is more likely that the NHB will ‘never’ have been considered in *Low demand urban* authorities.

Table 3.17 The NHB impact on planning applications by type of LPA

How often do planning officers take into account revenues from the NHB when considering planning applications involving new homes?	Always / Almost always		Often / Sometimes		<i>Always/ Almost always / Often / Sometimes</i>		Never		Don't know	
	No	%	No	%	No.	%	No	%	No	%
ALL	11	5.8	58	30.5	69	36.3	108	56.8	13	6.8
Low demand urban	3	5.8	12	23.1	15	28.8	34	65.4	3	5.8
High demand, cautious planning stance	2	5.1	19	48.7	21	53.8	15	38.5	3	7.7
London Metropolitan	0	0.0	6	37.5	6	37.5	8	50.0	2	12.5
Pro-development housing growth	2	6.3	10	31.3	12	37.5	19	59.4	1	3.1
Rural with varying planning stance	3	8.3	10	27.8	13	36.1	22	61.1	1	2.8
County Councils	1	11.1	1	11.1	2	22.2	4	44.4	3	33.3
National Park Authorities (NPAs)	0	0.0	0	0.0	0	0.0	6	100.0	0	0.0

There does not appear to have been any meaningful difference in perceived behavior change on the basis of levels of receipts. Perhaps surprisingly the highest revenue authorities were more likely to have ‘never’ considered potential receipts in the planning decision-making process. Although it should also be noted that the next highest receipts group (Quartile 2) were mostly likely to have taken receipts into account “always/almost always” (13%). However, national housebuilders and planning consultants have not observed any significant variations in behavior between authorities.

Table 3.18 The NHB revenue and planning applications by NHB receipts per capita (amount in brackets)

How often do planning officers take into account revenues from the NHB when considering planning applications involving new homes?	Always / Almost always		Often / Sometimes		<i>Always/Almost always / Often / Sometimes</i>		Never		Don't know	
	No.	%	No.	%	No.	%	No.	%	No.	%
ALL	11	5.8	58	30.5	69	36.3	108	56.8	13	6.8
Quartile1 (£16.91-98.08)	1	1.9	17	32.1	18	34.0	33	62.3	2	3.8
Quartile2 (£12.98-16.90)	6	13.0	15	32.6	21	45.7	22	47.8	3	6.5
Quartile3 (£9.28-12.97)	2	4.3	15	32.6	17	37.0	26	56.5	3	6.5
Quartile4 (£0-9.27)	2	5.3	10	26.3	12	31.6	21	55.3	5	13.2

Overall, it would appear while the NHB has begun to contribute to changing attitudes to housing delivery, this impact has been much more limited in relation to plan making or planning decisions to date. The in-depth interviews reveal a strong and consistent view from officers and members responsible for planning that the NHB contribution should not influence the requirement to make decisions in accordance with “law and planning policy”.

### 3.4 Implementation and Use of Receipts

Evidence from the survey and case studies suggests that the NHB receipts are mainly being used to support core services. The survey responses show that 60% of authorities use the NHB primarily for maintaining existing council services (Table 3.19). Relatively few local authorities (16%) prioritise the use of the NHB to support aspects of housing provision (staff to support new housebuilding, staff to support bringing empty properties back into use, infrastructure for new housebuilding), although infrastructure for housing is a top 3 priority expenditure area for 21% of authorities.

Table 3.19 Use of the NHB receipts

How are NHB receipts spent in your council?	First / Top		Top Three	
	No.	% (of respondents)	No.	% (of respondents)
Staff to support new housebuilding	6	3.6	26	12.9
Staff to support bringing empty properties back into use	4	2.4	32	15.8
Infrastructure for new housebuilding	17	10.1	42	20.8
Community facilities	3	1.8	22	10.9
Passing monies to community groups to spend	7	4.1	29	14.4
Maintaining existing council services	45	26.6	115	56.9
Keeping council tax low	11	6.5	69	34.2
My council treats NHB as a general grant and does not identify specific areas of spending	56	33.1	85	42.1

The survey responses do not provide data on the significance of these figures in terms of the proportion of overall receipts or total spend. In the twelve case-study authorities only one authority (*London Metropolitan (1)*) is using the NHB wholly to cover core services and two authorities (*Low demand urban (3)* and *Pro-development housing growth (1)*) use all of the receipts for housing development initiatives. *Low demand urban (1)*'s receipts are used to fund pre-existing core housing initiatives. The other nine case-study authorities allocate a relatively small proportion of their NHB receipts for a range of housing-related activities.

