



Department for
Communities and
Local Government

Development benefits pilots:

Invitation for expressions of interest

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Introduction

1. The Government wants to increase house building and deliver the homes people want and need by working with, not against, local communities. Development brings a range of benefits and the Government wants to ensure communities and households benefit from developments in their local area.
2. The Government has introduced the New Homes Bonus, which rewards housing growth through grants based on the council tax raised from additional homes and long-term empty homes brought into use. This has ensured that growing areas have had resources to meet the needs of new and existing communities. Local neighbourhoods with a neighbourhood plan also benefit directly from the neighbourhood funding element of the Community Infrastructure Levy and communities can receive 'Community Benefits' for developments which support the energy sector.
3. Building on these existing measures which Government has already put in place at the local authority and community level, the Government now wants to test through a small-scale pilot whether it would be effective to extend the current incentives for communities to accept development by passing a share of the benefits of development directly to individual households. This would involve making payments to households who live in proximity to a new housing development.
4. At Budget we announced that: The government will launch a government-funded staged pilot for passing a share of the benefits of development directly to individual households, including further research and evaluation of the approach. HM Treasury have allocated a budget of £3.5m for the pilot. The aim of the pilot is to test:
 - The degree to which development benefits are likely to be both effective and efficient in reducing opposition to development and increasing active support for it
 - What approach to payments, including levels of payments and eligibility for payments is likely to be most effective
 - The extent to which a reduction in opposition to development by local residents can be expected to ease planning system constraints
 - The workability and costs of administering the development benefits model
 - Whether there are any unintended consequences, either within this policy or for other government objectives
 - How the model would impact on the approach taken to new homes in neighbourhood plans.
5. This document invites expressions of interest from local planning authorities and parish councils or neighbourhood forums for a designated neighbourhood planning area (with the support of their Local Planning Authority) in piloting the development benefits model. We have set out below details of how the pilots will operate, the support that will be available and how areas can apply

to participate. We would also welcome the opportunity to discuss the programme with interested areas - our contact email address is developmentbenefits@communities.gsi.gov.uk.

What is the purpose of the Development Benefits Pilots?

6. The Government wants to reduce the extent to which development is blocked or delayed as a result of active opposition by local residents. The reasons for residents to oppose development are varied and these issues, where they relate to planning, need to be fully considered as part of the planning process. However we are also keen that residents benefit positively from new development, where there are broad concerns about new development impacting negatively.
7. The current planning system could be accused of not fully reflecting the impact of new housing on those living nearby, particularly the noise and nuisance of having a building site near their home for a significant period. Well designed, attractive housing can enhance an area and benefit the whole community for the long term. In fairness to those who live closest and who bear the greatest burden of development in the short term we may want to do more to ensure they also see the benefits of the development.
8. The aim of development benefits is therefore to reduce delays and blockages by providing a financial incentive directly to residents that would reduce the incentive for residents to actively oppose development and increase the likelihood of positive support
9. Where a development attracts development benefits, eligible households will receive a direct financial payment when the site for housing is allocated or when that development goes ahead. Payments could be varied to reflect distance from the development or be a single figure. The legal basis on which planning decisions are taken would not change.
10. We want to explore, including through research and the pilots, how financial incentives may impact the attitude and behaviour of residents towards housing developments in practice. We are currently undertaking an initial evaluation of existing attitudes and behaviours towards individual benefits for development. This will inform our decision to go ahead with pilots and the design of the pilots.
11. We are intending to pilot development benefits schemes in a small number of areas and evaluate these to better understand how such benefits might be applied in practice. There are a number of elements that we are keen to test including which households should qualify and what level of benefit they should receive. To inform the development of the pilots we will undertake an initial evaluation of existing attitudes and behaviours.

