

**Planning Gain and Progressive Politics:
New Labour as a Paradigm Shift?**

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**Thesis submitted for the degree
of Doctor of Philosophy**

2010

The London School of Economics and Political Science

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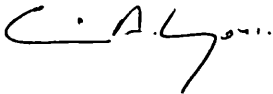
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Abstract

New Labour came to power claiming it would usher in an era of progressive politics that would go beyond the old Left and New Right ideologies and deliver balanced communities through a modernised local government. These communities would see a move away from the dominance of economic policy with environmental and social issues given parity.

The planning system has historically accepted a socially driven argument for capturing some of the uplift in land value that results from the granting of planning permission, for community benefits. Local planning authorities seeking social benefits for a community normally secure these through planning obligations. However, obligations can be used for a wide range of purposes and this thesis investigates whether New Labour changed the emphasis of using obligations to be more socially cognisant, compared to the previous Government.

This is measured by conducting an in-depth analysis of obligations signed at one local authority over the period 1991 to 2003. This gives six years of obligations under the Conservative Government to provide a contrast with the obligations signed under the first six years of the New Labour Government. Every clause signed in every obligation over this period has been classified to see whether the use of obligations has undergone a paradigm shift under New Labour. The research at the authority came to an interesting and surprising conclusion that a smaller percentage of obligations had a social purpose under New Labour than the previous Conservative Government. The research results were investigated by conducting interviews with senior officers at the authority to consider why so little progress was made under New Labour. The thesis concludes by suggesting why problems arose, considers whether they are likely to transcend the case study authority, and suggests how changes are needed if social issues are to be progressed.

Acknowledgements

This research has taken a long time to complete and has seen many changes in my personal circumstances, including the birth of my wonderful daughter Yasmin, getting married to my wife, Robyn, and the birth of our lovely son Henry. There have also been many trials and tribulations along the way and my parents have been a steady support and inspiration throughout. Very sadly my mother passed away as the research neared completion and her practical advice and love has been missed every day since.

My strength, motivation, and ability to be able to complete this work comes from God who has given me all that I have as He alone has created all things and to study His world is a privilege. I dedicate this thesis to all of these people and in recognition of all their support and particularly in appreciation of all that my mother and father did in bringing me up to value education.

I have also received support and encouragement from many other sources throughout my study but I would particularly like to thank Dr Thornley, my main supervisor, especially for his help in refining my topic, and Dr Rydin, my assistant supervisor before she left the LSE, as she gave invaluable practical guidance in my early days and fired my enthusiasm. I would also like to thank Dr Holman for her comments on the draft. Havant Borough Council has given me some time off work to study and allowed me to have unrestricted access to materials for this research and I thank them for that support and for allowing me to research an area that could have highlighted many inadequacies. I trust the research has been written in a spirit of learning and progress rather than criticism. Thank you too to all those who agreed to be interviewed as I know most found it daunting. Lastly, thank you to Robyn for proof-reading many versions of this thesis and for her advice throughout.

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1 INTRODUCTION TO THE RESEARCH

“If they acquire private property in land, houses or money, they will become farmers and men of business instead of Guardians, and harsh tyrants instead of partners in their dealings with their fellow citizens, with whom they will live on terms of mutual hatred and suspicion; they will be more afraid of internal revolt than external attack, and be heading fast for destruction that will overwhelm themselves and the whole community” (Plato, from *The Republic*, translated by Lee, 1987: 125).

Plato warned of the dangers of the governing class¹ owning property as he felt there was a risk that not only would they abuse their position but they would be distracted from the matters of state, instead becoming focused on their own business interests. Property and politics were seen as a dangerous mix that would undermine community cohesion from the earliest of days. However, history has shown that since the end of the ice age, humans have transformed themselves from being primarily hunter-gathers to having a desire for property that has proven irresistible (Cohen, 2001).

Cities have been central to civilisation for many centuries before the Greeks and Romans² but the city was the agency through which the Graeco-Roman way of life was disseminated and it was an urban building programme that Agricola used to help pacify and civilise Britain (Owens, 1992). Within the context of this thesis, the Greek and Roman view of urban development is of particular interest and it should be remembered that the Greek *polis*³ was originally seen as a community of citizens where the buildings were of secondary importance. However, the physical interest increased as the cities grew under the Hellenistic kings and their Roman successors as cities had to serve political, economic, social, and religious functions. The orderly arrangement of these elements was the task of the town planner, with planning records stretching from around the fifth century BC. These early records demonstrate that doctors commented on the health implications of town planning and Hippocrates showed how to align streets for the occupants' health. This was an early precursor of the foundations of the 'modern' planning system in Britain, over two thousand years later.

¹ The Guardians were to carry out the functions of both the government and the army

² The Phoenicians and Carthaginians were especially prolific city builders

³ A city state in ancient Greece

The Classical town planning period under the Greeks therefore saw the city state as the dominant political form with new towns created for political ends but with town planners becoming increasingly aware of the social problems of expansion. However, it was the Hellenistic period that saw cities become an end in themselves, by showing the greatness and stability of the rulers through the monumentalisation of cities to reflect the strategic and military role they now fulfilled (Owens, 1992). Cities became an expression of the political ruler's power to demonstrate their greatness, with town planning increasingly employed to ensure the economic and military power of the city was maximised. Town planning had become a tool of the political rulers of the day to try to physically demonstrate how great their nation was.

Politics and planning have been intertwined ever since and the ability of planners to address the concerns of citizens and ensure a community is developed in a way that balances economic, social, and physical concerns will largely be dependent on the desires of those in power. Planners would continue to struggle with this political dependence to varying degrees and this would influence their professional desire to create communities that provided what the people wanted, rather than what the politicians thought they wanted.

This research seeks to examine the planning system at the end of the twentieth century and into the new millennium to see the pressures it was under and whether communities were now being developed that balanced economic, social, and environmental aims. The signs were good with a strong economy, a public interested in the environment, and a Labour Government back in power with a landslide majority that should enable social issues to be high on the agenda. It was considered that research could be carried out by examining the use of planning obligations in detail at one local authority where all three desires would be found. This would give a good indication of whether the planning system was managing to give equal weight to each of the issues or whether any dominated.

Planning obligations were chosen as a suitable procedural tool where the aims could be measured and a case study authority was found that on paper balanced economic desires (it was in the economic powerhouse of the southeast), environmental concerns (it has significant international and national areas of protection), and social concerns (with high

indices of deprivation). This would allow a modern day *polis* to be examined to see how conflicting desires were being weighted and whether after all these years, the planning system had managed to balance these aims.

1.1 Politics and planning before New Labour

Before the research can be set out in detail, it is important to have a brief understanding of how the planning system had developed over the centuries and the issues that had come to dominate before the Labour Government returned to power in 1997. It would be naive to assume that they inherited either a country or a planning system that were value free and that there were not circumstances that they would have to react to once in power.

Therefore, it is intended to provide a concise and abridged history of the ‘modern’ planning system and the issues that the outgoing Conservative Government had left the new Labour Government to contend with. This will also show how economic, environmental, and social concerns changed in importance relative to each other, as it is important to understand where social aims stood in relation to the others when Labour came to power.

‘Modern’ town planning before 1960

The ‘modern’ planning system in Britain, like the very first planners, also had an altruistic aim of trying to ensure development was well planned to address the concerns about public health and lack of housing. Growing fears over public health eventually led to the Public Health Act of 1875 which specified minimum housing standards in terms of street width, dwelling design, and construction. However, the squalid conditions inspired religious philanthropists, social reformers, political campaigners, entrepreneurs, and great landowners to go beyond the minimum requirements of the law and to develop model towns to improve the lives of their workers (Low, 1991). This culminated with Ebenezer Howard’s tract in 1898, *Tomorrow – A Peaceful Path to Social Reform*, a key writing setting out how to create the ideal town that catered for all of the community’s needs and theorised the previous building experiments at Saltaire, Bournville, and Port Sunlight.

Howard was also interested in trying to address the lack of wider social change and he saw land reform as critical to this process and wanted land to be owned by the people, not in the hands of the privileged ruling elite; the same concern Plato had raised. Howard believed that not only should the land be owned by the public but that it should be administered in the interests of the whole community and he placed an emphasis on the need for a strong local level of government to have a community spirit and be self-sufficient (Thornley, 1977).

However, the first piece of legislation to focus specifically on planning did not concentrate on these more ideological issues but instead looked at more practical matters. The first planning legislation was *The Housing, Town Planning, Etc. Act of 1909* and its title reflected the ongoing intertwined nature of planning and housing. These two issues were considered together to address the public health problems and the 1909 Act was followed by *The 1919 Housing and Town Planning Act*. This emerging planning system was a response to the problems generated by the unregulated urban-industrial growth of the nineteenth century that had created slums and squalor. The new housing layouts were intended to improve social conditions for the public or at least to stabilise social relations (Cullingworth & Nadin, 2002; Ennis, 1997; Thornley, 1977).

The 1925 *Town Planning Act* separated housing from planning for the first time in legislation, although by the time of the 1932 Act it was the Minister of Health who oversaw the development of areas due to the health implications of housing layouts. Planning focused very much on physical design issues with the Town Planning Institute initially requiring a professional qualification in architecture, engineering, or surveying for admission (Rydin, 2003).

The nineteen twenties and thirties had also seen a growing interest in environmental issues, including a desire for better public access to the countryside, with the emergence of National Parks, the Council for the Preservation of Rural England in 1926, the Rights of Way Act, the Youth Hostels' Association and the Ramblers' Association. However, this environmental impetus was subsequently lost for over a decade due to economic concerns taking precedence after the 1929 Wall Street Crash and then the Second World War. The 1943 Cabinet Committee on Reconstruction eventually saw environmental issues return to the agenda (Cullingworth & Nadin, 2002; Rydin, 2003).

The nineteen forties could be seen as a golden era for planning as the country prepared for the challenges of reconstruction after the Second World War and approached it with the same rigour of planning a military operation with a series of reports (Cullingworth & Nadin, 2002). There was new economic policy on industrial location with the requirement for industrial development certificates and the publication of the influential *Barlow Report* in 1940⁴. There was also legislation for environmental aims to protect listed buildings, rural land, agricultural areas, national parks, wildlife conservation, nature conservation, and the publication of the *Scott Report* in 1942⁵. Lastly, there was a renewed focus on social issues with Alcock (2003) noting how the welfare state in Britain emerged from the *Beveridge Report* of 1942⁶ which sought to remove the ‘five giant evils’ of the pre-war years: disease, idleness, ignorance, squalor, and want.

“As developed in the 1940s, the UK planning system was intended to realise in spatial and physical terms the economic, social and environmental objectives of the new society ushered in with the post-war Labour government” (Healey, 1992: 421).

There are two other events of note in the forties. The first was the publication of the *Uthwatt Report* in 1942⁷, which was the first serious consideration of how to develop land and retain the value for public benefit (this will be considered further later). The second was the publication of the 1947 *Town and Country Planning Act*, which expanded the need for planning permission to cover nearly all development, and moved planning beyond its regulatory function by requiring development plans to proactively plan for the future. Consequently, planners in the forties and fifties saw themselves as being fundamental to building the welfare states that would provide a decent quality of life for people after the war. There was considerable focus on urban form and the ideas of Patrick Abercrombie with hierarchies of city, district, and sub centres on radial routes (Healey, 1997). In addition to the ongoing economic concerns, the fifties moved back to planning’s roots of ensuring a good supply of housing to improve physical conditions in the cities with the implementation of the much-heralded new towns programme.

⁴ Report of the Royal Commission on the Distribution of the Industrial Population

⁵ Report of the Committee on Land Utilisation in Rural Areas

⁶ Social Insurance and Allied Services

⁷ Report of the Expert Committee on Compensation and Betterment

This era is also notable for the fact that the RTPI published a *Report of the Committee on the Qualifications of Planners* in 1950⁸ and it recommended a widening of entrants to the profession to include economists, geographers, and sociologists (Rydin, 2003). This moved the Institute beyond the physical focus it previously had and was an important recognition by the profession that planning should legitimately be seeking to interact with economic and social issues as well as physical concerns.

The 1960s & 1970s

The sixties started with the designation of the second phase of new towns (in light of alarming population predictions) and with growing political tensions. The publication of *The Robson Report* in 1966 stated that local government had effectively lost power to central government, while *The Maud Report* of 1967 argued that what little power was left in local government was in the hands of the professional officers and not the elected local politicians (Leach & Percy-Smith, 2001). Power had effectively been centralised while decision-making was seen as an objective technical exercise to be carried out by the experts with the first major experiments in traffic management and computer modelling. However, there was a growing realisation that urban decay was spreading, poverty was increasing, and the public were increasingly worried about the effects of slum clearance, high-density redevelopment, urban motorways, and racial unrest in their communities (Cullingworth & Nadin, 2002). As the malaise spread, urban issues increasingly dominated the political agenda with politicians becoming more interested in planning to reach a technical solution (Leach & Percy-Smith, 2001).

The question was; what would happen when the elected politicians clashed with the technical expertise of the professional officers? The background to the Urban Programme (UP) of 1968 gives an answer and illustrates how the professionals were largely to blame for the removal of social issues from the political agenda. Atkinson (2000) argues that preparation for the UP had seen central government attempt to develop a more coordinated approach to social issues that would have had a radical impact. Unfortunately, the British political elite had been persuaded by the professionals that full employment and the welfare state had eradicated the social problems that were characteristic of the inter-war period. The belief that poverty as a

⁸ The Schuster Report

mainstream problem had been defeated led to the view that social issues were only a problem in certain geographical areas. These were where communities had failed to take advantage of the opportunities afforded to them by full employment and the welfare state. The solution was typical of the dominant planning discourse that had existed since 1945 where problems were seen in physical terms with technical solutions proposed. The Government targeted the 'problem' areas along with their 'deviant' populations to ensure they 'modified' their behaviour (Atkinson, 2000).

The result was little serious consideration of wider societal forces and the UP was simply 'tacked' on to other policies with a relatively small budget and the opportunity for a coherent urban policy that would tackle social problems was lost. The professional experts, who thought they had a technical answer, had steered the politicians in central government away from a solution that would have placed social issues on the same level as economic and environmental concerns. Instead, they focused on spatial issues with only an aside given to social problems. The local politicians who may have questioned this by what they saw on the ground had lost the ability to influence the discussion as the professionals had the ear of central government (Atkinson, 2000).

Urban policy after 1968 was therefore characterised by a focus on these 'deviant' communities and one solution was to increase citizen involvement with the hope that if people were involved more in their communities they could be 'helped' to help themselves find a job or use the welfare state to escape poverty. This led to the growth of projects which operated alongside the main part of urban policy in areas of 'special social need.' Community involvement improved to a degree but was limited due to criticism that the process was top-down and run by the local authority and not by local people. The authorities argued that it was not easy to identify who the local community was, and when they did, it was often difficult to involve them in a meaningful way (Atkinson, 2000). This was not a new problem as trying to balance more participation with quicker decision-making had been a concern of the planning system for a decade before the 1968 *Town and Country Planning Act* eventually introduced the requirement for participation (Thornley, 1977).

The *Skeffington Report* was published in 1969⁹ and sought to work out how the requirements of the 1968 Act would be met but pointed out the educational benefits of participation. During the debate before publication of the report, the Government remained silent on its own opinion and even sought to keep the discussion vague, so as not to influence the outcome of the Report. However, it in turn was vague and contradictory and left the problem for the subsequent Circular 52/72 to resolve, which in turn left the problem for local authorities to consider (Thornley, 1977). People knew the planning system benefitted those who were best placed to 'use' the system for their own ends; business interests, the articulate middle classes, and affluent owner-occupiers living on the edge of cities but little changed (Davoudi & Atkinson, 1999). The participation required by the 1968 Act was in reality more a publication exercise, rather than genuine participation.

While there had been advances in the environmental agenda, particularly with the creation of the Countryside Commission (Cullingworth & Nadin, 2002), the seventies saw growing inner city problems. It was realised that planning was not actually capable of delivering level growth across the country with areas of severe deprivation adjacent to areas of massive development profit (Rydin, 2003). This led to research into the implications of welfare economics on land use planning, although with little practical purpose, as planners did not seem particularly interested (Evans, 2003). The seventies saw the peak and subsequent collapse of the post-war economic boom as the property explosion of the early seventies was swiftly followed by the oil price rises of 1973-74 as the Keynesian demand-stimulation strategies ran out of steam (Healey, 1997).

Research by Peter Hall and colleagues into *The Containment of Urban England* in 1973 proved that a major objective of the post-war planning system had been to restrict urban sprawl and development in the countryside and while this had successfully contained development, the success was at a price (Taylor, 1999). The restriction of land available for development led to inflation of land and property prices and the knock-on effect was an increase in social inequalities as fewer people could afford to buy land or property due to the increasing inflation and so post-war physical planning had been socially regressive.

⁹ People and Planning (Report of the Committee on Public Participation in Planning)

The growing realisation that these problems were difficult to fix and that the planning system had wide ranging influence (for good or bad) was inherent to the 1977 White Paper¹⁰ which reflected on the experiences of the Urban Programme, the Educational Priority Areas programme, the Community Development Projects, and the analysis contained within the Inner Area Studies. It pointed out that progress had been made but that the problems of urban areas were only beginning to be understood by planners, politicians, and policy makers. The analysis is interesting as it recognises the interplay of economic decline, physical decay, and adverse social conditions (Burton, 1997).

The New Right

Margaret Thatcher came to power with the Conservative Government in 1979 and effectively ended aspirations of social progress as the 1978-79 winter of discontent started to bite and the harsh economic realities gave rise to the political ideologies of Reaganomics in the USA and Thatcherism in the UK. They undermined the collectivist entitlements of citizenship by taking on the unions (the air traffic controllers in the USA and the miners in the UK) and brought to an end full employment, which had given the industrial class its bargaining power. They sought to raise aspirations on an individual and competitive basis rather than on the previous collectivist basis (Low, 1991; Rustin, 2001a).

The term New Right is broad and covers public choice theory, liberalism, neo-liberalism, and conservatism and during this period every aspect of land-use planning was affected by New Right theory, although there was a gap between theory and practise, as what was meant to happen did not always occur (Allmendinger, 2002). The Thatcher Governments (1979-1990) and to a lesser extent the Major Governments (1990-1997) were influenced by New Right ideas. These were based on an economic and moral critique of the welfare state and state intervention with a resulting advocacy in support of market mechanisms in all areas of public policy. However, two New Right approaches resulted; firstly, the neo-liberal that stressed freedom, choice, and individualism, while expressing doubts and anxieties about government action, and favoured a minimal and enabling state. Secondly, the neo-conservative approach which

¹⁰ Policy for the Inner Cities

emphasised the importance of hierarchy, authority, tradition and order, and advocated a strong interventionist state (Tiesdell & Allmendinger, 2001a). These different approaches would become highly visible within the planning system by the end of the era.

Thatcher came to power appearing to believe that local government was partly responsible for producing the run-down Council estates that dominated the post-war urban agenda. She was also aware that the seventies had culminated in a period of growing public mistrust that the government was not acting in the best interests of communities, as social problems had become prominent but with little visible action (Thornley, 1991). However, she believed that a strong central state was needed to ensure interest groups (including local authorities) did not frustrate the operation of the market and the neo-liberal argument for a minimal state with greater freedom and autonomy for local government was defeated by the neo-conservative argument for greater state direction (Tiesdell & Allmendinger, 2001b). Privatisation and deregulation were to free up market processes by removing the 'blockages' to supply-side activity, with the resulting loss of focus on social and environmental issues seen as a necessary cost of transition to a stronger economy (Healey, 1997). The 'benefits culture' was to be replaced by the 'enterprise culture' with many regeneration programmes bypassing the local authority as they sought to free up supply side conditions.

The Conservative Government was seeking to challenge the post-war consensus by drawing on the work of Friedman and Hayek to argue that the market should always be free to make decisions, as any decision it made would always be preferable to a political decision. The state would occasionally have to 'interfere' in society but only the market had the ability to objectively cope with the complexity of decision-making and satisfactorily weigh up all costs and benefits (Hayek, 1944). The important point for Hayek regarding the state was that the individual must be able to foresee the actions of the state. Although economic planning will involve deliberate discrimination between the needs of people, the rules applied by the state must be applied rigorously and without exception, even if occasionally it seems unfair (Hayek, 1944). One such example would be that the poor should accept they must live in bad housing and unpleasant locations, as that is all they can afford, and there should be no attempt by the Government to improve conditions beyond the minimum standard required to protect

the rest of the population from disease. Any such attempt would be seen by Hayek as interfering with the just distribution of resources, as decided by market forces (Low, 1991). Friedman and Hayek had both argued that terms such as 'social justice' were meaningless with no justification for intervening in the market to try to achieve social concerns and instead they advocated that market mechanisms should be used in all areas of public policy (Thornley, 1991; Tiesdell & Allmendinger, 2001b).

Therefore, the 1980s and early 1990s were characterised by the lure of an unrestrained market-led property-fuelled regeneration that had sprung from the belief that there was a need to overcome a shortfall of physical infrastructure to support global corporate investors. This approach was supported by the removal of supply-side constraints to investment in cities, including the minimisation of local government and public participation. The solution was for blighted areas to build their way out of poverty and to rely on some of the wealth created by the new development and investment to 'trickle-down' into the local community (Imrie & Raco, 2003b; Thornley, 1991). Thatcher approached urban planning with an aim of introducing a 'rule of law' to minimise local discretion, centralise control and thereby provide the market with more certainty. The lobbying by the British Property Federation (BPF) and Royal Institute of Chartered Surveyors (RICS) to replace the planning system with restrictive covenants and nuisance laws is reflective of this attempt to simplify the planning process and the eighties saw a significant degree of centralisation in planning (Allmendinger & Tewdwr-Jones, 1997).

However, by the late 1980s there was much dissatisfaction about the exclusively economic approach being followed. The House of Commons Public Accounts Committee published a report in 1989 that criticised urban policy for its lack of social content. Evidence was produced that showed 'trickle-down' economics was not working, with the number of people living in poverty tripling between 1977 and the 1990s, along with growing geographical inequalities between the rich and poor (Adair *et al.*, 2003; Imrie & Raco, 2003b). Concern was also mounting that the Urban Development Corporations (UDC) took no account of local needs and had little interest in social issues with reports that they had received 61% of urban regeneration funding by 1990 but that they spent no more than 5% of their funding on social issues (Ginsburg, 1999). Nevertheless, there was little change in policy or practice with regard

to public participation as community groups were still given a 'presence' rather than a proper voice (Imrie & Raco, 2003b).