The qualitative evidence suggests that there is pressure to use receipts for core services given cuts in local government funding. Top-slicing of formula funding means that the NHB is generally not viewed as “new money” and is rarely seen as a ‘bonus’ that might be allocated to new initiatives. Local authorities argue that they would be more willing to ringfence the NHB receipts for housing if there is a recognizable ‘extra’ (i.e. bonus) element.

Decisions about the use of the NHB receipts are influenced by the impact of local government cuts in different areas, but mainly reflect political priorities within the local authority. Planning officers report a degree of frustration with the fact that, in some local authorities, receipts are not being used to support planning for housing or housing delivery.

The NHB is valued for its flexibility and the way it can be combined with other funding sources. However, in many authorities, it is argued that the NHB receipt levels, to date, are too small to make a significant difference and this is likely to be a particular issue for district authorities.

The use of the NHB receipts to support new housing has been most effective where existing delivery mechanisms are in place (for example, to support affordable housing in *London Metropolitan (2)*, and infrastructure investment in *Pro-development housing growth (1)*).

### **Devolving Funds to Communities**

Few of the responding authorities use NHB receipts for community facilities (2%) or community groups (4%) as their main priority. These items are a little more likely to be in the top three priority uses but it is relatively rare for community uses to be high on the agenda.

Two of the case-study areas devolve a proportion of the NHB receipts to communities. In *High demand, cautious planning stance (2)* this is 25% of total receipts and in *Pro-development housing growth (2)* it is £0.5m. The national interviews with elected members also revealed an authority that has devolved 40% of its NHB receipts to parish councils to support a range of community projects. In all of these cases the devolved funds are not linked directly to a willingness to accept new housing.

The contribution of the NHB to core or general services is generally not promoted within local communities and local planning authorities are wary of the NHB being seen as a community “bribe” for development. Elected members and community representatives have tended not to make demands on NHB receipts.

## **4. Conclusions**

The research project sought to provide a robust and representative evidence-base on the impact of the New Homes Bonus on the attitudes and behaviour of key stakeholders involved in planning and housing delivery. The research explored attitudes and behaviour using a mixed methods approach that involved collating survey responses from 202 planning officers and qualitative information, derived from twelve case studies and a series of national stakeholder discussions, that involved 99 interview participants, including 26 elected council members, 17 representatives of the development sector and 14 public sector finance officers.

The study shows that, while many respondents feel that it is too early to assess the impact of the policy on attitudes, around half of all planning officers perceive the New Homes Bonus to be a powerful incentive to support housing delivery.

The quantitative results suggest that, in most areas, this incentive has not yet been directly translated into a significant change in attitudes, however there is evidence that in some areas the NHB has helped reinforce attitudinal shifts towards becoming more supportive of new house building. To date, there has only been a relatively limited impact on changing behaviour in terms of plan making and planning decisions. The NHB has not typically been taken into account in developing plans or in setting targets for housing delivery. The NHB receipts are slightly more likely to be taken into account by elected members than planning officers but are generally not thought to be critical in decisions about individual planning applications. These decisions are still governed by “law and planning policy”. The NHB was not seen to be a material consideration in planning decisions by many planning officers. It was frequently argued that the NHB might make a bigger difference to housing delivery if there was (at least some/more) ‘ring-fencing’ of receipts to support housing delivery, or if the NHB was linked more closely to the development site than general finance.

Nevertheless the qualitative evidence suggests that the impact of the NHB has stimulated new thinking at the senior officer and leadership level within councils and is viewed as highly significant by finance officers. It is widely held that the NHB is working together with the wider package of pro-development changes to the National Planning Policy Framework and other initiatives to encourage more supportive attitudes towards development.

Receipts from the NHB are seen by authorities as being extremely important. They are used in the main to supplement the general budget and are largely allocated for general use. Relatively few councils use significant proportions of their receipts to promote and support housing delivery at this point. The qualitative evidence suggests that there is increasing interest in best practice in the use of receipts and there is a general desire to use receipts more directly to support housing delivery.