Neighbourhood Planning Pilots

5. Neighbourhood planning was introduced through the Localism Act, devolving down planning power to local people and helping them play a much stronger role in shaping their areas. Neighbourhood planning is proving very popular and over 1,000 communities have now applied for a neighbourhood area to be designated and 29 neighbourhood plans have passed referendum (with an average turn-out of 32% and an average 'yes' vote of 87%). Nineteen of these plans are now fully in force, forming part of the development plan, and giving communities real power to shape planning decisions.
6. Piloting development benefits across a neighbourhood or parish area will allow us to assess how the scheme could change attitudes to development at a community level as well as in individuals who live closest to a particular development.

How will the pilots work and what will pilot areas be asked to do?

7. The pilot process will operate in the following way:
 - (a) DCLG are inviting expressions of interest from local authorities in piloting the model on a specific forthcoming housing-focused development proposal is anticipated to commence no later than the end of financial year 2015/16 and parish councils or neighbourhood forums for a designated neighbourhood planning area that are preparing but have not yet submitted their plan for examination.
 - (b) We are aiming to select a small number of proposals for pilot areas based on how effectively they would enable us to test the policy.
 - (c) In local authority led pilots, at the point that the proposed development came forward for planning permission, the local authority would publicise the fact that the development would attract development benefits and who would qualify. The planning process would otherwise operate as normal, including Community Infrastructure Levy and/ or Section 106 negotiations. Development benefits would be paid to qualifying households at the point that development commenced.
 - (d) In parish councils or neighbourhood forum led pilots, the proposal would be to pay a certain amount of money to the accountable body (either the parish council or the local planning authority acting on behalf of a neighbourhood forum) for each new home allocated on a site in the neighbourhood plan. This money would then be distributed to the households closest to the development. We anticipate that the money would be paid to local residents on commencement of resulting development provided that this goes ahead within 5 years of the plan being made.

- (e) The pilots would be administered either by the participating local authority, the parish council, or by the local authority on behalf of a parish council or neighbourhood forum. For the pilots, central government funding will cover the development benefit payments as well as administrative and evaluation costs.
 - (f) The pilots would be fully evaluated to understand how the financial incentives used impact on people's views and behaviour and consequently, the volume and speed of development which can be achieved.
- 8. We will work closely with the pilot areas to determine the detailed design of the schemes including the means of publicising them, eligibility for payments, the level payments are set at and the way payments are made.
 - 9. The pilots will be expected to actively engage with the research and provide information to DCLG about the progress and outcomes of the pilot. This is to ensure that we can evaluate the success of the pilots and learn lessons that should be taken into account in future policy-making. Participating authorities and neighbourhoods will be expected to provide feedback at regular intervals. However we will keep these information requirements light-touch and work with the selected pilot areas to design them. We will also expect representatives from the selected pilots to hold regular meetings with central government officials to share their experiences of operating the development benefits model. We will also support pilots to share learning with each other.

What support will be available?

- 10. Resource funding
 - This is funding that can be used by the local authority, parish council or neighbourhood forum to pay for administration of the development benefit pilot. As part of their expression of interest, areas will be invited to indicate what resource funding they will require in order to operate as a pilot.
- 11. Advice and expertise
 - Advice and information relating to development benefits pilots will be available to piloting local authorities on a day-to-day basis from a named lead officer within DCLG.

Who is eligible to participate?

12. Expressions of interest are invited from:
- Local planning authorities in England where a specific forthcoming housing-focused development proposal would commence no later than the end of financial year 2015/16; and
 - Parish councils or neighbourhood forums for a designated neighbourhood planning area (with the support of their local planning authority) where a neighbourhood plan with a housing component is currently in preparation and has not yet been submitted for examination.

How to submit an expression of interest

13. Please complete a short proposal, setting out an outline plan to deliver a pilot and how it will meet the criteria below. A guideline for proposals is attached at Annex A. Plans must also identify the total resources required (broken down between capital and resource).
14. Proposals should be submitted electronically to:
developmentbenefits@communities.gsi.gov.uk.
15. The deadline for submitting an expression of interest is: 24 October 2014
16. All expressions of interest will be assessed against the criteria set out below:
- (a) The ambition of the area's outline plan to deliver (and, ideally, to exceed) the aims of the pilots.
 - (b) The deliverability of the area's outline plan to deliver (and, ideally, to exceed) the aims of the pilots and certainty of delivering within the timescale proposed.
 - (c) The value for money (i.e. cost effectiveness) presented by the proposal overall.
 - (d) Past track record for housing and planning delivery in the area and of overall governance of the organisation
17. Each criterion will have equal weight in the assessment of expressions of interest.
18. Following the selection exercise, the reasonableness and affordability of any grant funding requirements set as part of the successful expressions of interest will be assessed. Where the resource requirements indicated by a selected pilot have not been fully agreed to, the local authority will have the