Economic concerns were still seen as the panacea of society's problems, although the environmental lobby had grown in strength as middle-England (the traditional heartlands of the Conservative Party) rallied against the massive house building programme that was considered to be destroying swathes of countryside. Conservative MPs were under increasing pressure from their constituents and Margaret Thatcher went from having little interest in the environment to suddenly declaring the party to be the guardians and trustees of the earth. She had realised the significant increase in support for the Green Party in the European elections of 1989 meant environmental issues could be a vote winner (Allmendinger & Tewdwr-Jones, 1997). This resulted in the 1990 White Paper *This Common Inheritance*, which set out an environmental strategy (Cullingworth & Nadin, 2002), while The Environmental Protection Act of 1990 bolstered the functions of local authorities as guardians of the environment. European integration led to the 'greening' of planning and politics in Britain as the EU had a strong environmental lobby and had moved beyond simply seeking market solutions to problems (Rydin, 2003).

Overall, the Thatcher Governments pursued an identifiable New Right market-led approach to regeneration, although by the end of her tenure as Prime Minister, there was mounting evidence that the plethora of initiatives and bodies responsible for regeneration was overly complex and bureaucratic (Tiesdell & Allmendinger, 2001b). Thatcher had moved Britain towards a freer and more competitive open economy but with a more repressive and authoritarian state. For example, planners were constantly reminded they were a 'burden on business' (Allmendinger & Tewdwr-Jones, 1997). However, the Audit Commission report *Urban Regeneration and Economic Development* was published in 1989 and concluded that the nineties needed to address the overly complex regeneration agenda and that local government should take a more active role in policy formulation and instigation. This set the scene for John Major who became Prime Minister in November 1990.

When Major came to power, policy inevitably continued as it was for the first few years as many initiatives had a long lifespan that could not be quickly changed, but there was

a move to make policy more coherent and to include local authorities and local communities further (Tiesdell & Allmendinger, 2001b). After a decade of local government being practically sidelined from the regeneration programme, it was again seen as a key player, but now in partnership with the local community. There was an increase in 'bottom-up' involvement but it should not be forgotten that the top still controlled the process through the way it allocated resources via competitive funding regimes. This in turn led to the creation of the 'audit culture' that tried to monitor how the money was spent.

The New Right initially had little time for social aims but there had been a slow recognition of social issues on problem estates towards the end of Thatcher's reign, although Major is still considered to have been more amenable to social issues than Thatcher (Tiesdell & Allmendinger, 2001b). Commentators do not agree about the difference between the approach of Thatcher and Major with Tiesdell & Allmendinger (2001a) arguing there *was* a significant difference with Major seeking to compel people to work together through the incentive of financial resources. They see this shift from the 'agency-type' model to a 'partnership-type' model as less confrontational and not to be dismissed but Rydin (2003) sees the Major Government as more of a change in style, rather than content, with Major more pragmatic and consensual than Thatcher. There is a further view that the Major government had a 'hidden agenda' that actually introduced some pro-planning changes via the plan-led system, although this was mainly to allow central government to dictate local policy through central policy guidance. However, the primacy of the development plan returned significant power to the local authority with the new s.54A under the Planning & Compensation Act (P&CA) 1991, which was introduced in Major's first parliamentary session as Prime Minister (Allmendinger & Tewdwr-Jones, 1997).

There were contradictions within the Conservative Party as the influential house-building lobby was eventually constrained by the 'green' lobby and this led to a dual planning system with environmental issues paramount in areas of protection¹¹ but with the market dominant everywhere else (Thornley, 1991). Nevertheless, Thatcher did change the *purpose* of planning to become more market driven with only a selective

¹¹ Such as the National Park, AONB, Conservation Area, Green Belt etc.

application of environmental concerns and practically no room for social issues. The *procedures* also changed from community-based local democracy towards centralised government supervision.

“Central control has the effect of reducing the ability of local authorities to introduce their own criteria and allows central government to ensure that market criteria dominate, as expressed in their increasing involvement in planning gain. Again, the reduction of opportunities to participate is a thread running through the period, associated with the desire to speed up and streamline the system” (Thornley, 1991: 161).

The New Right had a profound impact on life within the United Kingdom and this included the planning system which had been significantly altered to practically remove social concerns as a legitimate consideration. The public was restless for a new approach and New Labour stepped into this vacuum.

1.2 New Labour

Tony Blair, the soon to be Prime Minister, stated in the introduction to the 1997 Labour Party manifesto that a new approach was needed in each policy area which was to differ from the ‘the old left and the Conservative right’ (Powell, 1999: 13). This was seen by many as the birth of a new political rationale that was different to the two traditional ideologies of the Labour Party and the Conservative Party. This was a ‘third way’ that heralded a new approach to politics and was befitting of a party that had branded itself as New Labour and fit for governing in the modern era. This new approach had emerged from the perceived collapse of Communism, the growing irritation with the New Right and its rejection of social concerns, and the growing dominance of globalisation that came to shape policies at the end of the millennium.

Blair wanted to be the peoples’ Prime Minister and he promised to give power back to them and to ensure people could work in partnership with each other towards a stakeholder democracy and economy. All people would have rights and responsibilities that would collectively allow the country to prosper as it embraced the free market to empower people. In Britain, Blair was personally the main proponent of the Third Way and he tried to explain what it was with assistance from Anthony Giddens who gave some intellectual credence to the idea. Giddens built on the ideas of Durkheim and

placed community central to the New Labour message while Blair focused on a new buzz phrase – social justice.

“The Third Way stands for a modernised social democracy, passionate in its commitment to social justice and the goals of the centre-left, but flexible, innovative and forward-looking in the means to achieve them... The Third Way is not an attempt to split the difference between Right and Left. It is about traditional values in a changed world. And it draws vitality from uniting the two great streams of left-of-centre thought - democratic socialism and liberalism” (Blair, 1998b: 1).

Ideas that would have been previously inconceivable were back on the agenda as progressive politics regained strength with a Labour Government that had a massive majority in the House of Commons that practically gave it *carte blanche* to do as it pleased. They moved quickly to set up new initiatives that would bring social issues back to the fore, such as the Social Exclusion Unit, and they spoke passionately of the need for social justice and for social issues to prevail.

Blair had come to power with a vision that local authorities needed to reassert and redefine their role as ‘community leaders’ by working in partnership with other groups and to bring together the various local stakeholders (Blair, 1998; Leach & Percy-Smith, 2001). One of the areas where there was a need for this leadership was in the provision of social infrastructure as there was a demand for better health services (especially dentists), and more places, teachers, and facilities for schools that were in desperate need. News headlines were full of stories where people could not find an NHS dentist for hundreds of miles, hospitals were dirty and had waiting lists that ran into years, and schools could not afford new books and had to ask parents to buy them (Blair, 2002b; Coote, 2001; Crouch, 2003). The provision of social infrastructure had practically collapsed under the New Right and so it would be a ‘quick win’ area and a popular policy arena for the New Labour Government.

In 1998, New Labour published a White Paper¹² that “sets out a strategy for the reform and modernisation of local government in England. It is an agenda for change stretching for ten years or more” (ODPM, 1998a: 4). The scope of reform and modernisation was wide ranging but had very clear intentions with respect to the

¹² Modern Local Government: In Touch with the People

relationship between economic, social, and environmental issues and the age old question of comparative importance. It is worth directly considering the purpose of this White Paper in detail, as it is central to this research.

“People everywhere deserve and rightly expect a pleasant and safe environment in which they can live and work... It is to give people this quality of life that we have embarked upon an ambitious programme to modernise Britain. We want to build a fairer more decent society underpinned by stable economic growth, environmental sustainability, and social justice for all... Central to this programme is our agenda to modernise local government. Among all our public institutions councils have a special status and authority as local, directly-elected bodies. They are uniquely placed to provide vision and leadership to their local communities. They are able to make things happen on the ground - where it really matters... But our modernising agenda is seeking nothing less than a radical refocusing of councils' traditional roles. A fundamental shift of culture throughout local government is essential so that councils become outward looking and responsive. Only in this way will local government fulfil its potential, and councils everywhere contribute to their communities' well-being - that is what people have a right to expect from local democratic institutions... Within this framework we will want councils to have a duty to promote the economic, social and environmental well-being of their areas” (ODPM, 1998a: 2-3).

Simply put, the modernisation programme was to improve the quality of life for people by providing communities that balanced economic, social, and environmental desires and local government was charged with making sure this happened, as they worked on the front line. The role of local government was to fundamentally change and become more receptive to finding out what was in the interests of the community and seeking to provide for those needs by giving a vision and providing leadership. The White Paper went on to clearly state the role of local government.

“So, in taking decisions affecting their area or its people, councils will have to weigh up the likely effects of a decision against the three objectives – economic, social and environmental – and if necessary strike a balance to ensure that the overall well-being of their area is achieved” (ODPM, 1998a: 63).

This requirement only became law in the enactment of the *Local Government Act 2000* (HMSO, 2000a: 2) but it sent a clear message that New Labour was placing the social needs of communities on an equal power as economic and environmental desires. However, it was clear that the New Labour Government was very different to the old

Labour party and economic issues were much more central. Therefore, it is legitimate to consider whether things would actually change on the ground, when the local Council had tough choices to make when trying to balance the three aims. It is this question that this research seeks to answer.

The scene was set: New Labour had come to power and thrown down the challenge to local government to govern their people wisely and to ensure all decisions were made in the best interests of the area, with specific consideration to be given to social concerns, as well as to economic and environmental.

1.3 Measuring social aims within planning

Within local government, the local Council wears many hats and fulfils different functions. One of these is to operate as the Local Planning Authority (LPA), drawing together a development plan and then deciding planning applications primarily against the policies contained within the plan. As a result, the planning system operates in an almost unique environment as it plans where new communities should be located and then develops them over time. This requires decisions to be made between competing pressures (economic, social, and environmental) and people (the public, developers, lobby groups, and politicians etc.). The Town & Country Planning Association (TCPA) points out that the planning system has a central role in bringing all of these issues together for discussion and decision.

“Market forces increasingly shape priorities for development, and planning can help to ensure that any negative social, environmental or economic impacts, or conflicts with the priorities agreed by communities at all levels (local to national), can be minimised. Planning therefore needs to become much more fully integrated into the culture of governance in a mixed economy. It needs to provide a mechanism to enable a positive and productive dialogue between community visions and the market economy, between individual self interest and shared needs and demands, and between short-term opportunistic market-led initiatives and longer-term processes” (TCPA, 1999: 12).

Therefore, the Council operating as the LPA is a good setting to assess whether New Labour coming to power has actually made any difference in practice to delivering balanced communities where social aims are given equal weight to economic and environmental considerations. The detailed question is to assess which part of the

planning system in particular best lends itself to allowing any changing emphasis to be measured.

By the time New Labour came to power, public pressure for improving the social conditions of communities was immense and the Conservative Government had allowed the practice known as planning gain to carry on in an attempt to fund these community resources.

“In essence, the planning system appears to have abandoned any pretensions of acting as a method of redistributing resources to improve the quality of life of the least privileged social and economic groups. At best the planning system sought to extract some marginal benefits for local people through the use of ‘planning gain’ whereby developers were able to ‘purchase’ consent for developments which previously would have been rejected by providing ‘community facilities’ and/or putting in their own infrastructure (e.g. road links)” (Davoudi & Atkinson, 1999: 232).

The process of planning gain was controversial at the time but was achieving social infrastructure for local communities through the legal mechanism of granting planning permission subject to a planning obligation requiring the negotiated social aims to be provided in return for the permission. The process may have developed as a pragmatic response to cash-strapped local authorities, but it was also supported by the legal system. The 1990 Act (as amended) had set out the principle that decisions should be made in accordance with the development plan, unless material considerations dictated otherwise, and these material consideration have been defined very broadly.

“The broad scope of ‘material considerations’ is crucial to the evolution of development obligations, as the justification for such obligations often turns on the need to offset the impacts of development proposals. The more the social and economic impacts of development can be classified as being ‘material considerations’, the wider the scope for negotiating development obligations” (Healey *et al.*, 1995: 87).

The practice of planning gain was arguably the main way that limited social aims were being achieved for local communities through the planning system under the Conservative Government up to 1997 and developers were concerned that even then social aims were on the agenda too frequently.

“Some developers are worried that planning gain gives local authorities too much scope to introduce social criteria as they increasingly use planning

gain to circumvent the restrictions on the use of conditions” (Thornley, 1991: 154).

Whatever the practice and reasoning, it is clear that planning gain is an area that would clearly illustrate any changing focus and potential increase in capturing social benefits for communities. If any evidence was to be found in practice that New Labour had changed the balance of aims, and social aims were now equal to economic and environmental issues, then this should be found by examining the practice of using planning obligations.

1.4 Aims of the research

This research is fundamentally concerned with considering whether the New Labour Government returned the planning system to one where decisions made regarding local communities were more balanced in terms of providing for their economic, social, and environmental needs. This will be assessed by considering whether the three aims are used equitably when planning for the needs of a local community, thereby returning social aims back to a comparable footing. This would be in contrast to under the previous Conservative Governments, as it was shown in section 1.1 that economic issues dominated planning at that time, with social issues practically dismissed as irrelevant to planning. The research will be carried out by examining one local authority in detail to contrast the clauses contained within planning obligations for the last six years of the Conservative Government (to set the benchmark) with those within the first six years of the New Labour Government.

The central research question is has New Labour’s promise of creating balanced communities that provide for the economic, social, and environmental needs of their people been translated from theory into practice by the planning system? Has this resulted in a paradigm shift in how planning gain is applied by showing an increase in obligations that have a social aim, compared to under the Conservatives? The Oxford Dictionary (2001) defines ‘paradigm shift’ as “a fundamental change in approach or underlying assumptions” and therefore the bar is set high, with a demonstrable difference in results or approach required to prove the point.

It is accepted that some communities will need economic, social, or environmental aims to be progressed to the exclusion of one or both of the others if they have particular needs. Therefore, some consideration will be given to ensure that communities *are* actually interested in achieving social aims; otherwise any lack in finding social aims may not be conclusive in answering the key question. For example, one community may have high unemployment and seek economic goals almost exclusively while another may have considerable problems of deprivation and seek social aims to a greater extent. Particular consideration will be given to the case study authority to ensure it is an authority where social aims are capable of being given due consideration and that the local authority has not deliberately chosen economic or environmental needs to the exclusion of social aims.

Out of scope of the research

There are several underlying themes that run through this research in parallel to assist in trying to answer the central research question and to understand the answers found. The first is consideration of the thinking underpinning New Labour to better understand how and why the New Labour Government actually said they wanted to return social issues to an equal footing. This is necessary to place the claims in context to understand how deeply held their views were and what angle the thinking was being approached from. This requires consideration of the Third Way, as this is the only political rationale that has been advanced for New Labour thinking. It will be contrasted with the New Right that preceded it with particular focus on the implications for the planning system and the local government context it works within.

The second theme is to consider the role of planning gain, and planning obligations in particular, to understand how the planning system has sought to capture benefits for the local community. This will look at the theoretical and historical practice, which overlaps with the first theme in parts, to understand where planning obligations emerged from and what they were meant to be used for by the time New Labour came to power. This involves consideration of the problems associated with the use of obligations so a good understanding can be gained about the limitations of obligations, to what extent obligations can be used to achieve economic, social and environmental aims, and any issues that need to be resolved if New Labour is to achieve the promised paradigm shift.

These two themes will be central to the research but it should be clarified that while other theories and issues will have significant influence on these two themes and on the overall thesis, they are not being considered systematically and are out of scope of this research as a direct issue. The main such issue is the whole debate around community involvement in the planning system and the extent to which the community is genuinely involved in defining what planning gain it actually wants. The extent that communities should be involved in the planning system is a massive topic in its own right and includes fundamental issues around how to identify the community and then how to effectively involve the whole community, not just the vocal minority. This will inevitably be referred to as the New Labour claims around economic, social, and environmental aims were clearly linked to communities being empowered to make these decisions but can only be considered in passing to make sure the research stays focused.

The other topic that people may think should feature more but will only be considered in passing (i.e. when relevant to the main focus of research) is the role of affordable housing as a social planning aim. So much has been written about affordable housing it would dominate the research to the exclusion of other social planning issues if considered in detail. Therefore, community involvement in the planning system and affordable housing are considered out-of-scope of this research, except where passing comment is needed when considering the main focus of research.

It should also be pointed out that the research will consider all of the information when concluding whether there was a paradigm shift and, irrespective of the result, some attention will be given to how social issues could be given more focus. This is because it is considered important to apply the knowledge gained from the research to make recommendations on how to progress the topic (Denscombe, 2010). This will be considered in passing throughout the research but will be drawn together for express recommendations in chapter eight.

1.5 Information requirements

It is important to set out at the start that I approached the research from a critical realist perspective, seeing the theories identified in the literature review as tentative propositions rather than complete explanations (Denscombe, 2010). My ontological

assumptions are that social reality does not exist in a guaranteed and simple cause-effect relationship but that what can be seen on the surface must be interpreted and examined so theories can be created about what is going on beneath the surface. This means that some of the issues identified in the literature review were perhaps engaged with in more detail than others as I felt they perhaps were reflective of wider pressures at play. The theories identified needed to be tested and consideration needed to be given to the research methods as they will inevitably have in-built assumptions. Objectivity is needed to be sure that the facts are interpreted properly and theories produced from the facts.

Moving to practical issues, there is always some difficulty around access to information within planning as many local authorities do not have accurate historical information. The second problem area for research within the planning arena is that while planning has a high profile within local communities, the media and literature has not historically tended to focus directly on the planning system. Instead, they have been more interested in the broader but more esoteric issues revolving around 'urban problems,' property, and regeneration. These broader policy issues are sometimes intertwined with the planning system, but often they are of little direct relevance, which makes it difficult to assess the impact on the planning system itself. For example, Imrie & Raco (2003b) identify a list of one hundred and fifty one policy programmes that have 'some relevance to urban policy' but there are only four under the sub-heading of 'land and planning' and it isn't clear why they are considered more relevant than some of the issues that are excluded from the list. The literature review will therefore have to look quite broadly first at planning issues before focusing in on the details.

The third area of difficulty regarding information within planning revolves around the whole area of social issues and the extent to which we can actually define which social issues are directly related to the planning system. The significance of this area to the research has necessitated significant consideration to be given to it in chapter three as social planning is not a well developed concept.

While detailed explanations regarding the choice of case study authority and more detailed explanations regarding the research have been considered in detail in chapter six, there needs to be some understanding regarding the timeframes considered within

the research period from the outset. As has been stated, this research is interested in the changes promised by New Labour when they were in opposition and especially with the claims set out in the 1998 White Paper shortly after they came to power. Consideration was given to what length of time the research database should span with the starting position being the longer the better as trends could be followed that way. It was around 2003 that I was looking to carry out my fieldwork and this lent itself to constructing a database of obligations under the first six years of the New Labour government (1997-2003).

One of the concerns was that any incoming government would take time to change practices as policy is formulated in opposition but only in broad terms and so it often takes some time for policy to be finalised, to pass through Parliament, and to become legislation that will actually change things. It was pointed out earlier (section 1.2) that the White Paper was only enacted in 2000 and so it is not unreasonable to accept change up until this stage would be limited. As a result, there was some logic in deciding to divide the database under New Labour into two three-year segments so comparisons could be made before and after legislation had taken effect.

The research was to compare whether New Labour had changed things and so a comparison was needed to benchmark against and it seemed astute to also compare six years of obligations under the previous Conservative government. This would allow a database to be constructed that tracked the use of obligations from 1991, shortly after the 1990 Act brought s.106 obligations into creation, through to 2003; a significant period to compare trends.

It was considered that it was important to not just state the findings of the research but to try to better understand the case study authority and the reasons behind the findings and so interviews were carried out with officers that worked at the case study authority. This could have proven difficult as I worked at the authority at the time of the interviews and managed some of the staff I interviewed (and in turn was managed by two of those I interviewed) but while this issue will be considered in detail later, it is considered that the interviews were honest and very useful. My positionality as an 'insider' both within local government and specifically working for the case study authority on two different occasions while this research was being conducted is

important to clarify. This is to ensure there are no allegations of potential bias and perceived lack of objectivity, which researchers must avoid (Crang, 2002, 2003; Denscombe, 2010; Gold, 2002; Herod, 1999; Rose, 1997). This is considered in more detail in chapter six.

1.6 Structure of the thesis

The title of this research is “Planning Gain and Progressive Politics: New Labour as a Paradigm Shift” and the structure of the thesis is based around this framework question. Chapters 2 & 3 set out the analysis within the literature review around the ‘progressive politics’ part of the title. Chapters 4 and 5 then set out the issues around the ‘planning gain’ part before chapters 6-8 go on to answer the question of whether New Labour applied their progressive politics to the planning gain system to introduce a paradigm shift or not.

Therefore, after this introductory chapter, chapters 2 & 3 seek to clarify what progressive politics are (with particular reference to the planning system) and what New Labour promised to deliver in terms of furthering social aims at the heart of new communities. To place this in context, chapter 2 considers what social planning issues actually are as it is important to be clear from the start of this research what changes could realistically be made that would be measurable within the planning system. This will show that there are broader social policy issues that the planning system can only have minimal impact on and instead the focus within this thesis is only on the practical implementation of some social policy areas.

Chapter 3 sets out the case that New Labour made about how it was going to usher in a new era of enlightened politics that would deliver balanced communities. To place the thinking of New Labour in context, there is a need to contrast their vision within the preceding one under the New Right. Consequently, chapter 3 starts by looking at where the New Right, under John Major, had left the planning system before moving on to amplify how New Labour claimed it would build a progressive society. This would be one that espoused the ideas of the Third Way and would deliver an enlightened and modern planning system that in turn would develop more stable communities. This chapter covers a broad area but the focus throughout is to establish the New Labour

principles that more socially responsive communities would result than under the Conservatives. The chapter examines the claims by focusing on the contrast with the New Right by setting out the background to the Third Way and how social aims would be progressed in a modern society. This gives the theoretical understanding behind the New Labour thinking for how balanced communities would be created. However, as this thesis is interested in answering the question from a planning gain perspective, the framework within which planning gain operates needs to be explored to show how the implications of changes that New Labour was proposing would affect them. These areas include the ideas around local government modernisation and a plethora of other reviews that were conducted as planning gain operates inextricably within this broader context. The Third Way, changes to local government, and any implications for the planning system all need to be understood before the research question can be considered in detail as all of these areas could have influenced the planning gain system under New Labour.