There has been limited engagement with the public and communities around the NHB. There is some limited evidence of devolving receipts to community groups but this is not linked directly to planning decisions in those communities. The limited engagement with communities is partly because the majority of receipts are allocated for general use, but there is also a concern that communities might see the NHB as a development “bribe”.

Overall, there was a strong sense that the policy is still bedding down and has begun to reinforce the impact other more significant pro-development policy changes. Although the NHB is not seen as a significant driver of attitudes and behavior in isolation, it seems possible that, as receipts levels change in the future, attitudes and behavior will continue to change. This, however, may be limited by a high degree of uncertainty about the future of the policy, may act as a constraint on new initiatives supported by the use of receipts.

# Appendix 1: The Local Planning Authority Typology

## A1.1 Introduction

The approach used to construct a Local Planning Authority (LPA) typology starts from the assumption that planned /actual housebuilding rates depend upon:

- a) Physical *capacity* of the local area to accommodate new housing, allowing for existing extent and intensity of urbanisation, and the amounts of land potentially available and not subject to overriding policy or environmental constraints;
- b) *Demand* for housing, including both open market demand and the need for housing from those unable to afford market prices, both now and in the future, having regard to forecast/projected growth in households, jobs etc; and
- c) The *planning policy stance* of the local planning authority, which will incorporate past regional/sub-regional guidance or commitments, and the LA's own interpretation of a) and b), as well as its general preference.

The analysis draws on data on a large number of indicators organised in terms of these three broad domains ('capacity', 'demand', 'planning stance'). In relation to the actual 'outputs' of most interest – flow of new planning permissions, flow of housing completions – we include measures of the changes between the period up to 2007 and the period since then. Therefore we distinguish the 'previous' planning stance from the current position, which we hypothesize may have changed in at least some local authorities. To this we add a domain labelled 'current output' to capture recent measures of new consents and housing completions.

The NHB is intended to provide a financial incentive by changing the amount of financial resources a local authority has available to support services. However, in the period of its introduction local government in England has been subject to substantial progressive cuts in the level of real resources available to support services. Often these cuts are much larger in magnitude than the potential gains from the NHB. We therefore also take account of the overall budgetary and grant position of local authorities as part of the process of choosing case studies or interpreting results. Some measures of change in spending power and actual budgetary change since 2010 were derived from a separate research study (Hastings *et al*, 2013) and have been used to form another domain indicator to take account of in the typology.

The analytical approach involves classifying the indicators under the main domains sketched out above, and then to combine them in a relatively neutral, conventional fashion where each component gets an equal weight. This is achieved by taking the Z-scores of each variable (subtract mean, divide by standard deviation), adding them up and dividing by the number of components (x100). The resulting indices take values centring on 0 and ranging typically between -100 and +100.

We use cluster analysis based on the five domain indicators (including budget stringency), one recent indicator of change in plan numbers, and the most recent new consents flow indicator to derive the final groups. This generates a classification with five substantive clusters and a reasonable spread of authorities between them.

## **A1.2 Domains and Indicators**

The indicators included in each domain are set out below. (The + or – sign given before each indicator shows the direction of effect on the assumed overall domain index).

### *Capacity*

- (+) Proportion of land area which is ‘green’/undeveloped (‘pgreenw’ –derived from Generalised Land Use Database, GLUD)
- (-) Proportion of land area which is designated as Green Belt (‘pgreenbelt’ – provided by DCLG Planning Statistics)
- (-) Proportion of housing build on previously developed, or ‘brownfield’, land (‘pdl’, derived from DCLG/OS Land Use Change Statistics, LUCS)
- (-) Net residential density dwellings per hectare, dwelling-weighted average of small area values (‘netdens2’, derived from 2001 Census and GLUD residential building and garden footprint area)
- (+) Sparsity of population, persons per hectare of total land area (‘spars01’, derived from 2001 Census)
- (+) Total land area, hectares (‘areaha’, 2001 Census)

