

Evidence

Choice of policy instruments for modern regulation

Project summary SC070063/S1

A research study has found that the Environment Agency will best achieve its ultimate aim of environmental protection if it uses a wide range of different approaches when it implements government policy. Along with its regulatory and enforcement activities the study recommends that the Environment Agency's initiatives also include 'soft' tactics such as awareness campaigns and carefully targeted advisory services.

The study analysed three of its activities to examine the approaches that had been used to deliver their objectives :catchment-sensitive farming, reduction of waste to landfill and waste crime.

The team found examples from these case studies that support a growing body of literature that supports the theory that better policy outcomes – as measured against key criteria such as effectiveness and efficiency – can be secured by applying a carefully planned combination of different interventions rather than relying on a single action.

Trying to stimulate a change in behaviour, whether that of individuals or businesses, is complicated; although this is an under-researched area, some existing research suggests that change is best pursued through a range of complementary and carefully sequenced actions.

The idea is to achieve behavioural change and compliance with regulation by engaging with target groups; enabling change through education, advice; and encouraging change with incentives (economic, good publicity) for good behaviour and disincentives (economic 'name and shame') for 'bad' behaviour. The Environment Agency must also exemplify policy by practising what it preaches in its own activities.

The three case studies highlight some good examples where the work of the Environment Agency reflects the theory.

They also demonstrate that some guidance to Environmental Agency staff involved in the design of policy implementation would perhaps assist them in selecting what goes into the 'mix'.

The landfill case study is a good example of the benefits that a balance of policy instruments can bring. The market for recycle has fallen recently, so it is unlikely that the environmental objectives of landfill policy would have been achieved through recycling alone. However, because instruments such as allowances schemes and the Landfill Tax are also used, this has in turn encouraged recycling activity to continue and the rate of waste being sent to landfill has still fallen.

The waste crime case study provides a good example of different approaches being applied in a dynamic and carefully targeted way. Activities funded through the Business Resource Efficiency and Waste (BREW) campaign were tailored to the priority waste crime in specific geographical areas.

The waste crime study also demonstrated why the Environment Agency adopts a risk-based approach to its work. This helps the Environment Agency target its resources to activities that will secure the greatest environmental benefits (for instance, focusing on the 'big, bad and nasty' cases of fly-tipping and illegal waste sites that are most damaging to the environment).

The case study on catchment-sensitive farming initiatives highlighted the benefits of building trust among target groups, providing one-to-one advice and offering incentives for people to alter their farming practices through a capital grant scheme.

The study therefore suggests that raising awareness and capacities to help people to change their behaviour, (e.g. to better comply with regulations), should be executed before incentives (financial or reputational) and/or regulatory standards are applied. Incentives and standards should pull in the same direction towards common policy goals.

The study recommends that the Environment Agency should seek to formalise and standardise the ways in which it mixes together different types of action, and it should engage with other public agencies to encourage them to adopt instruments and approaches that further common objectives.

The study recommends developing the evidence base to document exactly how, and to what extent, combinations of instruments and approaches might improve policy outcomes. A few in-depth, multi-method evaluations of carefully controlled pilots with clear counterfactual cases in place are needed to underpin the broader argument that combinations of instruments and approaches can lead to better policy outcomes.

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