Chapter 3 also takes New Labour's claims about how it was going to build a progressive society and critically examines these claims and the growing literature that challenges their assertions as empty rhetoric. It is important to this research that the arguments emanating from Third Way thinking are both understood and critically examined as they were fundamental to New Labour thinking for developing more socially cognisant communities. The political rationale behind any political party and how deep it has been established will come to have considerable influence on what can actually be achieved in practice. Therefore, understanding whether the ideas behind the Third Way were genuinely a new political rationale that was embedded in New Labour thinking would be critical to understanding the case study results. Once the arguments and counter-claims have been made in this chapter, then the case study analysis and interviews presented later will have more depth and appreciation of the issues at play. Consideration will specifically be given to the New Labour thinking in contrast to the New Right to establish the depth of difference between the approaches. There will also be some reflection on the framework that planning gain was operating within by looking at the arguments around the local government modernisation programme and any implications for pushing a progressive social agenda.

Chapter 4 then moves to examine the broader topic of planning gain and the historic approach of capturing land value through betterment, before going on to consider the more 'modern' practice of using planning obligations and considering the differences. As this research is particularly interested in the role of obligations, this chapter considers the framework for obligations by looking at relevant case law and government guidance, assesses why obligations have increased in number, and seeks to clarify the rationale behind the use of obligations and what they should be used for.

Chapter 5 builds on the framework for obligations set out in the preceding chapter by considering the actual use of obligations in practice by assessing previous research findings and contemplates the areas of particular difficulty for obligations. This gives an understanding of problems that have historically been a concern in the use of obligations. This will be important when considering the research database, how obligations are used at the case study authority, and what it is realistic to expect obligations to achieve. It concludes by bringing the research up-to-date with the proposed Planning-gain Supplement and the latest ideas around the Community Infrastructure Levy.

Chapter 6 sets out the methodology for the research by explaining why the case study authority was chosen, how the research database was created, what it contains, and what the interviews will consider. This also examines my positionality in terms of my relationship with the case study authority and those I interviewed. Chapter 7 contains the analysis of the database with some broader findings of interest within the wider research field considered before more detailed analysis of the use of obligations within the case study authority. This chapter also contains an attempt to understand the quantitative findings by reporting some primary qualitative research through interviews carried out with officers working at the case study authority. This was to see if they could provide some further understanding of the results and raise any issues not apparent from the statistics.

The final chapter is the conclusions and it primarily seeks to answer the question of whether New Labour did introduce a paradigm shift to the system of planning gain by better balancing economic, social, and environmental aims. Some consideration is then given to why little progress was made by focussing on the three key themes that had

stood out throughout the literature review and the interviews as likely areas to slow progress. There is then a short reflection, based on all that has preceded, considering whether obligations should still be used to seek social aims in the planning system and if a paradigm shift is ever likely to be possible.

2 SOCIAL PLANNING

This thesis started by setting out how the planning system had begun with a desire to build cities that were healthy, with housing and public health fundamental pillars of early planning. The purpose of ancient town planning has been defined as the laying out of towns with due care for health, commercial efficiency, and beauty of buildings; which is basically the same three aims that the planning system has sought to achieve ever since (Cherry, 1969). These are now what are known as the social, economic, and environmental goals that the planning system aspires to. However, it has also been argued that the ‘founding fathers’ of the planning system were driven by their social concerns but sought to address these through a physically deterministic approach for the first half of the twentieth century (Davoudi, 2000; Davoudi & Atkinson, 1999). This tension between a philosophical desire to achieve social benefits and its delivery through physical means has epitomised the struggle over the purpose of the planning system ever since.

This chapter will start by looking at the social aims the planning system was seeking to achieve before going on to look at the problems that resulted from trying to translate the theory into practice. Therefore, the first section will amplify the statements made at the start of the thesis about how planning was developed to make society a better place. The second section will set out how the planning system ultimately lost focus in achieving this. The third section clarifies how the attempt by planners to deliver social change through physical and environmental policies led to this loss of social interest as theory and practice became further divorced. The fourth section sets out how this loss of focus was allowed to take place as social issues lack the same lobbying power as economic and environmental issues. This resulted in the planning system becoming diverted to focus on these concerns ahead of social ones. The last section clarifies that although the planning system still has a role to play in achieving social aims, this is in quite a specific and confined way. This section also gives the framework for exploring what type of social issues the planning system can realistically achieve. It also sets out the key social planning issues that needed to be considered as the research is progressed. This chapter will provide a broad understanding of social planning issues but the definitive list that will be used to assess change at the case study authority are presented in chapter 6.

2.1 Social roots of the planning system

The planning system has had three distinct types of influence that have sought to develop an urban utopia; the first was the ethico-religious vision to establish a God-centred system; the second was the political utopia as idealised by Plato and Aristotle; and the third was the intellectual utopia of literary treatises, such as by More (Cherry, 1969). These ideological ideas have tended to focus on the theory of what a good city should comprise of. This focuses more on how the city should function efficiently and fairly, as well as what it should look like. This constant switching between the theory of a good city in principle and the practice of achieving a city that was good to live in has been a difficult mix for those responsible for planning cities, as history has shown that most are better at one or the other. In more recent times, this has been illustrated by the change between the social reform movement and the ideas of the German Rationalisation which developed the science of managing the physical aspects of cities more efficiently (Webber, 1969).

“Town builders who were also social reformers were thus for the most part environmental determinists. They believed that their physical creations would lead directly to a vast improvement in the quality of life for the inhabitants” (Cherry, 1969: 50).

It was the philanthropists of the late nineteenth and early twentieth century that combined their social ideals with their substantial finances to achieve this mix and led to the garden city movement. They had been determined to improve the quality of life for city inhabitants due to fears resulting from late nineteenth century industrialisation and urbanisation and the associated problems with public health, housing, and fear of social unrest (Davoudi, 2000). The fact that the British planning system had strong social reformist roots meant that it was different from many European neighbours who developed from a more economic or architectural perspective (Cowan & MacDonald, 1980).

The philosophic support for modern social town planning was developed by Lewis Mumford in his *Culture of Cities*, published in 1938, and his subsequent influential wartime essay, *The Social Foundations of Post-War Building*, published in 1943 by the Town and Country Planning Association (Foley, 1960). Mumford and Patrick Geddes both argued the city functioned as an organ of social transmission and should represent

in microcosm, the world at large (Sarkissian, 1976). These ideas were influential in developing more rounded neighbourhoods by planners and were seized upon after World War II to develop communal life with socially balanced neighbourhoods. In particular, there was a focus on ensuring self-contained small or middle-sized communities of houses with gardens that were socially balanced (Foley, 1960). This focus on social mix, usually delivered through affordable housing in more recent years, is one area of social planning that has continued. Social reform within the field of housing resurfaced in the anti-slum crusades and pushed urban planners to take up the moral challenge of their profession with urban overcrowding seen as aggravating a host of social and physical evils (von Hoffman, 2009). Therefore, tackling the health and social ills that were due to overcrowding was a driving force within planning in the ancient planning days, it re-emerged at the start of the twentieth century, and again in the nineteen seventies. It has remained on the agenda ever since to a greater or lesser extent.

Looking beyond social housing, the planning profession had also tried to branch out from 'pure' planning and to apply its understanding of societal systems to areas of demand where people were trying to predict future changes and to engineer social change (Webber, 1969). Michael Foucault argued in the late nineteen seventies that changing ideas about the urban environment were critical to the emergence of the social sciences and social change during the early nineteenth century (Driver, 1988). However, the idea that planning could shape the growing field of social policy and have a significant influence did not last long and the planning system has often had only passing interest in social policy beyond physical issues and provision of affordable housing.

It is also worth noting that some of the interest shown by planners when they engaged with social issues in the late twentieth century was due to the concerns of the sixties slum clearances and destruction of neighbourhoods. They were keen to learn from these previous mistakes and the provision of affordable housing was a practical way to try to rebuild mixed communities (von Hoffman, 2009). The outcry from the public about the destruction done to their communities was a salutary lesson for the planning system in using theories about how to create a community while ignoring the fact there already was one. Social issues often reinforce the consequences of economic change and

together they create an uneven distribution of prosperity and marginalise some groups (Parkinson, 1996). The planning system had misunderstood the link between social and economic issues and the fact that disadvantaged communities often had strong social links due to their economic struggles. Splitting existing communities by building new roads and new houses to try to attract in the better-off to create a mixed community was never going to work as the affluent usually did not assimilate with the existing communities.

The planning system is meant to be a flexible regulatory regime through which the tensions between economic and social issues can be managed while environmental quality is conserved and enhanced (Healey & Shaw, 1994). However, as we have seen, managing the tension between the economic and social has often proven elusive for planners, although this is not a new problem. Even the social reformers who developed the garden city movement struggled to translate theory into practice as they sought to prevent the separation of different classes of people. However, as the houses were usually sold privately, there was often little actual progress (von Hoffman, 2009).

Returning to the point made at the start of this section, it was stated that the planning system had social ideals but in practice had focused on physical environmental changes. It has been argued that the planning system has particularly struggled to reconcile these two aims since the Industrial Revolution (it developed a clear manufacturing and engineering focus that Great Britain was founded on) and so the engineering approach has dominated since (Webber, 1969). This resulted in an operational style that is focused on engineering and physical changes but with a rationale that is based on social ideology. This schizophrenic problem has underlain much of what the planning system has struggled with ever since as social theory is difficult to translate into physical reality. The social reform of overcrowding by the physical expression of improved housing and new towns was one of the few areas of success (Cherry, 1969).

There has been a renewed interest in some areas of social issues in the past two decades, particularly as the consequences and causes of global environmental change have been argued to be both social and economic in character, thereby requiring more social science research if sustainable economic development is to be achieved (Newby, 1990). However, it is important to now look at the reasons why social issues and aims were not

realised within the planning system, despite both the initial interest and re-emergence in the sixties and seventies. Only if we understand why so little was actually achieved can we understand whether New Labour would be able to achieve a paradigm shift.

2.2 Loss of interest of social aims within planning

While the planning system in Britain was founded on social ideals, this tradition is being replaced with a professional, prescriptive, negative form of planning where social issues are no longer the purpose of planning but simply another factor to be considered (Cowan & MacDonald, 1980). Indeed, it has been stated that planning has failed to ever properly engage with social issues (Eisenschitz, 2008). However, it can be argued that it was not just the planning system that lost interest in social aims but that this was part of a broader loss of interest in social issues. Since the three decades after the Second World War, there was a strong view that central and local government were responsible for delivering welfare and championing greater equality and social justice, with the voluntary and private sectors only residual to this (Ellison & Pierson, 2003a). After this period, the subsequent loss of this role led to a reduction in interest in social policy within most of local government, which was the main context that planners worked in at the time. Indeed, Eisenschitz (2008) argues that planning will always struggle to promote social reform as the planning system is delivered by a rational profession working within a framework laid down by central government and this is not conducive to social progress.

Another problem has been that while the planning system has potential for furthering social aims in communities, it has often struggled to be clear about *what* social issues are that are legitimately within the planning remit and even when it is clear what they are, there are problems around *how* to achieve them. It has been argued that part of the problem stems from the fact that social policy analysts have shown little interest in the city as a concept and sociologists lost interest in the seventies after abortive attempts to revive community studies (Edwards, 1995). The resulting lack of literature on urban policy written by social policy analysts reflects the underdevelopment of the social elements of urban regeneration policies and reinforces the emphasis on physical and commercial development (Ginsburg, 1999). Some have argued that apart from some spatial concentrations, there is little intrinsically urban about most social policies with

ideas that there is a clear link between social policy and the city dismissed as ‘tenuous’ (Edwards, 1995).

The lack of understanding of social issues within the planning system has been reinforced by some of the planning academia and the profession itself with many of the influential books within the profession giving little space to social concerns and sometimes even playing down the social aspects of development (Thomas, 1999). Thomas argues that the RTPI itself has shifted emphasis to include a consciousness of social and environmental impacts but that this has been with a qualified enthusiasm. He reports that research carried out in 1975 showed that social issues were marginal discussion points in branch meetings between 1947 and 1971. The more recent survey in 1997 by the RTPI to assess what issues members wanted to learn about in continuing professional development shows an increase in demand for planning law and development control but still very little interest in social concerns.

The result of the lack of interest in social issues within the planning system and the inability by anyone to be able to bring them coherently to the policy agenda has resulted in social issues being reduced to almost only of theoretical interest. More recently there has also been a growing interest in issues around inequality, race, and gender within the planning system but overall social theory is particularly influential in only four areas of indigenous planning theory: critical theory, rational choice theory, Foucault’s archaeology and genealogy theory, and structuration theory (Allmendinger, 2002). These are all issues of academic interest but of little relevance to the planning practitioner working in the hectic planning system and therefore the debates struggle to transfer from theory into practice. It is probably also true that many of these debates are engaged with more by planning policy teams considering the future of the development plan area than within development control. This suggests that there are problems on several levels of translating theory about social issues into practical examples that the planning system can act on.

“Town planning has lacked a full and sophisticated understanding of the social implications of improving the physical environment. This is so around the world, and is by no means a distinctive British problem. What seems so serious to an American observer is the seeming lack of awareness in Britain that here is an intellectual problem of significant proportions and

that any fully developed rationale supporting town planning awaits successful assaults on this problem” (Foley, 1960: 228).

It appears that the main reason for the loss of interest in social issues within the planning system was the simple fact that economic pressures came to dominate. This change in focus happened at Government level and then influenced the planning system. Even the Labour party came to accept the importance of economic issues with the *Commission on Social Justice* calling for a ‘middle way’ where economic and social policy were combined as two sides of the same coin (Powell, 2000). These ideas, started under John Smith, were continued by New Labour who accepted that employment was its own reward and the best way to enhance social inclusion. This led to a loss of interest in social policies as social aims were to be progressed through employment, with the welfare state to get people back to work, rather than providing social protection from unemployment and other socio-economic problems (Ellison & Pierson, 2003a; Peters, 2003).

The rise in importance of economic issues was due to a general acceptance that the market is the dynamic wealth-creating mechanism, while the state is static and undermines market discipline and efficient exchange, so the state is seen as “at best a necessary evil, at worst inherently parasitic on the market” (Evans & Cerny, 2003). Social programmes now exist to underpin the market and create competitiveness, rather than to compensate for the social problems caused by the market (Peters, 2003). This has fundamentally changed the role and purpose of social issues so they are no longer seen as an end in themselves by many people and therefore have less focus and interest.

The dominance of economic issues resulted as capitalism had become more ruthless with its primary focus on maximising shareholder value and the rise of this ‘harder’ capitalism, termed ‘turbo-capitalism’ (Luttwak, 1999). The term was used to convey how capitalism had become ‘out of control’ and was no longer responsive to traditional attempts to restrict its excesses. Social problems were important to communities as they felt powerless against global pressures, experts no longer agreed on anything as research was increasingly ambiguous and disputed, and people trusted those in authority even less than before (Giddens, 1998b). However, the market showed little interest in these

social concerns and instead Governments focused on dealing with the concerns of the market rather than the concerns of the public.

This focus on economic issues by national Governments led to the postwar planning system seeing economic issues dominate environmental concerns but also saw environmental conservationism and economic issues in turn sideline social concerns (Healey & Shaw, 1994). From the nineteen-fifties onwards, the planning system changed from having social concerns to slowly capitulating to a process of facilitating private sector development and by the late nineties it has been complicit in intensifying the growth of poverty, social polarisation, and inequality (Davoudi & Atkinson, 1999). The property-led urban regeneration approach simply focused on investors making money with the hope that jobs would 'trickle down' to those in need (Atkinson, 2003; Healey, 1992).

The charge that the planning system itself was complicit in social aims being given less consideration is a particularly serious one in terms of this research but has been strongly made by several commentators with little evidence of anyone springing to its defence. Peter Hall is one of the more eminent planners but is said to have dismissed the 'golden age of welfare' after the Second World War as twenty five years of planning that simply managed to keep most of the poor, poor (stated by Peter Hall in Eisenschitz, 2008). Planners had set themselves up as the experts on protecting the public interest and social issues but then excluded the public from these debates so the slum clearance programmes dispersed communities with little public input. It was this failure by planners to promote social issues and by the planning system to allow public involvement that led to pressure for change and the birth of advocacy planning, which was promoted as a new type of social planning (Davoudi & Atkinson, 1999). The view was that if the public were more involved then more social progress would be made.

Perhaps of greatest disappointment is the fact that the problems of the planning system engaging with social issues had been predicted but still little preventative action was taken to improve things. It had been argued that the influence of planning would grow over the second half of the twentieth century and that as a result the planning system would increasingly help some groups within society but hurt others and that those that would be hurt would be the least able to help themselves (Webber, 1969). Despite this,

planners failed to grasp the problems this would bring and to progress social issues and the concerns of the poorest communities.

While part of the reason for indifference towards social problems is due to the disproportionately strong emphasis within urban planning on physical and commercial development, there is also an argument that the planning system is largely 'unable' and 'ill-equipped' to meet social needs as it focuses on physical issues such as land-use rather than land-users (Greed, 1999b). Successive Conservative governments focused on land-use aspects at the expense of wider social factors while the profession was more interested in technical aspects of the job (Higgins & Allmendinger, 1999).

However, there have been mixed improvements as even some of the more 'modern' areas of social policy that the planning system could have engaged with, it has failed to grasp. For example, there has been surprisingly little discussion about social exclusion within the planning field (Turok *et al.*, 1999). It has been argued that much of this failure has been due to the fact that while New Labour talked about issues like social justice and returned social issues to national debate, any planning dimension to this was ignored because the planning system was initially seen as regulatory (Allmendinger & Tewdwr-Jones, 2000). However, as will be seen later, there has been some progress in social issues in parts of the planning system.

This section started by showing that the reason for the loss of interest in social issues was due to a host of other secondary influences and that the primary reason was the dominance of economic concerns. However, there is one other reason that needs to be specifically looked at which has been alluded to in passing and the next section will consider it in detail.

2.3 Planning more interested in physical environmental issues

Planners often focus on the technical outcomes and define themselves narrowly in physical terms rather than engage with the social purposes behind the policies and what a policy is aiming to achieve (Eisenschitz, 2008; Foley, 1960). This means that while the radical social side of planning is focused on ideology and the potential to change things, the reality is a very practical and focused planning system that is regulatory and

simply tries to reconcile conflicts of interest (Davoudi, 2000). This leads to a schizophrenic approach to planning where the academics talk of social revolution and new communities, while most practitioners are simply trying to reduce any harm from granting planning permission.

This is not a recent phenomena and it was pointed out thirty years ago how the haphazard development of the planning system had led many planners to believe their job is simply a technical exercise to create the least harmful and more efficient use of land (Cowan & MacDonald, 1980). Part of the reason for this is that planning measures success by looking at the inputs (i.e. number of houses built, miles of roads constructed, size of parks landscaped etc.) rather than assessing the outputs of how well-off the people are who live in the houses or that use the roads or parks (Webber, 1969). This problem is exacerbated by the fact that planners are judged primarily by their professional peers who award success by pay-rises and promotions for hitting input targets rather than by measuring success from the public. More recent focus under New Labour has further exacerbated this problem as they measured planning authorities by the speed of making decisions on planning applications rather than on any quality of the decision.

This focus has resulted in housing reformers, who pushed the need for planners to deal with slums, largely being ignored as the planners instead focused on physical issues of poor transport and regeneration and ignored the social problems (Taylor, 1999; von Hoffman, 2009). This approach by the planning system of reducing big political and economic challenges into spatial issues that are given technical solutions means environmental determinism is used to try to achieve social change by physical means but with little social success (Eisenschitz, 2008).

The reason the planning system ended up in this position is because town planning in western Europe has in practice revolved around the builder and architect's search for the ideal city, more than on the theoretical social concerns (Cherry, 1969). This is seen in the functional design of the bastides of England and France, the formal design of the Renaissance towns, and the high urban living of Georgian and Regency architecture. This architectural approach gave way to the more functional building approach since

1945, with the physical reconstruction of cities by replacing slums with vibrant new city centres and road networks, up until more recent times (Atkinson, 2003).

The regeneration agenda is one area that could have developed social policy but instead it has also focused on physical issues, such as land reclamation, road building, and environmental improvements with only tentative social aspects relating to poverty (Ginsburg, 1999). New Labour has prioritised regeneration but there has been little joined-up thinking with social and economic regeneration having little integration (Atkinson, 2003). The planning system became focused on improving the physical environment and while caught up in these debates has managed to convince itself that this is merely physical and is not connected to the complexities of social planning (Foley, 1960). For example, if the focus is on preventing sprawl by protecting a green belt then that can be viewed in a physical way but if the reason for the approach is that it is considered more compact communities have greater social interaction and sense of community, this is a social argument that underlies the physical one. The focus by planners tends to be on the first issue.

“...town planning has tried to hedge as between physical planning and social planning, has developed something of an ideological basis for doing this, and has thus never more fully faced up to its responsibility for catalysing social goals and fully analysing what physical environmental improvements most realistically facilitated these social goals” (Foley, 1960: 228).

It was this lack of understanding of social issues by planners that was at the heart of Jane Jacobs's famous attack on town planning in her book *The Death and Life of Great American Cities*, published in 1961 (von Hoffman, 2009; Taylor, 1999). She attacked the principles that had guided the planning system of segregating land uses, population dispersal, destroying old buildings and she gave a voice to the public disillusionment at the social insensitivity of the massive housing redevelopments and urban motorways that cut through cities and local communities. Jacobs particularly criticised the fact that urban planners missed the point that communities were more than physical entities and she has been credited with launching the term 'social capital' (Roseland, 2000). However, it has taken almost another four decades for this term and social issues to return seriously to the planning agenda and many of her criticisms remain. Others have sought to remind planners that there are spatial dimensions of social exclusion that are

still often neglected and that the hardship and isolation faced by people and places in Britain is a serious challenge for the planning system (Turok *et al.*, 1999).

It is ironic that some landscape architects argued that only when planning was used to achieve social and economic ends would it produce genuinely beautiful cities but instead the physical has become an end in itself (von Hoffman, 2009). There is a need to retain this focus on physical environmental change but also to engage with the social concerns that are expressed in communities. If there is to be genuine progress on environmental issues then the social sciences need to be progressed further as the environmental debate has been conducted in a value-laden way that lacks the rigour of the social sciences (Newby, 1990). There is much that the social sciences can teach planning and much that the planning system can do to address the social concerns of society. However, before we move to consider what is realistic to be achieved, the last area that needs to be considered to explain why the planning system has lost interest in social aims is that social aims lack considerable lobbying power.

2.4 Social issues lack lobbying power

The environmental lobby has traditionally relied on the farming industry to use its contacts with the government due to the number of MPs with farming links and rural constituencies. However, the farming lobby has declined in power since the seventies and attention has now moved to a broader environmental lobby that has grown in influence as membership grew since the seventies with a corresponding increase in power as financial resources increased from membership fee receipts (Rydin, 2003).