## *Demand*

- (+) Percent household growth actually recorded 2001-2011 ('pnhgrwth0111', Censuses of Population)
- (+) Percent household growth projected 2011-21 ('pnhgrwth1121', DCLG Interim Household Projections, 2012-based, published 2013)
- (+) Average mix-adjusted house price 2007, £k ('maprice7' Land Registry, adjusted for type mix)
- (+) Median house price 2011, £k ('mdprice11k' Modelled from Regulated Mortgage Survey and Land Registry data)
- (+) House price to income ratio, 2007 ('hpir7', based on average price and average estimated household income)
- (+) House price to earning ratio, 2011 ('hper11', based on median price as above and median annual full time earnings of residents from the Annual Survey of Hours and Earnings)
- (+) Median full time weekly earnings of residents 2011 ('mede11a', ASHE, averaged over 3 years)
- (+) Average annual gross household income £000, 2007 ('hhinck7', derived from proxy-based model, Bramley & Karley 2005)
- (-) Proportion of people in low income poverty ('imdlwincu', IMD low income score indicator, based on number of people claiming income-related benefits or tax credits)
- (-) Housing vacancy rate in 2006 ('pvacp', estimated from 2001 Census, and LA returns to DCLG based on Council Tax collection system)
- (+) Households containing potential concealed households in 2011 ('pconchhd', based on household composition tables, 2011 Census)
- (+) Growth in number of jobs by workplace 1998-2006 ('wjallgr', Annual Business Inquiry)
- (+) Employment rate of working age residents 2011 ('emprrt11a', based on Annual Population Survey, averaged over three years)

- (-) Unemployment rate for economically active people (pnem11a, based on Annual Population Survey, averaged over three years)
- (-) Log of distance in km from Central London ('ldist500k', using grid centroids of areas)

### *Planning Stance*

The previous planning stance of the local authority around 2007 is derived from work reported in Bramley & Watkins (forthcoming). That study calibrated a composite index of the planning stance by regressing the flow of new planning consents per 100 households against a range of variables and selecting those which were significant in at least some versions of the model. This indicator mainly comprises:

- (+) Composite indicator derived from the regression model in Bramley & Watkins as described above ('plgstance4', in units equivalent to the annual flow of planning permissions per 100 households)
- (+) Social completions per 100 households ('pscmp7', derived from CLG Local Housing Statistics Live Tables)
- (+) Estimated Outstanding Planning Permissions for housing per 100 households ('pdopp7', derived from Emap-Glenigan database of larger housing sites)
- (+) Percentage of 'five year land supply' available in local authority in 2009 ('pct5yrs', from DCLG planning statistics live tables; note five years supply based on then-operative Regional Spatial Strategy target)
- (+) Amount of land available for housebuilding, allocated in Local Plan or with outstanding planning permission, per 100 households ('plav09', based on previous indicator and the RSS numbers as compiled by Tetlow King or from Websites)
- (+) Average success rate of planning applications for housing 1998-2007 (CLG 'PS2' Planning Statistics)
- (+) Percentage change in local plan core strategy housing number between 2010 and 2012 ('tkpct', as derived from Tetlow King Survey for the Policy Exchange, 2012)

### *Current Output*

The rationale of this domain is to pick up differences between the situation in 2007-09 and now/recently and reflect the current performance of local authorities in promoting local housebuilding.

The indicators examined include:

- Private completions per 100 households in 2012/13 ('ppcmp12', derived from DCLG Local Housing Statistics Live Tables Table 253)
- Social completions per 100 households in 2012/13 ('pscmp12', derived as above)
- Estimated planning permissions for housing (units) per 100 households averaged over the years Aug-July 2011-12 and 2012-13 (DCLG 'PS2' planning applications statistics Table P136, as supplied by DCLG).
- NHB grant as percentage of total LA funding 2013/14 ('pnhb13', derived from DCLG NHB financial data supplied to project)
- NHB grant as £ per head of population, 2013/14 ('nhb13c', derived as above)

### *Financial stringency*

The final domain index developed relates to the budgetary position of the local authority resulting from the sequence of local government finance settlements since 2010 and the budgetary decisions of authorities. These measures are derived from a separate research project supported by the Joseph Rowntree Foundation looking at the impact of financial cutbacks on deprived groups and localities (Hastings *et al*, 2013). These estimates link data from official settlement data and CIPFA budgetary data, adjusting where possible for known system changes. The components of this index are as follows:

- Change in total service expenditure per capita in nominal terms, 2010-13 ('chtotsv13c', derived from CIPFA *Financial and General Statistics* 2010/11 to 2013/14)
- Percentage change in total nominal service expenditure, 2010-13 ('pchtotsv13', derived as above)
- Change in transport expenditure per capita, 2010-13 ('chtran13c', derived as above)
- Change in planning expenditure per capita, 2010-13 ('chplg13c', derived as above)
- Estimated percentage real cut in spending power from 2010/11 original budget to 2014/15 settlement ('realcut14', derived from DCLG Settlement Data and CIPFA original budget for 2010/11)

### A1.3 The LPA Typology

The ‘types’ used in the study are developed from cluster analysis applied to the values on the five composite indices for capacity, demand, previous stance, current output, and financial stringency. Six clusters are extracted, of which one has only one member (Tower Hamlets) and may be ignored.