opportunity to withdraw their expression of interest. We will seek to select pilots that reflect some geographical spread and which reflect different urban / rural / suburban characters.

19. The selection process will run broadly as follows:

- Deadline for submitting expressions of interest is 24 October 2014.
- DCLG will evaluate expressions of interest (and any associated resource funding requirements) during November
- Applicants will be notified of the outcomes in December and a public announcement to follow shortly afterwards confirming that the operation of the pilots will take place and the successful local authorities.

Annex A: Guideline for proposals

There are a number of elements that we are keen to test including which residential households (particularly in terms of proximity) should qualify and what level of benefit they should receive. We are currently undertaking an initial evaluation of existing attitudes and behaviours towards individual benefits for development. This will inform our decision to go ahead with the pilots and the design of the pilots.

Proposals for pilots should be brief and based on existing evidence. This annex sets out the key areas the proposal is likely to address, although individual circumstances may require additional or alternative information.

1. Contact details. Please include both the name and address of the organisation leading the pilot proposal and the name and contact details for the main contact for this proposal.
2. The type of pilot being proposed – a local authority pilot or a neighbourhood planning pilot.
3. There are a number of key characteristics which are central to any development benefits scheme:
 - a) The criteria for benefit payments must be transparent and communicated to all local residents before planning decisions are made.
 - b) Household proximity to development should be the key criterion for payment.
 - c) The level of payment should be of a sufficient scale that it acts as an incentive to support development.

We will expect proposals to focus on demonstrating how these issues will be addressed.

Local Authority Proposals

4. Details of the housing focused development proposed for the development benefits pilot. This should include:
 - a) The name of the developer
 - b) The type of development
 - c) The number of housing units being built
 - d) The location of the development (potentially including a location map)
 - e) The expected timetable for the planning application, planning decisions and development commencement (if planning permission is secured). Ideally including an assessment of the risks to this timetable
 - f) The anticipated level of support or opposition to the development
 - g) Any other salient issues (for instance, any section 106 requirements)
5. Details of how the proposed pilot will operate. This should include at least:

- a) The proposed criteria for the pilot, including proximity criteria and level of benefit payments (e.g. every residential homeowner within 100m of the development would receive a benefit payment the equivalent of 3x the band D council tax charge for the area)
- b) The number of residential households you would expect to make payments to
- c) The anticipated overall cost of the pilot broken down by payment costs and administrative costs (the design must demonstrate cost effectiveness)
- d) The proposed administrative arrangements, including identification of eligible households and the payment method
- e) The publication arrangements for the development benefit
- f) The anticipated engagement with the developer about development benefits

Neighbourhood Planning Pilots:

- 6. Details of your neighbourhood plan including:
 - a) The current stage of the plan and your projected progress by the end of 2014 and early 2015
 - b) The area included in the plan (you may include a map)
 - c) The number of households in your neighbourhood plan area
- 7. Details of the housing focused development(s) you believe will incur development benefits including:
 - a) Number of sites expected to be developed and the number of units on each site
 - b) The number of existing households within a close proximity (for example 100m) to any new housing focused developments
- 8. Details of how the proposed pilot will operate in your area including:
 - a) How many households you would expect to receive payments
 - b) How you would calculate the payments to residential households (for example flat payments or apportioning a percentage of the amount granted to households depending on their proximity to each development)
 - c) How the design demonstrates cost effectiveness
 - d) How you would administer payments (whether you have a parish council with the power of competence or would need to involve your local authority)
 - e) How you would publicise development benefits
 - f) How you would interact with the developer about development benefits.