Therefore, there are influential powers ensuring that environmental issues remain central to the role of the planning system. It will be shown later (see section 3.3) that economic issues have even more influential groups acting on its behalf with big business entirely focused on economic issues in practice (in reality only paying lip service to environmental and social issues). However, social issues do not have anything like the same organised lobby groups with campaigners often calling for one-off changes but lacking the large pressure groups that have influence with those in power. The likely candidates, such as the NHS and social services are traditionally seen by the Government as the problem rather than able to provide the solution. It is

disheartening to reflect on the almost antagonistic approach to the NHS (and the public sector in general) in comparison with the New Labour Government's insipid courting of business groups.

This lack of lobbying for social issues is just as problematic on the wider scale. Despite the fact that society is undergoing major economic and social changes which are creating a world that is more unequal, insecure, individualised, and fragmented, there has been surprisingly little comparative focus on social issues by the EU. Insofar as the EU has any type of social policy to try to deal with these huge issues, it is almost entirely in terms of supporting the European economy (Davoudi & Atkinson, 1999).

“Indeed, under the terms of the Treaties of Rome and Masstricht promoting social cohesion can only be legally justified if it is undertaken as a means to promoting economic cohesion” (Davoudi & Atkinson, 1999: 228).

This focus on achieving social aims through pursuing economic goals is an old problem that stems from the American ideal of self-sufficiency, which usually relies on getting a job, and in turn social issues have struggled to capture the interest of many researchers (Levin-Waldman, 2005). This has come to affect the planning system so that social issues have received little more than passing interest within the planning profession with the result that those with most influence have spent the past 150 years pushing the argument for ‘salvation by bricks’ and trying to physically build our way to more successful communities (Greed, 1999b).

The added problem for the planning system is that it is not ‘neutral’ but benefits groups that are dominant in society and any proposals to include overtly social issues within the planning system have been repeatedly rejected by the Government as being beyond planning as the strong pro-development lobby groups have held sway. They have the finance and knowledge to challenge planning decisions and influence strategic planning to ensure that economic aims do not slip down the agenda. They also have powerful umbrella organisations to represent and support them such as the House Builders Federation (HBF) and the Confederation of British Industry (CBI) and ready supporters in both of the main political parties (Greed, 1999b).

While social issues may lack the influential lobbies and interest that economic, and to a lesser extent environmental issues, enjoy, they do have some influence, particularly in more recent years. However, even within social policy itself, it has been found that in Britain the quality of research into welfare is very poor, with little long-term analysis and most of the research that does exist is reliant on the Government, rather than independent bodies (Evans & Cerny, 2003). Social policy in Britain has instead focused on defining what is acceptable behaviour and distinguishing between the genuine unemployed and the scrounger, the real asylum-seeker and the economic migrant, the respectable poor and the disreputable etc. (MacGregor, 2003). This focus has turned social issues into a very divisive and negative issue, particularly by the British Press.

It is ironic that British planners had originally worried about the Americanisation of British town planning as they saw American planning as “less mature in its social policy” and they were concerned that British planning may become more neutral (Foley, 1960). However, the subsequent adoption by the British planning system of a technical approach to planning led to the view that planning professionals should interact with the technical problems but that social policy should be left to the elected officials. This resulted in a more neutral approach to social issues within the planning system than arguably happened in the American system.

Many social scientists argued that the purpose of social science was to remove politics and ideology from the policy process so that it only focused on methodology and not political ideology (Levin-Waldman, 2005). However, this arguably has reduced the influence of social policy as it attempts to be value free and to simply follow a research backed approach. This objective approach has had an impact on the planning profession with claims that this reluctance to engage with concerns means that the planning system has become complicit in steering debates away from social issues. This is illustrated by the fact that when planning applications are considered it is usually the environmental impacts that are assessed while many of the significant issues of social reform are avoided by the planners and dismissed as political issues and therefore beyond them (Eisenschitz, 2008). Social issues have been further held back by the planning system as the public have used planning tools to not only try to reduce the amount of affordable housing in their areas but have even tried to prevent *any* housing in existing

neighbourhoods, thereby pushing development further away to urban extensions (von Hoffman, 2009).

The sad conclusion is that the social professions have served themselves better than their clients with most social policy supporting the middle classes and the rich more than the poor with middle class professionals often unable to empathise and understand the poorer classes they profess to help (Webber, 1969). While the planning system has had very important practical implications for everyday social problems, the discipline-specific training and professional identity often hold back opportunities to achieve anything innovative (Woolcock, 2004).

2.5 Some clarification of social planning issues

It has been shown that the planning system lost much of its interest in social issues and that progress of social planning has therefore been frustratingly slow over the years. However, it has also been shown that there have been some areas of growth (particularly affordable housing and creating mixed communities) but it is important to now set out in more detail other areas where there has been progress. It is also essential to this thesis that social planning issues are clarified as all that follows depends on this understanding, although it will be shown that it is not an issue with definitive clarity. Nevertheless, some typology of what social planning issues are is needed if progress of social issues under New Labour is to be quantified at the case study authority.

Taylor (1999) made a useful starting point by stating that planning uses the term 'social' in three different ways. The first is to describe the *kind of action* that planning entails i.e. social action, and is seen in the actions of the state. The second is to describe the *object* of planning or what planning deals with and is arguable as planning does impact socially on people but not to the extent of education or medical services, as planning is primarily a physical process. The third is to refer to the *purpose* of planning to deliver social aims and one of the New Labour Government's purposes for planning is to improve people's lives and so the purposes of planning can be social even if the ends used to achieve this are primarily physical. In examining the extent of social issues within the planning system, therefore, it is important to always consider the reason behind the policy.

This can be illustrated by the point that the term 'environment' can be considered in different contexts and can even refer to aesthetically opposite ends of the spectrum from the built environment to the countryside (Healey & Shaw, 1994). The term itself can be used in different ways as the environment can be considered as a functional resource (gravel, sand, agriculture, forestry etc.), as a recreational resource (as a 'backcloth' for economic and social enjoyment), as an aesthetic resource (providing an attractive landscape setting to contrast with urban form), or as a natural resource (for wildlife to live in). In planning terms, the different approaches create different planning responses, depending on how the term is being used and it is considered that the term 'social' within the planning framework is just as variable and can mean many different things depending on the purpose and context.

Greed (1999b) argues that social town planning refers to any policy proposal that seeks to meet the needs of any minority interest or community group or any attempt to take into account the needs of the diversity of people who live in society and so this also involves consideration of the purpose behind the action. Alcock (2003) likewise argues that local authorities can fund voluntary organisations through revenue streams as well as capital grants and the revenue stream is not always straightforward but can be through provision in kind, such as free use of premises, access to Council staff or facilities etc. Therefore, the resources can take different forms but it is the purpose of *why* the provisions are being made that is important i.e. for community benefit.

Putting these ideas together, it can be argued that in terms of defining social aims within the planning system, it is best to consider these broadly to include aims that are *primarily* for the community benefit of people rather than principally for the environment or the economy. It is recognised that there is considerable overlap as many environmental and economic aims are also beneficial to people. However, a distinction can be made from the motives and is similar to the third approach towards social used by Taylor above.

Within this context, it is also important to realise that the planning system is confined in the breadth of its impact on social issues as it now only has a passing influence on social policy and the wider social policy issues. It was shown in section 2.1 that planning had

briefly had an opportunity to shape the wider social policy debate but did not grasp it. It has been argued that the planning system has (at least) three roles that are complementary but also competitive and this balance changes over time (Foley, 1960). The roles are to reconcile the competing claims for the use of limited land, to provide a good physical environment to promote a healthy and civilised lifestyle, and to provide the physical basis for better community life as part of a broader social programme. It is argued that this third role has the potential for planning to operate in parallel to public health or social service activities with a strong social role. However, as no theory has evolved that bridges the three ideological roles, the third role has failed to fully develop, and planning lacks a sophisticated understanding of the social implications of improving the physical environment. As a result, it is important to be clear that the planning system interacts with social issues but only in a very narrow and constrained way and has little impact on mainline social policy issues. It will be shown later (see chapters 4 & 5) that planning obligations have been used to fund the delivery of many varied social policies, and while this is important, it must be remembered throughout that this is a small part of delivering huge social policy areas. For example, money may be taken to contribute towards a new classroom but this is only a fraction of the cost of running the school. It will also be shown later that as the planning system has very vague aims and objectives, these can quite easily be shaped and amended to allow the system to be changed without primary legislation (Allmendinger, 2001; Healey & Shaw, 1994) and so it is arguable to what extent even these social gains are legitimate.

“...social policy is taken to include both the *discipline* of social policy, with its concern with study, teaching, analysis and interpretation, and the *practice* of social policy—the political process of policy making and implementation” (Beresford, 2001: 495).

The discipline of social policy and the mainstream social policy areas are therefore broadly beyond the reach of the planning system with only a small involvement in ensuring these broader social issues are considered when communities are developed. This is more in an enabling role of ensuring the right agencies are involved than planning for them directly and this thesis is not investigating social issues from this perception but simply focusing on the ability of the planning system to deliver social benefits directly.

The practice of implementing social policies can have direct influence and the topic of social exclusion is one that it was hoped planning could interact with, despite the fact that the meaning of social exclusion remains elusive (Davoudi & Atkinson, 1999; Turok *et al.*, 1999). Social exclusion refers to both the processes of social exclusion and the consequent situations as it is manifest within the broad fields of housing, education, health, access to services etc. and is not just about income (Davoudi & Atkinson, 1999). Therefore, there is a broader aspect that remains relevant and while the planning system may not cause social exclusion, it can “reinforce and exacerbate” the problems and so does have a role in promoting social stability, balance, and cohesion (Turok *et al.*, 1999). Exclusion can be for reasons other than money, such as few educational opportunities, poor public transport to access facilities, or practices that deprive certain groups (i.e. women). The planning system could help to address these to an extent if it chose to, especially through the planning gain process of making sure that the needs of communities are catered for in new development by providing appropriate facilities, as just discussed.

There is an important point to consider at this stage though and that is *how* can the planning system actually deliver practical social change on the ground? This point is considered further later (see sections 3.5 & 6.1) but it is important to have a brief understanding at this stage also. It has just been mentioned that the planning system has very limited input into wider social policy changes but that it *could* interact with these issues more if it wanted to. It is also clear that if successful communities are to be built then the planning system needs to work better with the broader social policy agenda and the agencies that deliver it, to ensure a more coordinated approach.

“At one level this perspective supports the importance of a ‘joined-up’ approach to urban problems, but it also recognizes the need for mainstream policies (such as social security, health, education, employment and economic policy) to play the major role. The implications of this recognition are far-reaching and imply the need for all policies to be assessed in terms of their direct and indirect impact on urban areas” (Atkinson, 2003:168).

The problem is that the planning system is split into two arms. The policy side usually considers the wider context and how to create successful communities in the future, while the development control side is focused on determining applications for existing

communities. The policy side has considerably more potential to interact with these broader social issues and to develop policies that have a social purpose through their policy documents and place shaping agenda. The development control system has limited ability currently to engage with these broader social issues as they are required to consider planning applications in accordance with the development plan (unless material considerations suggest otherwise). Very few development plans have these broader social policies in them, due to the dominance of economic and environmental concerns over the past few decades (as explained earlier in this chapter), and so it will take time to change. Unfortunately, the speed of producing new development plan documents takes an inordinately long time (close to a decade) and so any closer interaction between broader social policies and the planning system will take some time to manifest itself.

That is not to say that social issues are not being progressed or that more cannot be done in the more immediate future. The difference is that the broader social policy issues will have to wait to a large extent and the planning system will be only part of this bigger picture, but the smaller and more local social issues can be considered within the development control system. This will be explained in much more detail later (see chapters 4 & 5) but it needs to be clarified that the focus of this thesis is around these smaller local social achievements than the broader social policy issues. The next section (and later chapters) will clarify some of the issues that can be considered and show that the reality is that the main ability to achieve these types of smaller, more local, social benefits is through the planning gain system.

Towards a definition of social planning issues

We still need to endeavour to produce a list of issues that can be considered as social and a good place to start is to assess what issues other academics or policy makers have considered as social issues. It has already been stated that this research is not interested in investigating the ability of the planning system to deliver or develop social goals in the broader social policy field. Instead, the focus is on the ability of the planning system to facilitate the delivery of some existing social goals, often primarily by financing their delivery in the development of new communities through the payment of financial contributions or provision of a service via the planning gain system.

Edwards (1995) argues that any such description of social policies in Britain that could be achieved would include delivery of some aspects of health, education, income-support, housing, and personal social services. Inner city policies are considered a minor addition and others, such as planning, transport, and environmental policies will have social components. Byford *et al.* (2003) report that social welfare was defined for research purposes by the London School of Economics and the Institute of Psychiatry as encompassing social care, early intervention schemes, housing, urban regeneration, community development, work with families, and welfare to work. Alcock (2003) uses the chapter headings of social security, education, health, housing, social services, and employment as the titles for chapters under welfare services. Turok *et al.* (1999) identify six of the key phenomena that lead to social exclusion and believes that the planning system could attempt to tackle most of these. These are unemployment, low income, low educational attainment (lack of skills), bad health, poor housing, and high crime.

ATLAS (the Advisory Team for Large Applications) has recently created a ‘social infrastructure matrix’ (ATLAS, undated) which identifies different elements of social infrastructure so development proposals can be assessed against this planning need. However, it is interesting that they cover health care (including primary, secondary, & social care), education (from pre-school up to secondary), childcare (nursery & crèche), emergency services (police, ambulance, & fire), leisure, recreation, and open space (outdoor play areas of various sorts, sports pitches, and recreation facilities), as well as general community uses (such as community hall, libraries, cultural infrastructure, and religious infrastructure). While it is accepted that the planning system does not have to fund all of these completely, it is argued that there is a role for planning to ensure they are supplied, and so the fact it is such a broad list is relevant.

The British Property Federation (BPF) have also adopted a very wide interpretation of social infrastructure, which is surprising as they lobby on behalf of property companies, who would normally be wanting to reduce the amount required.

“Social infrastructure, therefore, can be said to include:

- **health and social care:** primary care, health centres, doctors/GP surgeries, hospitals and tertiary care

- **education:** nursery/pre-school, primary, secondary, further and higher education, adult training

- **leisure and pleasure:** parks, allotments, open space, play areas, sports centres

- **commercial infrastructure** such as shops, cinemas, pubs and cafes

- **emergency services:** police, fire, ambulance

- **other community and cultural infrastructure:** libraries, community halls, youth clubs, arts projects, community development.

However, social infrastructure is not just about physical infrastructure. It can also embrace the provision of training and employment opportunities both in the construction phase and in the businesses and services created by the development” (BPF, 2010: 7).

The more official position of the Government is listed in Circulars and it is interesting to note that Circular 1/97 lists community facilities (in passing) as “reasonable amounts of small areas of open space, social, educational, recreational or sporting facilities...” (paragraph B10) but did not attempt to define social issues. Circular 05/05 had little to say on the subject in terms of either community or social issues.

It can only be concluded that the literature review found no definitive list of social issues within planning and the use of any list will be subject to considerable debate. Nevertheless, social issues clearly revolve around the ‘likely’ areas that most people would recognise, such as education, employment, health, housing, social services, and crime. At this stage, all that can be agreed in theoretical terms is that it is the primary reason behind the obligation that must be considered and assessed as to whether the purpose is for economic, social, or environmental purposes and that considerable overlap is likely. This point will be considered in more detail in chapter 6.

Conclusions

This chapter has set out how the planning system was founded back in the ancient days on ideals that revolved around social concerns, particularly related to public health. There was a return to social ideals in the period following the Second World War and

again since Margaret Thatcher's reign as Prime Minister ended. However, it has been argued that not as much has been achieved in practice as should have resulted but it was noted that there was some progress in certain areas.

Listing exactly what social planning issues are is difficult as the planning system is preoccupied with the physical expression of economic and environmental issues but while there is a very broad potential for the planning system to interact with social issues, the reality is a little more conservative. It is also important to realise that most of the broader interpretations of what can be achieved have been made since the research period ended. The context of thinking relevant at the time will be clarified in later chapters. However, this chapter should have explained the issues that the planning system *can* interact with and show that there is considerable potential for both central and local government to develop social issues that the planning system can progress and the challenge is down to the decision makers. It should also be clear that this research is interested in the practical aspects of delivering planning benefits that have a social aim, rather than the broader ability to influence social policy and the more strategic issues.

3 NEW LABOUR AND PROGRESSIVE POLITICS

“There was deep national impatience with our party... Labour did not win the election for themselves: they won because we started as losers. There was a feeling that the Conservatives had been in power too long, and that it was time to move on... But in one respect Labour did indeed create their victory. The party managed not to seem frightening any more. For the first time in two decades many voters felt it was safe to abandon the Conservatives” (Major, 2000: 692-693).

The former Prime Minister, John Major, who lost to the incoming Tony Blair, accepted that while the Conservative Party had practically self-destructed and made themselves unelectable, the Labour Party still had a job to do to convince people that after years in opposition, they could form a Government and be trusted to rule. This chapter will amplify the statements articulated by New Labour in section 1.2 that they would create balanced communities where economic, social, and environmental concerns were all to be given equal consideration. This will be done by presenting both the positive promises of New Labour and also the concerns that were raised by those who dismissed New Labour as lacking a progressive agenda.

It is important to be clear about what *exactly* New Labour promised, specifically in relation to town planning, and how they intended to usher in a progressive politics that would ensure balanced communities were created where social aims would be given the same consideration as economic and environmental. It is also essential to understand if these promises were accepted as legitimate and achievable or were they likely to be empty rhetoric, as the research should look for evidence to inform the debate while considering the case study authority. It is particularly relevant to consider whether these areas of concern would affect the ability of social issues to be progressed when developing communities.

The first section looks at where the Conservatives had left the planning system and how they were using it to try to achieve their aims. This sets the background to contrast the promises of New Labour and their electoral return from the political wilderness and the influences that were prominent within the Party at that time. It is important to understand the nineties had very different pressures and influences to consider and these must be remembered and understood to place New Labour's thinking in context.

In addition to the exciting ‘new’ label for the Labour Party, there was also a ‘new’ political rationale that was to provide a framework to understand these complicated times. It was called the Third Way and would articulate the vision for a country that was now ‘cool’ and ‘on the up’ with the British Prime Minister central to spreading the vision. Therefore, the second and third sections will set out the claims of the Third Way and the criticisms of it respectively. The Third Way was presented by New Labour as a coherent political rationale that would provide the framework for ideas that would actively achieve more policies with a social purpose. It was New Labour’s big idea but whether it would stand up to scrutiny as a modern left-of-centre strategy was debatable and this discussion needs to be understood as it will clarify whether progress was likely to result and define issues that the research can investigate further.

Attention will then move in section four to examine a key Third Way aim of relevance to this research; the local government modernisation agenda and the impact this had on achieving social aims. Local government is a key agency in delivering the balanced communities that New Labour talked about and so any changes in their role or aims would inevitably have some effect on the ability or desire to deliver social aims. As my research focuses on a local government case study, it is particularly pertinent. This section will not examine the role of public participation *per se* but will consider whether communities were empowered to develop themselves or not, as that was a key aim of the modernisation agenda and had a significant impact on the planning system.

The fifth and sixth sections set out the influence of New Labour on the planning system and the direction their policies were arguably taking it, including the impact of the modernisation agenda and the Barker Review. Section five primarily examines the direction of travel under New Labour and section six more critically examines the concerns that were arising from this.

3.1 The Influence of the New Right on the planning system

There are two quite distinct strands within the New Right which are quite dissimilar in approach and can lead to mixed messages. The first is a combination of a market-orientated competitive state (liberalism) and the second is based on a more authoritarian

state (conservatism) (Allmendinger, 2002; Tiesdell & Allmendinger, 2001b) and these strands need to be borne in mind when considering the broader Conservative Party and its thinking.

The liberal New Right developed from the work of Smith, Burke, Mill, and especially Milton Friedman and Friedrich von Hayek who rejected central planning¹³ as dangerous and inefficient as it interfered in the market and reduced personal liberty. This strand of the New Right stressed freedom, choice and individualism while expressing doubts and anxieties about government action, so it favoured a minimal and enabling state (Tiesdell & Allmendinger, 2001b). Hayek in particular felt that society was too complex for planners to work out and that the market uses the knowledge of all within society to make decisions. However, he accepted the role of town planning as a practical measure to correct an imperfect land market and only rejected the role of planning when it sought to displace the market altogether (Allmendinger, 2002). The Government was to ensure the market is kept in working order by applying the 'rule of law' which all companies have to obey, but individual firms should then be left alone to get on with production (Giddens, 1994; Low, 1991). The view often stated that Hayek was anti-town planning is not correct, although he did criticise the 1947 Act for including a betterment tax (Allmendinger, 2002; Low, 1991).

The conservative New Right was less influential than the liberal strand but it was important in modifying the liberal market instincts. It was also more abstract than the economic based liberal theory, focused more on a mindset that preferred the familiar to the unknown, the tried to the untested, fact to mystery etc. Those within the conservative New Right disliked the fact that liberalism requires inequality and poverty and therefore undermines stability and authority. Conservatism focuses on the authority of the state and has contempt for any undermining forces, such as the welfare state which is seen as decreasing self-reliance and responsibility (Allmendinger, 2002). It was broadly neutral in its attitude towards capitalism, defending it on utilitarian grounds of efficiency, but also advocating a strong interventionist state (Tiesdell & Allmendinger, 2001b).

¹³ This was primarily about central planning of society by the state rather than specifically meaning town planning

The purpose of planning under the New Right

The New Right generally tried to bypass the planning system by redirecting power away from planning and towards the use of land tribunals to decide on noise, pollution, etc. and with private covenants replacing conditional planning permission. Other proposals considered moving towards land zoning and away from public participation to place a greater reliance on the market. These ideas culminated with the Simplified Planning Zone (SPZ), introduced in the 1986 Planning and Housing Act, which was intended to significantly reduce the influence of planning within these areas. It is ironic that it was subsequently the business community who objected to them as they were unhappy that they would not be able to comment on other developers' proposals and preferred the flexibility of the existing planning system (Allmendinger, 2002).

The philosophical argument against the planning system was that planners have to try to simplify very complex issues before making a decision and in reality only the market can ultimately make this sort of decision as any pursuit of rational planning destroys innovation as a result. The real question for the New Right was to what extent planning should be involved in being part of the framework that the state has a duty to enforce and how it should deal with any resulting externalities. There was almost a consensus view at the start of Thatcher's reign that the legal framework should be sufficient to deal with these problems. The result would be a planning system that would be protectionist in certain areas (AONB) and buildings (those listed) but apart from that, it would just provide information to developers and ensure the necessary infrastructure to facilitate development was in place. Planning lacked any clear overall purpose and was stuck talking about meaningless phrases like neighbourhood and social equality as it had no power to achieve anything (Thornley, 1991).