Table A1 shows the average scores of each cluster on the key composite indices and some particular recent planning indicators. Cluster 1 has a moderately negative score on capacity (suggesting a more urban orientation), and strongly negative scores on demand and current output. The budget stringency indicator suggests quite a negative position for this group (high level of cuts), while the recent flow of planning permissions is the lowest for this group. Cluster 2 is slightly more negative on capacity, quite positive on demand, while having the most negative previous planning stance. However, the budget position of these authorities is relatively favourable. Cluster 3 has the most negative capacity scores, but the strongest demand indicator value, and as will be seen this cluster is strongly focused on London and surroundings. Cluster 4 has fairly positive capacity and demand, the most positive previous planning stance and very high current output, including the highest recent flow of permissions. These areas we characterised as established housing growth areas. Cluster 6 has the highest capacity score, indicating its predominantly rural character. Demand, planning stance and current output are moderately positive and the budget indicator is also only moderately negative.

**Table A1: Average Scores of Clusters on Composite Indices and Recent Planning Indicators**

	1 – Low demand urban	2 – High demand, cautious planning stance	3 – London Metropolitan	4 – Pro-development housing growth	6 – Rural with varying planning stance
Capacind	-14.76	-26.16	-61.10	65.33	104.46
Demind	-49.34	33.19	60.95	30.36	2.36
prevstance5	.38	-38.03	-10.11	40.46	8.59
CurrOPInd2	-43.99	-1.08	20.15	113.61	8.32
Budgind	-32.10	51.60	-34.46	3.23	-7.12
tkpct2	-4.79	-6.22	-4.59	-5.13	-2.32
pppflow1213	.68	.77	.82	1.24	1.09

To this typology County Councils and National Park Authorities are added as two distinct types.

## Appendix 2: The Impact of Weighting on the Survey Results

### A2.1 Introduction

This appendix applies weights to the survey data to explore the possible effects of under-representation of respondents from any of the LPA types. The analysis of the results is limited to the 183 responding unitary or lower tier authorities and excludes County Councils and National Park Authorities. The response rate from Unitary/lower tier is 56% of LAs, 59% weighted by households, and 63% weighted by recent housing output. The weighting applied here is based on 10 sub-cluster groups, that is the 5 main cluster groups each subdivided by the index of recent/current output into lower and higher output groupings.

### A2.2 Overall Differences after Weighting

Applying the weighting makes a modest difference to the results. The general direction of this difference is to make the results somewhat more negative towards perceived impact of the NHB.

- ‘Good understanding’ – proportion ‘strongly agreeing’ drops from 53% to 49%
- ‘Powerful incentive’ - balance of agree/disagree drops from 51/23 to 49/26
- ‘Increased overall support’ – balance of agree/disagree drops from 40/34 to 39/37
- ‘Support affordable homes’ – balance agree/disagree drops from 30/39 to 30/41.
- ‘Reduce empty homes’ – balance agree/disagree *rises* from 48/26 to 50/23
- ‘Local community support’ – balance agree/disagree drops from 10/58 to 7/64.
- ‘Supportive elected members’ – balance agree/disagree drops from 40/31 to 35/32
- ‘Strategic & coordinated approach’ – balance drops marginally from 31/39 to 30/39.
- ‘Significant in public consultation’ – balance drops from 5/68 to 3/72.
- ‘Number in Local Plan’ – balance drops from 11/65 to 8/70.
- ‘How often planning officers take account’ – proportion ‘never’ rises from 53 to 55.
- ‘Elected members take account of NHB receipts’ – little change 41% ‘never’.
- ‘Enhances ability to promote new housing’ – balance agree/disagree drops from 34/41 to 27/48.