As the purpose of planning had changed to a market driven agenda, it is not surprising that other changes followed that sought to remove perceived delays or distractions to the business of letting developers getting on with building. The main casualty was the public, who the Government advised (through Circular 2/87) were to be ignored unless they had valid concerns that could be supported by substantial evidence. It is difficult to provide evidence in advance of development of the negative effects and so the public were little match for developers. However, the Thatcher Government was not taking

any risks and decided to virtually by-pass the planning system in many areas altogether through the use of architectural competitions, Special Development Orders, and Urban Development Corporations (UDCs) which had little public involvement or concern for social issues.

The New Right had carried out an onslaught on the planning system and practically reduced it to an economic tool subservient to the market.

“As a result of these changes it is argued that the scope and purpose of planning has undergone a major shift since 1979. During the post-war period planning was fulfilling three different purposes, though often in a confused or veiled fashion. These purposes covered the promotion of economic efficiency, the protection of the environment and the fulfilment of community needs. Since 1979 the first of these has become paramount, the second important only in specified geographical areas and the third is no longer seen as the remit of planning” (Thornley, 1991: 219).

The early and mid-1980s had seen social issues virtually sidelined with the focus on market-led development to generate wealth and the hope that economic prosperity would ‘trickle down’ to improve social conditions. The planning system was seen as a means to an end to achieving economic aims above all else with environmental concerns only allowed to hold sway in small geographical areas. However, by the end of the 1980s pressure was growing to properly balance economic, social, and environmental considerations and there was a ray of light that things may improve.

“The challenge for planning in the 1990s is to ‘adapt’ not only to new substantive agendas about the environment and how to manage it, but to address new ways of thinking about the relation of state and market and state and citizen, in the field of land use and environmental change” (Healey, 1992: 412).

Positive planning under the New Right

It would be wrong to write-off the New Right as a period that *only* concentrated on economic issues as there is evidence that towards the middle and end of the eighties there was a perceptible change. For example, it has been shown that between 1983-1985 economic considerations dominated articles in *The Planner*¹⁴ but by 1988 onwards

¹⁴ The professional magazine for Members of the Royal Town Planning Institute

the 'green tide' had grown in prominence (Higgins & Allmendinger, 1999). This was mainly due to growing pressures from Europe, which was pushing environmental issues further up the political agenda and required more regulation of the free market (Tewdwr-Jones, 1998). As a result, the planning system was used to restrict out-of-centre retail locations, to decide where new housing estates should be located, and characterised a move away from the unrestricted private sector and from the free market as autonomous to a more consensual style of planning (Rydin, 2003).

In addition, despite the attempts of the Government to remove social issues from the planning agenda and to make planning focus on uses, rather than users, planning did target some social aims with 'special-needs' housing for elderly and single people, disabled access, better urban design for female safety, child-care provision, access to public transport, among other issues (Healey, 1992). However, there is no denying that this was tweaking at the edges rather than anything more fundamental.

One area that saw considerable change during this period was the status of the local plan which was nothing short of a complete policy u-turn from looking to abolish them to then requiring mandatory district-wide local plans for all authorities and proceeding to promote a plan-led system (Higgins & Allmendinger, 1999). The new plan-led approach meant decisions about where new development should go were taken by the local authority, thereby giving local people a greater say. However, it has been argued (Allmendinger & Tewdwr-Jones, 2000) that this 'local choice' was not primarily to allow local authorities more autonomy but was a more cynical central government move to allow it to distance itself from the anti-development voters and let the local authority take the criticism for new development.

There were other u-turns under the New Right as they also had to accept they should not try to remove all externalities from the planning system and issues such as design, which had been declared beyond the planning system, were returned to try to restrain the largesse of architects. This recognition that the market was not always right and that planning and the public did have a positive role to play was a significant step for a New Right Government.

The rising importance of environmental issues, the realisation that the market did have to be controlled to some extent, and the increasing involvement of the public in the planning system, all came together in a significant way. The 1989 European elections saw the Green Party win fifteen percent of the vote and the realisation that 'the environment' could win votes meant it rose back up the political agenda. The 'green' issue was really pushed by public concern about environmental damage, which in turn affected consumer demand and corporate image, so during the nineties there was an almost universal adoption among major firms of environmental programmes as no firm could afford to be seen to be ignoring environmental factors in its decision making (Jacobs, 2001b).

The principle of environmental taxation was first accepted by the Conservative Government with the introduction of the landfill tax and the petrol duty escalator and there was a growing realisation that if taxes are hypothecated, they are more likely to be popular, rather than just seen as a stealth tax (Jacobs, 2001b). An important point is that these factors came together to show that the public *could* influence the operation of the free market and require restrictions to be placed on how developers worked and to push environmental issues up the agenda.

The late nineties were characterised by massive new development and particularly regeneration schemes where the public became increasingly disillusioned with a planning system that permitted developers to bulldoze whole estates to make way for new development with scant regard for existing local communities (Monbiot, 2001). For the planning system, the situation could not have been much worse, as it had become complicit in ensuring developers walked away with huge profits at the expense of local communities, who had growing social needs. At best, all the local authority could do was to take some minor financial benefit towards community gain but it paled into insignificance compared to the developer's profits. Meanwhile, there was growing concern that the infrastructure simply could not cope with the rising demand for school places, doctors, dentists, road capacity etc. The public were getting frustrated at the lack of progress on social issues and there was a mood for change that the Labour Party sought to deliver.

3.2 The return of progressive politics by a Third Way

Not long after the fall of the Berlin Wall, Giddens (1994) published a book called *Beyond Left and Right: the Future of Radical Politics* that sought to tackle the dominance of neoconservative thought and to set out a coherent approach that would convince people the traditional left and right of politics was no longer meaningful. The sub-text to this was that policies that had 'traditionally' been considered the domain of the right could now be captured by the left, thereby allowing the Labour Party to gain the key centre ground votes needed for electoral success. The critique set out by Giddens was that neoconservative thought had an inherent contradiction at its very core as the free market seeks to change things, being no respecter of tradition or history; on the other hand, neoconservatives want to protect structures from change. Therefore, neoconservatives want the market to be free to act but they also want to restrain it from changing tradition.

In the same year as Giddens book was published, Blair took over the leadership of the Labour Party and sought to continue the modernisation of the Party begun under the leadership of Kinnock and the recently deceased Smith. He took to the ideas of Giddens and set out to develop his own approach to policy that would regain the historic and progressive side of socialism but build on the growing irritation with the Conservatives. Blair (1996) explained how socialism's values and principles are definable for all time and included an economy based on partnership that makes the market dynamic and works in the public interest to provide opportunities for all. This partnership was to be between government and industry, employer and employee, and the public and private sector. Alongside this new partnership approach was a commitment to reject the desire of governments to centralise; New Labour would return power to the people and rebuild local democracy as a means to creating strong and balanced communities.

He continued by arguing that the Tories had centralised power and Britain had become one of the most centralised governments of any large state in the Western world. Blair suggested the country should adopt a stakeholder democracy as well as a stakeholder economy, stating that no society can progress unless all of its people prosper and the community works for the good of every individual and every individual works for the

good of the community. This was to be a new social order, a genuine modern civic society based on merit, commitment and inclusion. The rationale to underpin the new ideas was termed the Third Way.

“Third way politics, as I conceive of it, is not an attempt to occupy a middle ground between top-down socialism and free-market philosophy. It is concerned with restructuring social democratic doctrines to respond to the twin revolutions of globalization and the knowledge economy” (Giddens, 2000b: 163).

It is always difficult to decide who should define terms in wide usage as different people have different interpretations and opinions and the Third Way has been very controversial. It is also true that the Third Way goes under different names across the globe, including New Democrat in America, New Labour in Great Britain, and the New Middle in Germany (From, 1999). However, within the context of this research, there is support for the view that it was Giddens, arguably the best known proponent of analysing and applying the theories of modernity to British politics, who formulated the theoretical notion of the Third Way and is seen as Blair’s Third Way guru (Driver & Martell, 1999; Jacobs, 2001b; Merkel, 2001). These two people have probably been more influential in deciding what the Third Way has been in relation to the development of a political rationale for New Labour policy, although they did have significant differences. For example, Blair is said to be more passive and adaptive to globalisation than Giddens (Driver & Martell, 1999).

When New Labour came to power, they immediately made the development of social policies a key aim with a considerable number of announcements. These included the reform of the welfare state, money for schools and hospitals, expansion of child-care, a White Paper on the NHS, a Green Paper on welfare reform and another one on public health to name a few in the first year alone (Powell, 2000). Blair (1998b) had stated that the Third Way stood for a modernised social democracy that was committed to social justice but was flexible about how to achieve this and so these new policies would be pursued in a pragmatic way. Social justice was founded on the equal worth of all people and the aim of the Labour Party was to spread wealth, power, and opportunity (Blair, 1998b).

The Prime Minister went on to state that Labour's five key pledges were education, welfare to work, reducing crime, reducing NHS waiting lists, and a sound economy, with secondary targets of tackling social exclusion, improving public health, implementing Local Agenda 21, and modernising public transport. He also argued that communities need to deal with cross-cutting problems like youth justice, drug abuse, and social exclusion (Blair, 1998a). New Labour clearly saw social issues as on a par with economic and arguably ahead of environmental concerns with a clear purpose that espoused social aims.

The Government gave extra money to education, health, crime prevention, transport, housing, and social exclusion and so the finances had a clear social focus as well (HM Treasury, 1998). Blair also wrote a Fabian Pamphlet (Blair, 1998b) and stated that the underlying assumption of the Third Way was that the left of centre had to be transformed but stated the commitments to "social justice and to ideas of social community" held fast. Economic and environmental issues were given attention in the Pamphlet but social concerns were just as high on the agenda with youth justice, supporting families, education, and health all featured, along with a desire to distribute the benefits of progress. There was no doubt that the Government saw social issues as prominently as economic and environmental challenges.

Giddens (1998b) published his book *The Third Way: The Renewal of Social Democracy* and in it he tried to place Tony Blair's break with old Labour as similar to what had happened in nearly all Continental social democratic parties and therefore not unusual. He also argued that the origins of socialism were based on a philosophical and ethical idea that sought to oppose individualism and that the critique of capitalism only came later. This was an attempt to 'allow' New Labour to jettison its traditional opposition to capitalism but to still consider itself a socialist party. He looked back to the start of the century to try to anchor the Third Way, stating the phrase originated at the turn of the nineteenth century, originally used by right-wing groups in the 1920s, but was then used by social democrats on mainland Europe.

It is explained that the new mixed economy of the Third Way looks for synergy between public and private sectors with "a balance between the economic and the non-economic in the life of the society" (Giddens, 1998b: 100). He proposed positive

welfare as a solution and stated that it was no longer simply an economic concern but that social assistance may be more helpful i.e. counselling instead of economic support. This investment in human capital instead of economic tools and the focus on the 'social investment state' instead of the welfare state was a positive step that placed social issues high on the agenda. Giddens went on to explain that the Third Way motto becomes 'no rights without responsibilities' with the state having a right to protect its citizens, but they in turn have responsibilities to the state and each other.

The Third Way had a conflict between allowing individuals to act for themselves while reducing state interference but at the same time ensuring the state acted to protect these rights of individuals. The slogan 'no rights without responsibilities' was the attempt to marry the two ideas but with hindsight there was probably more tension between the two ideas than was first realised. Giddens brought out two books that set out to define the Third Way and to try to create this grand narrative and it is important to look at these in more detail as they encapsulate many of the problems within the Third Way.

Phase Two

In 2002, Giddens published *Where Now for New Labour?*, which appeared from the introduction to have been partly written in an attempt to defend Tony Blair, who had started to talk about the 'third way, phase two' but had effectively been dismissed by most social commentators. Giddens identified part of the problem as being a disinclination of the left to take the Third Way seriously and set about trying to place it within a wider European social democratic context by explaining that all social democratic governments have had to make compromises and trade-offs. He felt that those on the left should recognise this and be realistic, rather than sticking rigidly to historical ideological positions.

However, he recognised that the term, the Third Way, may be causing difficulties for people and instead preferred the phrases the 'new social democracy' or the 'new centre-left' and so he moved away from the term itself. He argued that the New Labour project needed to completely rethink leftist doctrines (in light of globalization, the knowledge economy, rising individualism and 'postmaterialist' concerns) and to concentrate on the conditions necessary for electoral success.

The biggest concern regarding the Third Way at this stage, with reference to this research, is a lack of clarity regarding what it stood for and how much it revered social issues as the focus was more on processes than policies. The Third Way (now called the 'new social democracy') had a framework set out but it was so broad it simply became like sound-bites with little substance, so 'reform of the state' becomes a focus to ensure that it is not 'too unwieldy, bureaucratic, driven by producer interests, or operate with soft budget constraints' (Giddens, 2002: 15). What purpose the state is to achieve is not clear and whether it is to have an economic, social and/or environmental purpose is not clarified.

The following year, Giddens (2003a) had another book published; *The Progressive Manifesto* which the back cover said was written to develop a new agenda for the centre-left and to move beyond the formulae of the 1990s. He admits in the book that the Third Way had many weaknesses when it was devised but promised that things had progressed, only to perpetuate the problem by clarifying what it was not and failing to state what it was.

Giddens (2003b) argues that the recent electoral setbacks by the left were not because the Third Way failed but because it was not embraced strongly enough. He did admit that the Third Way was too focused on what it stood against but needed to focus on fresh ideas that almost amount to a fourth way, but where he prefers the term neoprogressivism. This new approach should be a strong public sphere, a thriving market economy, a plural and inclusive society, and a cosmopolitan wider world founded on principles of international law. The two 'new' concepts to achieve this are the 'embedded market' and the 'ensuring state', which are meant to combine to provide 'publicisation' which will defend the core importance of the public sphere. Quite what this means in practice is not explained and again the focus is all on procedures of how to govern with little interaction of why to govern – what sort of society is wanted?

The Third Way had a belief that a strong economy and a strong society are mutually reinforcing and sought to mix traditional principles with new ideas and policies, thereby trying to resolve the ideological tension between socialism and liberalism (Latham, 2001). This approach was not unique to Britain with the global Third Way philosophy calling for equal opportunity for all and special privilege for none. There was also a

public ethic of mutual responsibility, a core value of community, and a global outlook that fosters private sector economic growth with an empowering government that equips citizens with the tools they need to prosper (From, 1999). These core principles of combining a strong economy and community with a government that supports and enables rather than commands and organises were fundamental to the Third Way.

However, the Third Way evolved and one of the themes it came to adopt was social capital, which was developed during the nineties by mainly North American social scientists and revolved around the idea of mutually respecting relationships that will enable a group to pursue shared goals more effectively than on their own. It is measured in terms of the volume and intensity of cooperative social relationships within a community rather than focusing on the individual (Midgley, 2001). Szreter (2001) states that Putnam is the leading expert on social capital and that his research has shown that it is the 'horizontal' contacts of association between equals, rather than the 'vertical' networks (that illustrate inequalities of authority) that produce true social capital and lend itself perfectly to the New Labour language of partnership.

It should be clear that the Third Way had a lot to say that *could* have been relevant to building local communities where economic, social, and environmental aims were even-handedly considered when decisions were made. Unfortunately, as the focus was often on the procedures of *how* to make decisions rather than clearly trying to articulate a vision for the country, the comments were often in passing. The ideas around working in partnership, building communities that respected rights and accepted they had responsibilities, social capital and so on all illustrated that there was a strong focus on social concerns but it was more often implicitly made. There had been clear statements soon after coming to power around the purpose of New Labour where the key topics had a strong social aim but these appear to have been diluted over time.

Moving now to examine the local government modernisation agenda, it will be seen again that the social focus is there but once more it is not as explicit as it could be. Therefore, some topics will have to be considered in passing that are not central to this research but they help to 'paint a picture' of the issues New Labour was seeking to achieve.

“As part of its attempt to forge a new politics, Labour has drawn on, and amplified, a range of discourses that had been submerged or marginalised during the Thatcher and Major administrations. The languages of democracy, citizenship, society, community, social inclusion, partnership, public participation, central to new Labour’s discursive repertoire, can be understood as an attempt to reinstall ‘the social’ in public and social policy” (Newman, 2001: 6).

3.3 Critique of The Third Way

It is important to realise that there are strong arguments on both sides of the debate around the impact of New Labour as a modern left-of-centre party and it is impossible to engage with all the debates and sub-arguments. However, within the broader context of this research, it is imperative that the main theoretical criticisms are understood at this stage and then the issues of more relevance to this research can be probed further later. It is only when the perceived problems with the promises that New Labour made are understood that it can be clear what should be looked for at the case study authority to see if there is evidence for either side. We need to understand the aims of New Labour and the alleged problems to see if there are clues why social aims either were, or were not, being progressed at the case study authority.

It has been noted that in order to make space for the Third Way as a radical new idea that is different to the old left and right, there has been some re-writing of history that has misrepresented the traditional positions (Driver & Martell, 2002; Powell, 2000). Giddens has particularly been identified as guilty of presenting the New Right in an extreme form to make the Third Way appear more rational by comparison and of caricaturising any alternative models that differ from the Anglo-American one so he can more easily dismiss them (Allen, 2001; Newman, 2001; Prowse, 2000).

The idea of a Third Way was clearly attractive to Labour modernisers as it reinforced the ‘newness’ of New Labour and offered voters a bright new hope at the end of a torrid time under the Conservatives. However, it was just the latest in a string of attempts by politicians during the twentieth century to try to appear to break the political mould. Not only did it rely on the exaggerated interpretation of the Old Left and the New Right but it also was very vulnerable to the criticism that it was always defined with reference to what it was not, which is rather negative (Driver & Martell, 1999).

The Third Way was also not new, as many other centre-left parties before Blair were pursuing similar policies with processes such as globalisation leading to the same sort of logical adaptations globally (Driver & Martell, 2002). While Bill Clinton was arguably the first real ‘populariser’ of the idea and policies of the Third Way, the 1980s and 1990s saw the PSOE in Spain, the PvdA in the Netherlands, and the SAP in Sweden all reinvent themselves along similar lines. By the mid-1990s Europe’s social democrats had generally accepted the market economy while the independence of the central bank from government had been implemented in Germany for decades (Driver & Martell, 2002).

In the early days, the Third Way in Britain had a cult figure that promised all things to all people to get elected. While this brought the votes and gave ideas like the Third Way a very British feeling, this desire to win the business vote in particular and to say whatever it took to upset no-one was the beginning of the end for the Third Way. It suffered from a misunderstanding of the role of the state, believing it had a duty towards big business to create and sustain market institutions by reforming the state but leaving the markets alone (Allen, 2001; Skidelsky, 2002). This misunderstanding was central to all that the Third Way did and was ultimately responsible for the loss of focus on social issues that resulted.

Big business

When New Labour came to power it was caught up in trying to please ‘all of the people all of the time’ with the result that little radical change resulted. Blair’s personal lack of ideological commitment and reliance on the practical rather than the theoretical was part of the problem (Tiesdell & Allmendinger, 2001a). Giddens (2002) had to acknowledge that Labour consciously changed little of the Conservative policy in the first two years in power to assure corporate Britain that they could handle the economy. While this reassured big business, it exposed New Labour as fundamentally lacking a clear vision that differed from the previous government – a serious charge for any political party.

Unfortunately, the result of using years before the election and two years after it wooing the private sector and convincing them New Labour was their friend, they ended up believing what big business said and came to accept privatisation and the neo-liberal

macroeconomic arguments (Lloyd, 1999). Soon the ideas of the New Right could be heard in faint disguise from New Labour strategists and no longer seemed anathema (Alcock, 2003). The irony of this change in approach has been pointed out so that while many on the left embraced market values with a naïve and wide-eyed admiration, neo-liberal economists like Jeffrey Sachs were voicing concerns about market failings (Allen, 2001). New Labour had caught the big business bug and fallen under the spell.

The SEU document *Bringing Britain Together: A National Strategy for Neighbourhood Renewal* was held as a central plank to the New Labour focus on promoting social aims. However, it has been argued that it lacks an overall ideology, shifting between promoting social justice and then echoing Thatcher's unwillingness to intervene in the distributional outcomes of the market (Atkinson, 2000). New Labour appeared to agree with Thatcher that the market should regulate and limit the actions of government as the market was seen as the most effective and efficient means of allocating resources and facilitating freedom and choice (Atkinson, 2000). This underlying support for big business and the market was often in conflict with the social aims that New Labour was stating it was seeking to achieve.

A decisive moment in the evolution of the Third Way was the rejection of Will Hutton's proposed Germanic stakeholder capitalism, which New Labour had courted briefly, but rejected for the more exciting and risky liberal American ideal that proposed fewer burdens on companies (Skidelsky, 2002). Many of the policy ideas that followed emerged from this market orientated approach with the result that it has been argued that for New Labour, employment became its own reward, as it enhances social inclusion and creates a trained and disciplined citizenry able to respond to the changing demands of the labour market (Ellison & Pierson, 2003a). They also developed public policy according to the maxims of market liberals with privatisation ruling supreme and the Third Way seen as no more than a rhetorical device for making market liberal policies palatable to the Left (Prowse, 2000).

These ideas would have been unthinkable for any previous Labour Government and the courting of the business sector was seen as repugnant to many 'traditional' Labour Party supporters. The fact that by 2000, Britain had more accountants than in the rest of the European Union put together (companies wanted accountants on their board to manage

the share price) illustrates what Britain had become (Cohen, 2003). Suspicion about Tony Blair grew and his infatuation with big business led to claims that he was

“...the most prominent among today’s nominally left-wing party leaders in revealing his disdain for the poor and other losers, his desire to sup at the table of financial success, and his contempt for the broad masses of working people with small houses, big mortgages and ugly little cars” (Luttwak, 1999: 195).

New Labour wanted to show that it did not mess up the economy, it did not tax and spend anymore, it did not attack business interests, it was not soft on crime, and so on (Wright, 2001) but there was no clear focus on what it *did* do. The first part of this section has shown how in practice, New Labour was not dissimilar to the Conservatives and the main focus of their drive was on economic issues, to the detriment of social and environmental concerns. Some consideration now needs to be given to just how deeply held New Labour’s social policies and convictions were to see if the lack of practical evidence espousing social aims is somehow connected to a lack of commitment to the issue by New Labour.

Style over substance

“...the central question is whether the third way represents a new *dimension* for social democratic politics in the post-cold war era or merely a deftly crafted slogan designed to make the capitulation to a conservative agenda intellectually and morally respectable” (Faux, 1999: 67-68).

The Institute of Economic Affairs was set up in 1955 and was the first of several right-wing think-tanks to provide Thatcher with an intellectual framework for her mission. It has been argued that these neo-liberal ideas passed so deeply into the consciousness of the British political classes that socialism was pushed further underground than in any other country (Lloyd, 1999). Therefore, the fear of being seen as overtly socialist was still seen as risky by many on the left and could explain the fear New Labour had. However, at the time there were at least four different countries following a social democratic route within Europe and Blair’s New Labour had enormous resources and few constraints in implementing policy due to its massive electoral majority (Merkel, 2001).

The criticism of the Third Way in the early days mainly focused around the point that it was a marketing slogan, rather than anything new of any substance and amounted to 'shallow rhetoric' lacking ideological conviction (Marquand, 2004). New Labour was quickly labelled as being focused on 'spin' and trying to repackage bad news as good. As a result, questions were soon asked whether the Third Way was anything more than 'spin' to cover the fact that it had abandoned traditional Labour policies in an attempt to reassure middle-England voters that it had a plan and noble aims (Ryan, 1999). Likewise, it was suggested that it was taken and used as New Labour's ideological position before anyone had actually worked out what it was and what it stood for, so it became "a brand in search of a product" (Rustin, 2001b: 73). The fact that Giddens (2000a) had conceded in an interview that the Third Way was 'just a label' for what the philosophy might involve, added weight to the concerns.

Many of the ideas it drew upon had been 'borrowed' and reworked into new discourses with a re-packaging of the public sphere in the light of 'communities' and 'citizens' rather than the Thatcher image of the consumer (Newman, 2001).

"The language of partnership was also adopted in place of the language of competition to re-label contractual or outsourcing arrangements between the public and private sectors. These constructions, together with those of 'community', 'responsibility' and 'inclusion', formed part of the ideological glue through which disparate elements of the Third Way were seemingly held together" (Newman, 2001: 166).

The allegation that the Third Way lacked an accessible and popular narrative that 'tells a story' to the public about how life will be and what the limits of neo-liberalism will be grew (Allen, 2001). Any previous Government that had sought radical changes in direction, such as the governments of 1906, 1945 and 1979, had a philosophical cohesion that the Third Way could not match (Seldon, 2001b). Attlee had Beveridge and Keynes informing his policy while Thatcher built on the ideas of Friedman and Hayek but Blair had no-one of this stature underlining his policies, occasionally calling on Giddens to support him but he seemed to struggle to develop the thinking. As a result, Blair ended up frustrated and resorted to complaining about the 'forces of conservatism' that impeded the radical change he allegedly desired (Seldon, 2001b).

In an attempt to reinvigorate New Labour thinking, Giddens (2002) published *Where Now for New Labour?* but it had little impact with trite statements, such as the state should be efficient and work for the public - who would disagree? The book lacked any comprehensive ideological position and Giddens even refers to one of Blair's main advisers as admitting that when he was elected leader he had no coherent set of political ideas and 'appropriated' ideas and policies from the New Democrats – hardly a ringing endorsement of a sitting Prime Minister or likely to give substance to the Third Way.

Giddens (2003a) next book, *The Progressive Manifesto* again added little to the debate in reality, agreeing that it needed to move the Third Way forward and to develop from the weak position it was in, but he then returned to arguing what the Third Way was not about, rather than stating what it stood for. New concepts were proposed around the 'embedded market,' the 'ensuring state,' and 'publicisation' but there was no clear message about where the Third Way was heading, just concepts and ideas made in passing.

The loss of radical idealism, the backbone of the Party historically, led to disenchanted politics as New Labour politicians became too embarrassed to talk about socialism or how to transform the social order; the goal now was the better administration of society (Jacobs, 2001a; 2002). The other concern was that the philosophical ambiguity, which was important to not offend anyone and lose votes, came at a high price as the breadth was in conflict with depth and the lack of ideological clarity meant although many were on board, they had little conviction.

"It is the loss of ideology which creates the sense of alienation. It is the abandonment of the party's historic commitments to equality and to radical social change... Membership figures tell a tale: down by 130,000, nearly one third, in five years... it is a dull sense that there is no longer much point. When Labour wanted to change society, it was at heart, a campaign: it needed members. But if it just wants to manage things better, why bother?" (Jacobs, 2002).

Party membership fell as people lost interest. They were not clear what they were trying to achieve and people want to know they are fighting for a valuable aim and outcome (Kay, 2003). With no clear vision of what this outcome is, how can progress towards it be measured? A strong ideological narrative is essential as it sets out what

the government is trying to do, even when problems arise, so people can visualise the better future to come. Thatcher mastered this as she was judged by what she stood for as much as what she achieved throughout the eighties (Jacobs, 2001a; 2002). If centre-left parties are to survive, they must define themselves positively by clarifying what they stand for, not what they stand against (Schuppert, 2003).

It is not enough to just list some values and say 'this is what we stand for' as values often have to be traded against each other and Blair came unstuck in trying to combine what turned out to be contrary principles with no way deciding which should take precedence when they competed (Driver & Martell, 2002). The reality is that although it sounds good to say you can have social justice *and* economic efficiency, for example, in reality one side often has to be supported at the expense of the other. Also, to argue that all that matters is 'what works' and the means to achieving this are irrelevant is naive; the means of achieving something contains values, as different policies create different kinds of society i.e. using the public sector or private sector is *not* value free and requires a choice between non-market values and profit (Jacobs, 2001a).

The scale of the problem with the Third Way and New Labour is best summed up by a quote from Stephen Byers MP, who was a key Blairite and therefore not one quick to criticise the Government. He said that the Government

“...needs to recognise that a constant stream of useful but relatively minor initiatives are no substitute for a well-thought-out programme that is deeply rooted in Labour’s values and principles. It needs an approach that has the objective of transforming society as opposed to simply being a competent administration... increasingly the electorate sees Labour as being on the right. The task now must be to move it leftwards... We can no longer define ourselves by what we are against – that is the politics of opposition. Instead, we should articulate a clear vision of what we believe a Labour government should be for” (Byers, 2003: 23).

The Third Way as an ideology fell apart when it came under scrutiny and by the end of this research it was hardly mentioned anymore and had been practically dismissed as vacuous even by the turn of the millennium (Allen, 2001; Faux, 1999; Newman, 2001; Plant, 2001; Prowse, 2000; Rustin, 2001b). Many concluded that it had been little more than a modification of Thatcherism to make it more palatable to the left but that its true identity was it “seems happier on the side of the private sector and at war with public

service ethos and public sector workers” (New Statesman, 2003). Another simply stated New Labour was Thatcher’s “stepchild” who had grown up to take Thatcherism more seriously than even the Thatcherites but with a bolted-on social dimension (Skidelsky, 2002). Others argued that New Labour actually stole much of the Conservative’s policy ground and threw in the towel to Thatcherite neo-liberalism within the first four years in power, with little difference from eighteen years of radical Conservative Government (Driver & Martell, 2002; Norman, 2006).

“Despite Blair’s conviction, the rhetoric of New Labour is almost indistinguishable from that of the Conservatives on public spending and the role of the private sector in welfare” (Burchardt & Hills, 1999: 48).

The dual problem of New Labour becoming influenced by big business and lacking a clear narrative suggests that when difficult decisions are needed or when economic, social, and environmental issues are in competition, then the economic would prevail. The literature review suggests that there was evidence that this did happen and that social issues did not progress as well as might have been expected under New Labour. Ellison & Pierson (2003a) carried out a comprehensive review of social policy and concluded that the overall verdict was at best mixed. While there had been progress in some areas (which should not be dismissed) the overall finding was there was no sign of a ‘new social politics’ (Ellison & Pierson, 2003a). The fundamental problem they identified was that New Labour regarded social policy as a means to achieving economic stability rather than an end in itself. This resulted in New Labour transforming Britain from a welfare state into ‘a competition state’ where issues such as unemployment were to be dealt with through the marketplace and not by government intervention (Evans & Cerny, 2003).

It is accepted that Tony Blair’s time as Prime Minister means that every modern political party now has to espouse social policies, at least in theory (Toynbee, 2006). It is also true that social exclusion did not figure in the official discourse of the British Government before and these *are* significant steps forward. For example, the Conservatives, under David Cameron, are now calling for a ‘compassionate conservatism’ that points out social ties are weakening, resulting in unprecedented social problems (Norman & Ganesh, 2006). It is hard to imagine previous Conservative parties considering such ideas so strongly.

New Labour did make many changes that had a social aspect and did break many of the taboos of talking about social issues but there is strength in the argument that this was not part of any coherent ideological strategy that put social issues on a comparable footing with economic and environmental concerns.

“The great themes of our age – the rise of inequality, the over-riding priority of business and the decline of the public realm – have not been intellectually and politically challenged, nor has any popular narrative been developed that might do the job. Conservatism’s grip may be weakening at the margins, but it remains ascendant” (Hutton, 2002b: 274-275).

3.4 Modernising local government

The White Paper *Modern Local Government – In Touch with the People* of 1998 set the modernisation process into motion and paved the way for all that was to follow with the Local Government Act of 1999 introducing Best Value and the Local Government Act of 2000 introducing the governance changes and increased community involvement (Cirrell, 2003). To ensure that the process did not lose impetus the Cabinet Office took on much of the policy work and published a report on *Modernising Government* in 1999 (Cabinet Office, 1999).

The first wave of ideas focused on New Public Management theory where best practice from business was to be applied to public services, with flatter hierarchies, local responsibility for budgets, assessing outcomes rather than processes, and seeing the citizen as a consumer (Giddens, 2003b; Schuppert, 2003; Smith, 2000). This moved on to the ‘enabling state’ of empowering citizens and this in turn moved on to the ‘ensuring state’ which focuses on taking responsibility for the delivery of policy outcomes, for coordinating services and guaranteeing standards of delivery, even when many of these services are beyond its control. The ensuring state has been explained by Giddens (2003b) as ‘regulated self-regulation’ where the state lets go of power but regulates the conditions under which local autonomy is exercised, thus allowing people freedom to use their initiative and leaving them alone when it is going well, but checking up when things go wrong.

New Labour was also seeking to tackle the bureaucracy that was holding up regeneration and to identify the barriers that were frustrating progress. The Social Exclusion Unit (SEU) produced *Bringing Britain Together: A National Strategy for Neighbourhood Renewal* in 1998 (SEU, 1998) to develop a new approach to urban regeneration that would build upon the Single Regeneration Budget. The SEU was partly charged with trying to deal with what had become known as ‘wicked issues,’ a term first used in 1997 to refer to policy problems that had proven to be persistent and not amenable to simple solutions, such as urban regeneration, social exclusion, sustainable development etc.

“All of these critiques of traditional approaches to policy making in relation to cross-cutting issues reiterate common themes: lack of an integrated approach both within and across organisations and across different levels of government; failure to learn the lessons of what works; lack of community involvement in policy making; failure to think through possible side-effects of policy interventions; and short termism” (Leach & Percy-Smith, 2001: 194).

The SEU (1998) report contained a foreword by Tony Blair that set out how the ‘worst estates’ were falling further behind and a targeted programme would focus on improvement. The problems were seen as having a significant social aspect with programmes such as Sure Start, Education and Health Action Zones set up to target specific areas. It was recognised that problems were complex and resulted from major economic and social changes with traditional jobs and social structures collapsing. The target was to create a ‘virtuous circle of regeneration’ that would focus on improvements to economic and social problems which in turn would create attractive communities to live in. Economic, social, and environmental issues would all be tackled to lift these communities out of deprivation with programmes specifically to target social issues, such as poor education, high teenage pregnancy rates, drug problems, and high levels of crime.

It has been argued (Atkinson, 2000) that *Bringing Britain Together* by the SEU was only meant to be the first step in a wider process of trying to develop a more coherent and effective urban policy. It was different from previous attempts due to the range of issues covered, its apparent determination to link urban policy into a range of mainstream social and economic policies, and the way it attempted to engage local

communities by focusing on opportunities for local people rather than physical renewal. It also tried to tackle the causes of problems rather than the symptoms. It has been stated that as a result, urban policy had started to resemble an anti-poverty strategy with SRB guidance under New Labour stressing the importance of policy coherence between economic objectives and social policy initiatives (Lawless & Robinson, 2000). The modernisation programme was to make sure these complex problems and cross-sectoral solutions were developed and that change would actually take place. The approach was to use new structures that went beyond the local authority and where the focus was on making quicker decisions and tackling problems from a community perspective and by involving them.

New Labour continued the push towards self autonomy for local communities in its first few years of Government with the Urban White Paper (ODPM, 2000) promising Local Strategic Partnerships (LSP). These would be set up to bring together the local authority, service providers (schools, police, health and social services), local businesses, community groups and the voluntary sector to produce a Community Strategy (CS)¹⁵ to set out a long-term vision for the area. There was a legal requirement to produce the CS but considerable latitude for local authorities to decide how the connected well-being power could be used to achieve the improvements identified in the CS and the power was wide-ranging and offered an ability to tackle social problems (ODPM, 2001b). However, the fear within local government that this was actually an attempt to bypass them should not be glossed over as it was recognised that local government has few friends but influential enemies, including some in Whitehall (Elcock, 2000).

As with the Third Way, there were some clear over-arching statements about the purpose of the modernisation agenda being for achieving social aims, but most of the detailed attention was on procedures of *how* to make decisions rather than on providing guidance on how to translate the bigger picture concerns into local issues with a social aspect. However, the fact that there was a focus on ‘wicked issues’ (which tended to have strong social challenges) meant that social aims *were* still high on the New Labour agenda and social issues infused New Labour speech. Attention will now turn to the

¹⁵ This is now known as the Sustainable Community Strategy

problems with the modernisation agenda and the focus on using the private sector to deliver public services, the target culture, and whether the community was genuinely involved in making policy.

Problems with the modernisation programme

The Conservatives set out in 1988, through the pamphlet by Nicholas Ridley *The Local Right: Enabling not Providing*, how local government should withdraw from 'service provision' and Michael Heseltine tried to encourage local authorities to take on this enabling role (Rydin, 1998). Therefore, many of Blair's ideas for local government were copied from Heseltine and this naturally worried many within the Labour Party right from the start (Newman, 2001; Travers, 2001). While Blair and his policy unit set out to drive the modernisation process, the more 'traditional' Labour ministers were less keen on these radical ideas and a conflict arose between devolving power and having centrally-driven targets (Swann, 2000).

“Downing Street and the Treasury were strongly in favour of changing the culture of local councils and councillors, whereas the Department of the Environment, Transport and the Regions (local government's sponsoring department) was more modest in its aspirations. Many Labour supporters in local authorities and constituency parties were amongst modernisation's most bitter opponents” (Travers, 2001: 122).

Despite this serious crack within the modernisation agenda from the start, the Government pressed ahead with reform regardless and argued that more people from the private sector were needed to make the civil service fit for the new millennium (Cabinet Office, 1999). Blair felt the public sector was simply inefficient and he swerved towards 'marketising' public services and bringing in the more expensive private sector, which was not originally part of the New Labour approach (Toynbee, 2006). Meanwhile, he openly questioned whether the private sector really should be expected to pay towards things like training, environmental concerns, social costs that damage enterprise, and towards infrastructure (Blair, 2003). The private sector seemed to have wide ranging 'rights' to make money but few 'responsibilities' and the denigration of the public sector and deification of the private sector was remorseless.

“Some of the inadequacies of Britain's public services are more to do with inertia, poor management, overmanning and bureaucratic sloth than lack of resources. Given the rapid pace of innovation in business, and the advance

of technology, a great deal of change is necessary for the state sector to catch up” (Giddens, 2002: 56).

“Moreover, firms working in the commercial sector are likely on average to be better managed than state agencies – not merely because they are commercial, but because they have been exposed to competition. In a market, unlike in the sphere of the state, poorly managed companies will be driven out of business” (Giddens, 2002: 61).

The approach towards the two sectors was clear cut and while the Private Finance Initiative (PFI)¹⁶ had been introduced under the 1992 Finance Act by the Conservatives, New Labour quickly adopted it as a means to involve the private sector in public services. In fact, they moved from a position of saying the NHS could ‘consider’ the role of private finance to saying that it was ‘PFI or bust’ (Monbiot, 2000: 63). Other public sector functions were passed over to the private sector despite growing concern that the figures did not stack up. For example, the campaign group, Transport 2000, illustrated that privately financed roads are around two and a half times more expensive than state built roads (Monbiot, 2000). Others have concluded there just is no evidence that public-private partnerships are actually efficient (Keating, 1998: 170). These concerns about using the private sector to deliver public services grew over the years and evidence soon started to emerge that a significant percentage of the huge amounts of money the Government was investing in transforming public services was simply ending up paying for private sector consultants (Cohen, 2006; Toynbee & Walker 2005).

Even before the rescue of the private sector banks in 2008/09 (Kirkup, 2008), Roy Hattersley, then a Labour MP, was pointing out the growing collapse of private companies in the provision of public sector services and the subsequent ‘bail out’ of private sector profits by the taxpayer (Hattersley, 2002b). He showed how in just one month private sector companies failed in their contracts involving schools, the NHS, the criminal record bureau, the Ashfield Young Offenders Institution, and the National Air Traffic Service. Cohen (2003) added the failings at the Immigration service, the Child Support Agency, the Passport Office, the National Insurance Office, London

¹⁶ See Domberger & Jensen, 1997; Grout, 1997; Monbiot, 2000, 2002; Shaoul, 2002; Torres & Pina, 2001 for a further discussion on the PFI

Underground, Railtrack, and the Millennium Dome to the list. The private sector was clearly struggling to deliver public services efficiently.

The Government's own Public Administration Select Committee issued a report stating that public services were also different to private sector companies and had intrinsic assumptions about equity, access, and accountability that the private sector lacked (House of Commons, 2002b). Subsequent research backed this up with evidence of a continuing public sector ethos (Allmendinger *et al.*, 2003b). The growing realisation within New Labour that the private sector was not the panacea to the problems of delivering services was too late to stop increasing cynicism and frustration within the public sector (Barlow *et al.*, 2002).

The target culture

The second fundamental problem with the modernisation agenda, with reference to this research, was the impact of the target culture that resulted from the focus on making quicker decisions. Targets were set by Central Government and local public services were then monitored on whether they were achieving the targets but this approach was resented in local councils as yet another technocratic, top-down, incursion into local democracy (Fenwick *et al.*, 2003). The targets and audits were 'trust-corroding' and showed the same disdain for public service professionals as Thatcher (Marquand, 2004). The need to provide detailed service performance plans with dozens of targets and key indicators became a bureaucratic nightmare and Public Service Agreements were added in 2000 with a further control on spending. New Labour retained the Audit Commission and Ofsted, which had been set up under the Conservatives, but expanded their roles and added the Best Value Inspectors. Blair took the challenge personally and constantly complained of the slow rate of progress and threatened to send in the 'hit squads' to failing authorities (Newman, 2001).

All of this was despite one of the Government's own Policy Action Teams noting that while targets can be a powerful incentive for local authorities, they can also end up hindering action, and care needs to be taken when producing targets (DETR, 2000). The heavy audit culture slowed down the pace of change with central micro-management breeding an atmosphere of distrust which leads to risk aversion and

encourages uniformity in programme design, thereby inhibiting innovation and any distinctive contribution from local community groups (Demos, 2003; Newman, 2001).

New Labour gained a reputation as talking about devolving power and resources to the local level but in practice they became one of the most heavily centralised governments with little movement away from their centralising tendency (Butler, 2001; Golding, 2006). Even Giddens (2002) criticised New Labour for sticking to old habits by dictating what councils and agencies may or may not do. It appeared that New Labour simply did not trust local authorities or other public sector bodies to manage themselves and instead imposed constant targets and checks that twisted results.

However, despite the pressures on them, local authorities still managed to work with their local communities and much of the progress in communities was due to local authority commitment as it was generally accepted as *the* community leader by local stakeholders (Harding, 1998; Rydin & Pennington, 2000; Sullivan, 2008). The local authority culture was consistently seen as key to influencing stakeholder engagement with a 'can-do' attitude amongst officers (although Members were not seen as good advocates of community leadership) (Sullivan, 2008). Therefore, the Government sponsored research found the public sector ethos was alive and well (the caveat that the findings of the report do not necessarily reflect the views of the Government is somewhat ironic). Other Government sponsored reports found that there has been a steady increase in public trust in local government between 2001 and 2007 and they were more trusted than central government and 'politicians' in general (Cardiff Business School & INLOGOV, 2008).

Did New Labour empower local communities?

The evidence from the literature review suggests that New Labour did not genuinely empower communities to be involved in determining their own future. Soon after coming to power they ended up telling the public to trust their policies as they were based on objective science. However, the public were sceptical about 'objective' truth and many never accepted the 'evidence' presented regarding the BSE crisis, GM food debate, and the MMR vaccine, which rocked public confidence in 'objective' science (Newman, 2001). New Labour also contributed towards the climate of public cynicism by overstating what they *were* achieving with the constant 'spin' synonymous with

Alastair Campbell and the Iraq War (Toynbee & Walker, 2005). The Government were not seen as providing objective information but as twisting information to suit their aims and the cynicism resulted in the lowest election turnout since universal suffrage (Toynbee & Walker, 2005). The fuel protests and subsequent Government use of the police against the public to enforce their view on the public left a deep scar on the idea that the Government genuinely wanted to work with the public (Newman, 2001).

“There is much talk of giving power to the people, moving power away from the centre, empowering and consulting the people; but its instinct is to centralise... At the heart of the New Labour machine, democracy is regarded as inefficient and outcomes are considered better served through the iron will of the people” (Giddy, 2001: 67-68).

There was also a direct link between the target culture (considered in the previous point) and this problem. The focus had been on speeding up public services and quicker decision making but this will inevitably result in less community consultation as involving a large number of people will almost inevitably slow the decision-making process if it is undertaken properly. There is only space here to consider the point in passing and it is best served with reference to the planning system itself (see Atkinson, 2003; Jones, 2003; Newman, 2001; ODPM, 1998b; Rydin & Pennington, 2000; Willis & Wilsdon, 2003 for further discussion on this issue).

New Labour went from stating, while in opposition, that they would introduce an automatic right of appeal for third parties where there was a departure from the local plan to quickly dropping the idea and even reducing the number of ‘called-in’ applications that departed from local plans (Monbiot, 2000). Speed was at the price of involving the public and New Labour went further by trying to impose their ideas for development without proper public debate. The editorial in *Planning* (Morris, 2007a) highlighted the anger that the coalition of lobbyists and interest groups against the *Planning White Paper* had generated and pointed out that the public were fed up with being consulted and then ignored by a dictatorial Government. This culminated in the shambolic consultation on nuclear energy, where the Government had to carry out the consultation again after a judge found the process had been misleading and flawed (Morris, 2007a).

The allegations from Greenpeace (reported in *Planning*, 2007b) that Gordon Brown, after becoming Prime Minister, said in the Commons that the Government had made the decision to continue with nuclear power before the consultation process had finished, suggested the new Prime Minister has the same disdain for listening to the public as the previous one. Only months later, the public was promised a consultation on a third runway at Heathrow before any decision would be taken but both the Transport Secretary and Gordon Brown were supporting the expansion of Heathrow before any consultation had even started (Morris, 2007c). Lastly, the High Court decided in 2008 that a judicial review of the whole eco-towns process should be considered on the grounds that proper and full consultation had not taken place and that the promotion of eco-towns outside the plan-led system was simply to avoid proper scrutiny, which takes time (BARD, 2009; LGA, 2008).

The target culture was used to direct local government to follow the ideas pushed by central Government and it has just been shown how the centre also did not value the opinion of the public but wanted to impose their views on them. This had an impact on the progress of the 'Well Being power,' with the Government's own research (ODPM, 2005b) into how the power was being used with reference to the wider modernisation agenda being somewhat dismissive of progress. It concluded that much of the lack of progress was due to Central Government mistrusting local government and confusion within Central Government about the purpose of the power itself. The trio of independent reports commissioned to assess different aspects of the local government modernisation agenda also found evidence of problems with the Central Government approach (Cardiff Business School & INLOGOV, 2008; Martin, 2008; Sullivan, 2008). The barriers to improvement listed a catalogue of central government negative influences: initiative overload, constantly changing policies, too much central prescription and regulation, insufficient joined-up thinking within central government, and ring fencing on how resources were spent. New Labour had set out to bypass local government in their desire for efficient and quick decision making processes that would genuinely involve communities but instead the evidence found that while local government was making progress, Central Government was responsible for many of the problems.

The public were also growing increasingly suspicious of private sector companies running public services (ESRC, 2008) and over sixty percent of those asked agreed that large companies do not *really* care about the long-term environmental and social impact of their actions (Giddens, 2007). This leads to the question of why New Labour promised to work with the public and to empower them but their actions were to ignore them and to try to bypass local government and use a private sector that appeared ill-equipped to provide public services and not trusted by the public? It appears there are several answers that reflect some of the problems found earlier and associated with the Third Way and therefore suggest they were underlying problems with New Labour itself.

“Here New Labour has made an important if hesitant beginning...But still it lacks confidence, allowing itself to worry about the condemnation of the financial markets, the Conservative party and business rather than vigorously arguing for what it knows the public wants” (Hutton, 2002b: 455-456).

The argument that New Labour was worried about being seen by big business to be interested in the concerns of the public (which tend to not focus on the economy exclusively) is very relevant. New Labour did drive many positive changes forward but a significant part of the problem was that they were almost embarrassed to point out the social progress they were making. There was a fear that big business would sneer at the ideas as irrelevant and argue they were being achieved at the cost of deflecting attention away from what mattered – the economy.

While the modernisation agenda did bring improvements to the public sector, the money did not stretch far enough, there are serious capacity issues with understaffing and lack of recruits, target fatigue with a myriad of conflicting targets, and all while trying to cope with increasing workloads (Butler, 2001). Blair’s focus on the modernisation agenda and forcing change on local government has been a failed attempt to solve a problem that did not really exist. Local government did have many problems that needed to be resolved and there is no doubt that more efficient work was required (as in most large businesses) but the distrust of the public sector and the constant threats proved very costly to relations and the modernisation agenda arguably held back genuine improvements.

3.5 Evolution of the planning system under New Labour

The Deputy Prime Minister set out a vision for the future where new communities would be built on the principles of sustainable development, which in turn would require balanced communities that met all their citizens' needs.

“The Government has begun a historic programme to build a modern and fair Britain, a strong economy and a healthy environment to pass on to our children. This means creating an economy that is innovative and efficient, with a highly skilled and well-rewarded workforce, with firms that can compete against the best in the world. It means sustainable economic growth that does not come at the expense of our environment, whether that is the places where we live and work, or where our children play or go to school, or the natural environment which we all value and enjoy. And we believe in social justice a society where everyone has the chance to play their full part. Where a decent quality of life - health and housing, work and leisure - is there for us all, in every part of the country” (DETR, 1998; foreword).

It was stated that this approach of balancing economic, social, and environmental aims went right back to the heart of their election campaign and that the three did not have to be at the expense of each other but were in equilibrium.

“The Government's Election Manifesto stressed the importance of policies which combine environmental, economic and social objectives. Achieving all these objectives at the same time is what sustainable development is about. It brings together policies such as those to support businesses and job opportunities, to improve education and training, to improve the health of our people, and to safeguard the environment” (DETR, 1998; para. 2).

One of the four key aims of sustainable development was the need for social progress and a feature of building sustainable communities was to promote social cohesion (DETR, 1998). New Labour also continued to push the well-being power and stated that it was introduced to “improve communities' quality of life” and suggested that issues such as tackling social exclusion, reducing health inequalities, promoting neighbourhood renewal and improving environmental quality were likely to be suitable (ODPM, 2001b). Again, social issues were high on the agenda for new communities and the power was clearly identified as being targeted at the promotion or improvement of the economic, social, or environmental well-being of the area (ODPM, 2001b).

The planning system itself was to be overhauled with the focus to be on creating balanced communities with regional planning guidance (RPG) to be more important but also with a broader focus.

“RPG will now include a wider range of policies than in the past. The aim is to produce a more comprehensive and integrated "spatial" strategy designed to balance demands for development with the need to protect the environment and achieve social and economic objectives” (ODPM, 1999: para. 28).

This was a clear requirement for all three aims to be considered in spatial terms and decisions within the planning system were given the same aim of being required to be in balance with each other and where all three were central when decisions were made. There can be no doubt that social aims were important.

“We should never forget that decisions on matters like planning, or transport, or housing are ultimately about the quality of life of communities and individuals. Past mistakes happened when decision-makers lost sight of that... Planning has a key role to play in achieving a more sustainable pattern of development. It seeks to integrate economic, environmental and social factors in decisions about where to put homes, jobs, shops and leisure facilities... But more still needs to be done at all levels of the planning system as people's thinking about sustainable development moves on, especially to reflect the increased emphasis on combating social exclusion (DETR, 1998; para. 33, 35 & 36).

The production of the CS brought together these two important issues of making sure the community was actively involved in producing the strategy (it would shape the future activity of local organisations to meet community needs and aspirations) while also requiring the CS to promote the economic, social, and environmental well-being of the area (ODPM, 2001c). The CS was required to integrate the three areas and not to look at them in isolation, thereby taking a more holistic approach to problems. It is also important to note that while local authorities were given the power to promote the economic, social, and environmental well-being of their area they ‘must have regard’ to the strategy when using this power (HMSO, 2000a). Therefore, New Labour had clearly set out the need for communities to be involved in determining their own destinies, albeit in partnership, and to balance their economic, social, and environmental needs. The CS would also raise the profile of the planning system as the CS and development plan were to be complementary with the development plan to be seen as a

means to take forward the physical development in the area necessary to meet the aims of the CS (ODPM, 2001c). New Labour was seeking to create communities that could work with others to build a community that proactively considered economic, social, and environmental issues up-front and where the planning system would be a key means to achieving this end.

There was a growing concern within Government that the planning system needed to modernise to match the proposed changes in local authorities, and this led to the Green Paper *Planning: Delivering a Fundamental Change*, published in December 2001 (DTLR, 2001) along with a consultation paper. The Green Paper set out a vision of a planning system that was to be a positive and proactive tool, rather than a negative brake on development, and as such was to fully engage people in shaping the future of their community. The whole community was to be able to have a say – individuals, organisations and businesses, with environmental and community concerns respected by a system that could accommodate change rather than just resist and stifle it (DTLR, 2001). It was also noted that the planning system had previously been ‘consultative’ but did not actually engage communities as the local plan process was seen as protracted, so only those with considerable finances and stamina would endure. The Green Paper stated LSPs were to work with the local authority to ensure effective mechanisms for community involvement. The Local Development Framework (LDF) would then be required to contain a Statement of Community Involvement (SCI) setting out how the community would be involved in reviewing the LDF and having their say on ‘significant’ planning applications.

Of more direct relevance to this research, the Government noted that the use of planning obligations had grown considerably in recent years, that there were strong differences of opinion on how they should be used, and that a consultation paper would be provided in due course (ODPM, 1999). This moved on by the time of the Green Paper, which stated there was a “strong case for allowing local communities to share in the benefits of development and growth” using obligations, although a separate document was to be published (DTLR, 2001: 5.28).

The planning system under New Labour had a clear mandate to ensure social concerns were considered when decisions were made. This was further clarified when the

Government started in late 2004 to replace the Planning Policy Guidance Notes (PPGs) with Planning Policy Statements (PPSs) which were subtitled:

“Planning shapes the places where people live and work and the country we live in. It plays a key role in supporting the Government’s wider economic, social and environmental objectives and for sustainable communities.”

The 2004 version of PPS12 went on to state that the LDF:

“...should contain within its documents, an integrated set of policies which are based on a clear understanding of the economic, social and environmental needs of the area and any constraints on meeting those needs.” (ODPM, 2004a: para. 2.1)

Therefore, New Labour gave the planning system a clear purpose to create sustainable communities where economic, social, and environmental objectives were all to be considered when decisions were taken. However, it is surprising that it took New Labour so long to get to grips with the planning system and to replace previous Conservative PPGs, not least PPG1 which was only replaced in January 2005, despite it setting out the principles for the planning system; almost eight years after they had come to power.

The Government produced a dizzying number of consultations, guidance notes, and papers about the planning system during the research period and they are impossible to summarise here but there is little direct suggestion within any of them about how local authorities were to achieve social aims through the planning system. The overarching vision of sustainable communities that balanced decisions in the interests of economic, social, and environmental concerns was clear but there was little to clarify how that translated into daily decisions in the planning system. However, the policy framework was in place so that local authorities *could* develop policies that had a social aim. In particular, the concept of the ‘social investment state’ had advanced ideas such as providing child minding for single parents so they could go to work and counselling for those in difficulty rather than just giving economic benefits (Giddens, 1998b). Therefore, negotiations on planning applications could consider the provision of more nurseries and medical centres on large developments to provide for the community in these ways, although there was no direct PPS stating this.

There was also potential for the planning system to influence other social issues. For example, there was concern about a new phenomenon known as ‘food poverty’ that the planning system had inadvertently created where out-of-town shopping centres led to the closure of many local shops, especially small food stores (Jacobs, 2001b). This meant that people living on deprived housing estates, who often had no car to access the shopping centre, would only have a small convenience store to do their shopping in but it would be less likely to have fresh fruit and vegetables and would be more expensive. This was exacerbated by increasing the amount of other facilities that were only realistically accessible by car, such as community facilities, cinemas, leisure centres, hospitals, and employment opportunities etc. with the rise of multiplexes and industrial estates on the edge of town centres. This also took place in parallel to significant declines in bus services with unprofitable routes closing while fares have risen. Again, these are issues with clear spatial dimensions that the planning system could, in some cases, influence but there was little in the way of changes to government policy at the time to require changes.

“...social elements... have never been a major element in urban regeneration policy. Nevertheless, under popular pressure they have certainly crept onto the agenda at various junctures, only to slip off again once the pressure has been absorbed or accommodated in a particular instance... The new Labour government has once again raised hopes that a more social approach to urban regeneration can be developed” (Ginsburg, 1999: 56-57).

In closing, it should also be noted that New Labour did make a significant number of quick changes, particularly to the procedures for planning. These included the setting up of the Department of the Environment, Transport and the Regions (DETR) as a ‘super-ministry’ to co-ordinate planning and the wider urban agenda, the Regional Development Agencies (RDAs), strategic authority, and the Mayor for London. It must be recognised there were also come changes in approach to planning policy with the modernisation agenda, refocusing of attention on brownfield land, issuing some regional planning guidance, and they founded the Urban Task Force (UTF) (see Allmendinger & Tewdwr-Jones, 2000).

A Summary of New Labour’s aims

New Labour had come to power on the crest of a euphoric wave of public support for a new approach to politics where social issues would be firmly on the agenda and the

public would be central to all that the new government did. This was an exciting idea that promised a Third Way, with a Prime Minister who was courted around the world at the helm promising to deliver a new social order where everyone would work for the good of their local community. The focus would be to ensure that the economic, social, and environmental concerns were all considered when decisions were made. The power of the market would be harnessed to deliver social benefits to the community within a suitable environmental setting.

The Third Way had a clear focus on delivering a fairer society with better places to live and a desire to improve social conditions with improved schools and hospitals, a fairer welfare state, reducing crime, tackling social exclusion, promoting social justice and building citizens who accepted they had responsibilities as well as rights. All their statements and high level aims oozed with concern for improving the social conditions of life for citizens, at least on a par with economic and environmental issues, if not higher.

Communities were to be involved in producing new Community Strategies and these would be required to promote economic, social, and environmental issues so a 'virtuous circle of regeneration' would develop. Within the planning system itself, the statements were far reaching with demands that economic, social, and environmental issues were to be balanced if sustainable development was to be achieved. The spatial strategy, the LDF, and the CS were to focus on giving a physical interpretation of how these three demands were to be considered holistically to improve the quality of life for communities. The CS would raise the profile of planning, while planning obligations would be allowed to be used to ensure communities shared in the benefits of growth. Meanwhile, each new PPS carried a strap line about how the planning system was important to achieving the Government's economic, social, and environmental objectives.

New structures and processes to refocus the planning system were created but during the first few years under New Labour there was little practical change in the work of the local authority development control team¹⁷. Part of the data analysis to be carried out as

¹⁷ Often now renamed as development management to give a more positive feel

part of this research will examine this issue to assess the extent of change under New Labour, but it is important to accept from the start that there was little explicit change in planning policy that would push for change within the system in practice for the first few years. It will be interesting to see if the second three-year segment of data analysis under New Labour shows a greater change in approach.

Lastly, it must be recognised that New Labour made it clear before they came to power, that certain services, especially education and health, would be the major areas of focus, while others, notably defence, housing and transport, would not be so well served (Ellison & Pierson, 2003a). Also, once they were in power they become sidetracked quite quickly, especially with the rural backlash against what was perceived as a weakening of the environmental agenda as more greenfield housing was proposed, increases on fuel duty were introduced, the fox hunting debate erupted, and the BSE crisis broke out. It resulted in an umbrella group *Countryside Alliance* marching on London in 1997 and 1998 and led to the Government refocusing attention on developing brownfield sites before greenfield sites. The public pushed the countryside high onto the government agenda and it is arguable that subsequent changes to the planning system have been shaped by this recognition that the environmental agenda and public opinion cannot be ignored. However, while this should be borne in mind, it should not detract from the clear statements that need to be assessed.

3.6 The purpose of the planning system under New Labour

The fact the Government's own Policy Action Teams struggled to articulate what exactly social exclusion was or how it should be tackled was a worrying omen for the progress of social issues. They simply managed to state it would require a joined-up approach, focusing on better public services, a strong economy, improvements in wider areas, and to empower residents (DETR, 2000). New Labour had promised in the report *Bringing Britain Together* that they were committed to social regeneration that empowers local communities but the early evidence was they were very reluctant to actually do this (Ginsburg, 1999). While 'even' the Conservative Government had accepted that 'trickle down' economics was not working, creating City Challenge in 1992 and then SRB two years later, New Labour were reluctant to move away from using the market to tackle urban problems.

“Accordingly, Labour’s approach to urban regeneration is based, first and foremost, on policies designed to provide people with the skills and capacities to reduce (their) poverty and dependence on welfare” (Imrie & Raco, 2003b:13).

This reliance on employment and working your way out of poverty was to result in the Urban White Paper of 2000 that was the first White Paper on urban policy since 1977 with a ‘new vision of urban living’ (Lees, 2003). This placed the planning system in a key position as the regeneration bug turned into an unrelenting property bubble that drove development and high density living that returned fortunes for developers. At last, there appeared to be a substantive link between urban issues and planning as eminent architects and speakers developed this new vision with planning as a central component. Meanwhile, planning theorists had returned to debates about how best to interpose the planning process between urban development and the market to create a fairer society and while the communicative theorists, new urbanists, and just-city theorists may have disagreed, they shared optimism (Fainstein, 2000).

However, it did not last as the attention of the New Labour government to urban issues was subject to ongoing change and uncertainty with debates on urbanism, quality-of-life issues, economic, and environmental issues going back and forth. Social issues had a lack of focus and the problems facing urban communities resulted in little concrete action with limited resources devoted to regeneration, despite all the talk (Raco, 2003). The Urban White Paper was also dismissed as “a relatively toothless piece of legislation – long on rhetoric, but short on substance” (Raco, 2003: 247), that it contained little that was new, and “all the evidence suggests that action has been anything but joined-up” (Atkinson, 2003: 168). The various Area Based Initiatives reflected the priorities of the parent department in Whitehall, with little coordination at central, regional, or local level among the various programmes. At least three reports by the Government in 2000 alone cited this as a problem but to little effect with other reviews raising the same problem in 2002 and 2003 (Atkinson, 2003; NRU, 2003; The Quest Network, 2003).

Ginsburg (1999) shows how New Labour’s thinking was flawed from the start with the 1998 SEU Report *Bringing Britain Together* stating the most deprived areas had failed due to structural economic change, social change, and fragmentation and gaps in previous urban programmes. However, the Government basically forgot the first two as

too difficult to tackle and instead focused on the third with a complex blend of neoliberal fiscal and monetary policy, economic globalisation, and a flexible labour market. Policy almost turned back to the 1970s with the underlying claim being that new economic machinery will solve the problem this time round.

Likewise, the RDAs were one of New Labour's big achievements within the planning arena but they effectively also relied on economic success to 'trickle-down' social benefits with 'bricks and mortar' regeneration the key focus (Atkinson, 2003; Lloyd, 1999). They have shown little effort to actively engage with issues of poverty, inequality, or the social and environmental downsides of economic development in a globalised economy. Instead, they have relied on education and training, reflecting the view that the route to social inclusion is via a job in the mainstream labour market (Lloyd, 1999).

A report that the government has admitted that nobody knows how many community buildings exist or whether the numbers are rising or falling each year (Simms, 2003) will do little to build confidence that the government is taking social infrastructure seriously. The Government's own select committee scrutinised the Communities Plan and was clearly concerned about the approach being taken which focused on supporting the construction industry in building thousands of new houses but with little thought about creating balanced communities.

"It will be an expensive and complex task to build so many homes. The Government has recognised this, but has yet to estimate the costs of providing the transport links, health care, education and all the other facilities which new neighbourhoods require... Local authorities need to be confident that the infrastructure will be available when the housing is occupied" (House of Commons, 2003b: 5).

The fear that New Labour sees social policy as a subdivision of economics has also been seen in the planning system where social impact statements are rarely given the same priority or funding as economic or environmental statements and are often only an afterthought when the process has begun (Ziller & Phibbs, 2003). Taking the evidence found from the literature review earlier in this chapter, it is likely that the reason for the lack of progress is the dominance of economic issues. It is not surprising then that the House of Commons own Select Committee scrutinised the *Planning Green Paper* and

concluded that there was a 'business' agenda running through it. They even went on to state that the planning system "should not be subservient to the requirements of business" and although the Government response rejected this was the case, the accusation was clear that it was the business lobby that was influencing the Government (ODPM, 2002b: paragraph 47). There was a considerable body of evidence that suggested the Government appeared to have little appetite in the first term in office to use the planning system to deliver balanced communities where social and environmental aims would be able to be given equal consideration to economic desires.

"The conservative creed we have been asked to accept barely needs rehearsing... The message is merciless. The object of companies is to maximise profits for their shareholders, so that all obstacles to that end – from trade unions to planning laws – should be as minimal as possible. Taxation is seen as a distortion of business-making and a confiscation of what belongs to individuals by right... The rich and business have only the obligation to the poor or to society as a whole that their own conscience and philanthropic instincts dictate" (Hutton, 2002b: 15).

There was even fear amongst the professional planning body that the purpose of the planning system was becoming lost and needed to be radically rethought as the values from the 'golden era' of planning (the post-war reconstruction) no longer applied (RTPI, 2001). Some planning academics were arguing that the reason the planning system was failing to deal with social issues was that it now had a different purpose.

"Planning exists to help the market and support capitalism, not challenge and supplant it" (Allmendinger, 2001: 1).

Modernising the planning system & the Barker review

Local government had been marginalised by the property industry during the 1980s but by the start of the 1990s, there had been a gradual reorientation of policy to involve local government more (Atkinson, 2003). The Conservatives had seen local authorities as part of the solution to involving local people more but while New Labour shifted the focus of policies back to the local level, this did not mean to local authorities. Instead, a plethora of supra-local organisations based on partnerships, such as LSP and RDA, were to operate under central government control and guidance. For example, the Treasury saw the RDA as the driver of economic development, rather than the local

authority and the local authority is only one of the partners on the NDC scheme (Imrie & Raco, 2003b).

The modernisation agenda and target culture also came to have a significant impact on the planning system as targets were enforced for the speed of processing applications with money given to reward good performance through the Planning Delivery Grant (PDG). However, evidence was emerging that as performance management in the planning system only focused on speed, this was damaging the quality of decisions with poor quality of design resulting as it was not incentivised and therefore authorities were not putting resources into it (Carmona, 2007).

There is one final topic that needs to be mentioned in relation to planning under New Labour in the early years as it arguably distracted them from focusing more positively on the planning system and caused considerable resentment amongst many planning professionals. While the planning system has periodically been accused of impeding business, which in turn has been identified as contributing to economic slowdown, this has traditionally been at the hands of the Conservatives. New Labour soon warmed to the topic though as they too were unsure about the planning system and were easily persuaded by large private sector companies like McKinsey (a favourite of The Treasury) who produced a report to convince the Government. Many saw through the report though.

“It adopts the unconventional view that the core of the British problem, far from lack of investment, is land use planning... the ‘pervasive explanation’ for lower British productivity... At first sight this seems an innovative idea – until the evidence is examined closely, when it plainly becomes batty” (Hutton, 2002b: 278).

Hutton (2002b) showed that the OECD had already demonstrated firm entry is relatively trivial as a cause of productivity growth and is already easier in Britain than in the US, while a leading business school thinker in Europe accepted that planning restrictions are not a serious problem. Despite this, the CBI advised the inquiry into the *Planning Green Paper* that every survey and conversation they conducted with businesses resulted in the complaint that planning was the main fetter on productivity. This was a serious allegation with massive implications for the entire purpose of the planning system but it was dismissed by the inquiry as being based on ‘anecdote and

prejudice' (reported in House of Commons, 2003a). A subsequent select committee (House of Commons, 2003a) reported that a review of the documentary evidence found *no* evidence that planning was a significant factor for the UK's low productivity. In fact, the evidence they heard actually *supported* the planning system, with many of those who had previously criticised the planning system reversing their opinion when having to give evidence. The select committee concluded that the planning system was not a significant factor in determining productivity and other issues were much more important and even went on to comment that the planning system had a positive role to play in the economy.

The next major consideration of the purpose of the planning system was announced in the 2005 Pre-Budget Report when it was stated that Kate Barker would lead an independent review of land use planning, with particular reference to the link with economic growth. The report was published in 2006 (Barker, 2006) but the purpose and independence of the review was questioned from the start. Many believed the Treasury was on a mission to reform the planning system until it became marginalised and could no longer interfere with business decisions, even at the cost of local democracy being traded for speed (Ellis, 2006; Morris, 2006). The fact the ODPM even agreed to such a narrow and biased Treasury inquiry was seen as "an extraordinary indictment of the poor standing of the planning system inside government" (Ellis, 2006). The business journal, *Management Today* (not a predictable ally of the planning system) ran an article on changes to the planning system stating that Barker had been sent by The Treasury to find the evidence that the planning system was bad for business (see Loney, 2006). However, the article noted that she failed to find any such evidence and that any attempt to streamline the planning system would require dismantling local democracy.

Barker's final report made thirty-two recommendations for improving the planning system and many were controversial and did not go down well within the planning profession (Ellis, 2007; Wilson, 2006b). Of direct relevance, was the explicit support for social policy simply to rely on economic development, as she stated national economic policy needed to be updated and it should emphasise

“...the critical role economic development often plays in support of wider social and environmental goals, such as regeneration; strengthening the

consideration given to economic factors in planning policy” (Barker, 2006: recommendation 3)

Given the considerable evidence stated earlier in this chapter, it should be clear that one thing the planning system did *not* need was clarity that economic factors were important as that message had been unmistakably embedded to the cost of social aims. Economic goals were seen as the primary purpose for the planning system with the argument apparently that economic aims would deliver social and environmental benefits. While there were many other suggestions that did have some merit¹⁸ there were also other reckless suggestions that supported the business agenda. For example, support for setting up the Infrastructure Planning Commission so strategic decisions could be made quicker sent a worrying message about the value of public involvement.

The Government’s response was in the *Planning for a Sustainable Future* White Paper that contained a foreword which was focused on economic, and to a lesser extent, environmental aims with no direct reference to social issues. Progress of the planning system was summarised (see box 1.1 of White Paper) as quicker decision-making, customer involvement through e-planning, planning bursaries to increase planners, focus on brownfield redevelopment, increased housing supply, focus on town centres first, and better urban design. These achievements *are* significant and there has been a step-change in sustainable planning, but it is not a ringing endorsement for a Labour government that has been in power for a decade in terms of social progress. Lastly, six future challenges for the planning system are introduced but only one, that calling for more housing, has a social aim with two explicitly economic and two environmental and the sixth, to maintain energy supplies, is arguably economic but could have a social slant. No wonder that an editorial in *Planning* (Morris, 2007b) argued that many within the planning profession felt that economic issues were moving even more to the forefront under Gordon Brown as Prime Minister.

¹⁸ Such as streamlining the permitted development rights system (although its introduction was subsequently shambolic), reducing complexity over historic environment applications (the idea has since been dropped), increasing fees, maintaining PDG etc.

Conclusions

This chapter has set out how New Labour came to power with a political rationale that they promised would deliver greater social benefits for local communities. They argued that modernising local government would help to deliver these sustainable communities, and that the planning system would be central to this. The chapter has also set out the considerable apprehension raised by many people and groups who were concerned that the Third Way was nothing more than spin to enable a supposed left-of-centre Government to capitulate to a neo-conservative agenda.

The first section set out that New Labour had taken over the role of Government from a Conservative Government that was pushing a largely dismissive view of the planning system. The message was that planning was an impediment to business and was best to be bypassed through various schemes and initiatives that both took the power away from the local authority but also minimised the input from the public. While the environmental programme was practically forced onto the agenda by the public, there were only minor improvements in the importance of social issues.

Section 2 explained how New Labour took over and promised to decentralise power, promote social justice, tackle social exclusion, and place social issues back at the centre of Government through the social investment state. This was a clear change in approach in theory but section 3 set out a growing voice of concern that the theories spoken about were simply empty rhetoric and little would change in practice. One of the main areas of unease amongst commentators was that the Third Way was a meaningless idea that would provide little guidance when tough decisions were required. Other concerns revolved around New Labour's courting of business where businesses were pushing a relentless form of turbo-capitalism that had little time for social issues. This led to New Labour's supporters quickly became disillusioned with any idea of a progressive politics. It is important for this thesis to engage with these more political debates as the ideas that lay behind the New Labour thinking would come to have a critical impact on the thinking that shaped the planning system. The same concerns that were outlined by many commentators would also be found within the planning arena. Therefore, an understanding of the Third Way and the more theoretical

debates and whether the ideas could be turned into practice would become very relevant to understanding what happened within the planning system.

This almost schizophrenic approach of promoting social issues and a Government that wanted to work with the people in theory but achieving little in practice was borne out in section 4. The modernisation agenda was driven by a desire to achieve a 'virtuous circle of regeneration' with the well-being power of balancing economic, social, and environmental goals central to this. The community was to be involved with a Community Strategy and Councils were to enable their public to work together for the good of all. However, it was shown that in practice, economic goals were prioritised with the private sector trusted to bypass Councils, while the Councils were given a target culture that took away their ability to work with their communities.

These issues were the backdrop to sections 5 and 6 which showed how these wider pressures that were being promised in theory but not delivered in practice, were also evident within the planning system. Section 5 set out how New Labour promised that the planning system was to build sustainable communities which would balance the economic, social, and environmental pressures they were under. Issues such as social exclusion were to be tackled with the Community Strategy to give the community and stakeholders a voice and a Statement of Community Involvement would ensure the public were enabled to be involved in the planning process. Expectations were high that social gains would be made. However, section 6 showed that much of New Labour's focus within the planning agenda was also economic-led with the lack of depth to the Third Way meaning the focus on social issues did not last. Despite the growing concern over infrastructure provision, there was a business agenda evident throughout the Planning Green Paper and concerns were raised that the planning system was being supplanted as a capitalist tool.

The concerns set out in section 3 regarding how the progressive ideas behind the Third Way capitulated to the business agenda and that the modernisation programme actually returned power back to central government were all evident within the planning system. Section 6 illustrated this by showing that the target culture was damaging to the planning system as it effectively centralised power and controlled local government through setting targets, heavy auditing, and constant threats for those that did not meet

New Labour targets. This meant that in reality, decisions would be made that reflected central Government policy with restricted ability for the local community or local government to influence the agenda. Pressure from big business was also brought to bear with focus returned to trying to dismiss the planning system as damaging to productivity and the relentless desire of the Treasury to make the planning system more subservient to these business interests.

This chapter set out the promise that New Labour would be a progressive Government and it is this assurance that this thesis is seeking to investigate. The difference between the previous Government and the New Labour one was clear in theory but the intention was to assess whether this translated into practice. Therefore, understanding the promises that were made is critical to providing an understanding to what exactly was stated would change. Being clear about the areas of concern is just as important, as this could provide the clues as to why little progress was made. Understanding the theoretical issues at play and the wider pressures and desires of New Labour is also fundamental as these broader issues would be borne out within the planning system.

4 PLANNING GAIN

This thesis is interested in investigating New Labour's claims that they would deliver balanced communities in terms of economic, social, and environmental needs with specific reference to planning obligations. Chapter two set out a clearer understanding of the sorts of issues that could be considered as social planning issues while chapter three expanded and assessed New Labour's claims about how they would usher in a new era in progressive politics with social issues now firmly on the agenda. This chapter now needs to start developing an understanding of planning obligations, clarifying what they are, where they have come from, the pressures that have influenced their use, and their theoretical justification. This is because they are the vehicle that is mostly used to achieve social aims within the planning system and so is the focus of attention for this research. Particular attention is needed to ensure that there is a clear understanding throughout, as obligations have been misunderstood and discredited for years.

“Planning obligation (more commonly and comprehensibly called planning gain) is the most intractable aspect of the planning system with which we have had to deal” (Nolan, 1997: 77).

This statement by the Nolan Commission into standards within local government built on widely held opinions that planning gain is shrouded in corruption, legal arguments, misinterpretation, and confusion that leaves anyone trying to grasp the subject matter struggling to decide what is anecdote and what is fact. It is said to be a subject of extraordinary complexity and great political importance where technical issues give rise to political difficulties, and political objectives lead to technical problems (Cullingworth, 1980). In an effort to better understand these complexities, it is proposed to start by looking at some definitions of the terms used, as we need to be clear about what we are discussing from the start, before any of these misunderstandings take hold.

Attention will then move to consider the topic of betterment as it is a significant policy area of importance to the foundations and justification of modern day planning obligations. The second half of the chapter will then start to consider obligations

themselves to give a better understanding of how they operated during the research period. This will be considered from three aspects and will start by looking at the history of obligations and emerging conflicts between Government advice and legal precedent. The second point will consider why there has been an increase in the use of obligations and then move to clarify what the justifiable rationale is for seeking obligations as this will give the framework for assessing how far the case study authority has achieved an efficient use of obligations.

4.1 Definitions

Planning permission will normally be required when someone wants to build new buildings, beyond small ancillary residential extensions and structures. When this involves a considerable number of new dwellings in particular, this can increase the value of land by vast amounts due to the demand for housing in comparison to other uses. For example, change in use of land in the south of England to residential from agricultural use was estimated to increase the land value by 170 times in 2000 (Evans & Bate, 2000: 18). However, even by the end of the first five years of the millennium this difference had increased further with the Government estimating the increase in land value in England in 2005 from £9,287 per hectare of mixed agricultural land to £2.46 million for residential use: an increase of 264 times (HM Treasury, 2005b).

John Stuart Mill is reported (see Evans & Bate, 2000) to have described this added value as an 'unearned increment' as the landowner had not carried out any work to improve the land and the increase in land value had resulted purely from a decision of the state to allocate land for a higher value use. Planning gain, in the philosophical sense, is an attempt to try to 'capture' some of this increase in land value that the landowner has made, and pass it back to the community as a 'gain' of some type. It is argued that land is allocated for housing purposes in the interests of meeting the needs of a growing local community and so while a landowner has a right to a fair price for the loss of land, they do not have a 'right' to benefit from something that is in the community interest by making considerable personal profit.

The topic has been so controversial and bedevilled by problems that the Government asked The Property Advisory Group (PAG) to produce a report on the issue and their

subsequent report *Planning Gain* was published in 1981. One of the first issues they had to deal with was the definition of the term 'planning gain' itself as it was often used interchangeably with other terms, including 'community gain' and 'planning bargaining.' The idea of planning gain crossed many different boundaries and meant different things to different people and the PAG concluded that no satisfactory definition of the term existed. The covering letter accompanying the report stated that planning gain involved

“...the arrangements whereby local authorities, in granting planning permission, achieve planning or other community gains at the expense of developers” (PAG, 1981: iii).

This is the definition often used by people quoting the PAG and both Crow (1998) and the RTPI itself (2000) refer to this as the PAG definition. However, this is a little disingenuous as this was only the definition given in passing in the covering letter and the PAG actually went to some length to define the term in their report. The full definition was

“...a planning gain accrues when, in connection with the obtaining of a planning permission, a developer offers, agrees or is obliged to incur some expenditure, surrender some right or concede some other benefit which could not, or arguably could not, be embodied in a valid planning condition” (PAG, 1981: 4).

This definition is more detailed and picks up on the key point that planning gain is technically about securing a benefit to someone, other than the developer, who otherwise would arguably have no right to it (as it could not be required to be provided within a planning condition) and that it will be provided at the developers' expense. The definition is suitably broad allowing the gain to be financial, the loss of a right, or the gain of a benefit, and accepts that the gain is not always at the local authority's insistence.

The definition by the PAG is fairly vague but it has been argued that it is important to keep the definition 'loose' as any attempt to be more explicit runs the risk of excluding some potential gains (Crow, 1998). Some developers even argue that there is an intrinsic benefit to the public from all new development and therefore the whole development process could be considered a planning gain (Punter, 1999). However, for

the purposes of this research, this argument is rejected and planning gain is specifically looking at something *additional* to the development proposal that is brought about in connection with the granting of planning permission and that the developer would not otherwise be required to provide. As will be illustrated later, this is not always clear cut.

The other definition discovered in the literature review that has some value is:

“...planning gain exists when a developer obtains planning permission by providing, at their own expense, an asset or service to the community which would not have been provided but for the need to obtain planning permission. By a developer, we mean no more than a person or organisation seeking planning permission” (Bowers, 1992: 1329).

The salient difference between this definition and that used by the PAG is that it removes the focus on whether the gain could be secured through a planning condition and instead focuses on the fact that the gain could be an asset or a service and that the ‘developer’ could be anyone. However, at this stage, the definition by the PAG is considered to be better overall, as the focus on whether the gain could be included in a condition adds value, as will be discussed later.

It is also considered that ‘true’ planning gain requires some consideration to be given to the developer’s motives in the process, and more importantly, the impact on their profits. If the developer derives some financial benefit from the so-called planning gain, then is it not technically a gain for the community at the developer’s expense. There are two areas to consider in relation to this point. The first is that many ‘gains’ to the community are little more than window-dressing of something of little value. For example, landscaping areas on a scheme are often the land left over after the development has been designed on the prime part of the site and is the piece of land that the developer has little use for and doesn’t know what to do with (Ennis, 1996a; Healey *et al.*, 1995). This is hardly therefore a significant ‘gain’ to the wider community in planning terms as it adds value to the development (house purchasers like landscaping and will pay higher prices) but at minimum cost (nothing else the land could be used for). This is contrasted with a development where a ‘true’ planning gain would be a requirement for a landscape buffer across a large part of the site that otherwise could

have been used for houses as the community is benefiting from something that is affecting the developer's profits.

The second area to consider is where the developer actively agrees to provide a benefit for the local community but the 'gain' offered will also benefit the development. As in the first case, the developer can pass the 'cost' onto the house purchaser in higher prices and so there is no actual 'cost' to the developer. This is well illustrated by a case in Harlow, reported by Healey *et al.* (1995), where the local authority's Parks Manager wanted a new playground to be provided as part of the new housing scheme. He pointed out to the developer that providing a playground next to the new houses would be 'an additional saleable item in terms of that house' and the developer jumped at the idea as a result, being able to pay for the playground from the increased house values. It is not implausible to consider that the increase in house values because of the playground could be more than the cost of the playground itself and therefore the 'community gain' of a new playground actually increased the developer's profit.

The first area seems fairly clear that it should not be considered to be a 'pure' planning gain as it only secures the provision of something that in effect is minimising the impact of the development itself and is of little intrinsic value to the local community. The second area however is much more difficult to conclude upon as in the illustration given, the community *has* benefited with the provision of a new playground that existing local children should be able to use, but it was not provided at the developer's expense as they passed the cost onto the house purchasers. The comment by the then Minister for Planning, Sir George Young MP, in the House of Commons in 1991, shows planning gain was expected to go further.

"A planning gain would do more than merely provide facilities that would normally have been provided at public expense. It would provide facilities that the public purse could never have afforded...Conservative members believe that there is no reason why the public sector should provide all the schools, community centres and infrastructure" (reported in The Local Government Library, 2001: 2-3422).

However, for the purposes of definitions at this stage, it is considered sufficient to accept that the second area considered *is* still a planning gain to the local community, although it is not a 'pure' planning gain, as that would have achieved something

primarily for the existing local community and at the developer's expense, as per the Minister's comments above. This illustrates why it is accepted that the definition of planning gain remains broad, as there are so many examples where there is a benefit to the local community *and* to the developer.

It is noted that the phrase 'planning gain' fell out of favour in the 1990s as people came to connect it with stories of misuse and local authorities trying to blackmail developers into providing infrastructure in return for granting planning permission. Circular 1/97, *Planning Obligations* abandoned the term and instead focused on the term 'planning obligation', although this has been criticised as confusing (Punter, 1999). This research retains the use of planning gain to refer to the overarching topic of achieving a benefit for the local community at the developer's expense and in accordance with the definition given by the PAG at the start.

There is a myriad of different ways to obtain planning gain and the ability to distinguish between them is required before further consideration can be made of the topic. However, this section will only focus on the terms betterment, planning obligations, and planning agreements. These are the topics central to the thesis that need to be understood before the methodology chapter of this research can be considered. Other terms will be considered when required.

The first term to be uncovered in historical use is that of 'betterment' (and the rather awkward flip-side of 'worsenment' which for grammatical reasons is not often used). It has been reported that the first attempt at betterment was in 1427, during the reign of Henry VI, when landowners had a levy imposed on them for the increase in value of their land from the sea defences that had been erected at the cost of the state (Healey *et al.*, 1995). The argument is that the sea defences were paid for by all subjects from taxes in the national interest and so an individual landowner should not personally profit at the expense of the public and there should be some recompense. It is argued that the local community has a 'right' to receive this 'compensation' for the additional value that has been put into the pockets of those whose rights have been retained (Kekwick & Hughes, 1955).

“Betterment is usually defined as an increase in site value caused by improvements carried out at public expense, and in the context of the development process, this is mainly interpreted as the increase in the value of land consequent upon the granting of planning consent” (Evans & Bate, 2000: 18).

It is important to realise that officially betterment is not a tax, but a levy.

“A tax is a means of raising money for payment to the Crown. A levy on the other hand is a means, sanctioned by law, of raising money for the purposes of some other authority or organisation than the state” (Harris & Nutley, 1967: 5).

The difference between planning gain and betterment focuses on the point above as betterment is historically used to describe the attempts by government to legislate for a levy to be placed upon the grant of planning permission. This was a fixed amount, collected nationally, although as will be shown later, a very complex system with all sorts of caveats and disclaimers that did allow site specifics to be taken into account. Planning gain, by contrast, is a more ‘modern’ phrase and starts with the premise of negotiating on a site specific basis, although more recent attempts have sought to establish a formula approach to fix the amount. This results in the two systems overlapping to a considerable extent and they are arguably different sides of the same coin but the main point is that the betterment levy required primary legislation specifically for that purpose, while planning gain has ‘used’ other legislation to achieve its aims (as will be illustrated later).

Section 12(1) of the 1991 P&CA substituted s.106 into the 1990 Act and came into force on 25th October 1991 through Statutory Instrument 1991 No. 2272 and introduced the term ‘planning obligations’ officially to the planning lexicon. The new s.106A and s.106B were substituted in by the same legislation but only enacted on 9th November 1992 by Statutory Instrument 1992 No. 2831 to allow obligations to be discharged and modified and to give the right of appeal against refusal to modify an obligation (or non-determination of such an application). Obligations could now be entered into by ‘any person’ and this did not have to be ‘in agreement’ with the LPA. Circular 28/92 *Modification and Discharge of Planning Obligations* followed to explain how the process would work.

However, the main point at this stage is that the term planning obligations is more generic and includes all obligations entered into under s.106. In the author's experience, practitioners tend to speak about agreements (reached bilaterally between two parties) and unilateral undertakings (by one party) but there is considerable misuse of these terms which causes confusion and many people refer to any obligation entered into under s.106 as a 'legal agreement' or a 'section 106 agreement' even when referring to a unilateral undertaking, which is not an agreement as such. A unilateral undertaking has not been 'agreed' by the LPA but it has been imposed on the authority as an undertaking that the developer will do something to overcome the concerns of the LPA. This can be imposed by a developer who decides not to negotiate with the LPA, or by the Planning Inspectorate following a successful appeal.

The term planning agreement, or legal agreement, should only technically be used to refer to agreements entered into under the old s.106 (before the changes under the 1991 Act), agreements entered into before the 1990 Act or bilateral agreements under the new s.106. They should not be used to refer to unilateral undertakings under the new s.106 or as a generic term to cover both parts of the new s.106 as the phrase planning obligation is the correct one.

There are many examples of poor use of the terminology but it is interesting to note two; the first defining planning gain while the second tries to explain the difference between agreements and obligations. They are interesting as they were written by researchers who have written extensively on the topic of planning obligations.

[Planning gain is] "...the provision in cash or kind of some benefit or advantage which makes a scheme acceptable which could not otherwise be permitted on planning grounds" (Healey, 1992: 420).

"A *planning agreement* is a legal mechanism through which a developer agrees either to accept a restriction on the use of the land or the operation of the development or to make contributions to a local authority. Each contribution can be termed a *planning obligation*... Agreements contain at least one planning obligation though they may contain more. Obligations contained in planning agreements may be negative or positive or both" (Ennis, 1996a: 350-351).

The first definition only focuses on schemes that are unacceptable in planning terms, but the 'offer' of some planning gain has made the scheme acceptable. There are considerable ethical problems with this approach (which will be explored later) but it is not a suitable definition as planning gain is, by contrast, something that is usually achieved from development that *is* acceptable in planning terms. The second definition only talks about agreements but then states the clauses contained within the agreement are called obligations, thereby causing complete confusion in terminology as an agreement is technically part of an obligation (unilateral undertaking being the other) rather than an obligation being part of an agreement.

This research seeks to be clear about exactly how we are using these terms but also to be mindful that other researchers have used terms in other ways. This research refers to planning gain as the overarching topic of achieving a benefit for someone, other than the developer, but at the developer's expense and is a broad and imprecise issue. There are many ways to achieve planning gain; the method of primary interest to this research is that of planning obligations entered into under s.106 of the T&CPA (as amended). These obligations can be either bilateral agreements between the LPA and the developer or unilateral undertakings imposed on the LPA by the developer or the Planning Inspectorate. These obligations all contain clauses that set out the requirements to be satisfied by the obligation. This research will seek to use the term 'agreement' when referring to legal agreements entered into under other legislation, agreements entered into before the 1990 Act (or the 1991 Act changes) or specifically when referring to unilateral agreements within the new obligations procedure, but not to generically refer to s.106 obligations. Betterment is not technically a planning gain as it requires primary legislation to be collected and is a levy, whereas a planning gain tends to relate to a specific site and uses existing legislation.

4.2 Betterment

The concept of betterment¹⁹ was arguably begun with the 1909 Act, as it introduced a process of collecting a 50% levy on any increase in value of a development site (later increased to 75% in the 1932 Act). However, very little money was actually collected

¹⁹ This section relies extensively on Cullingworth (1980), Harris & Nutley (1967) and Healey *et al.* (1993, 1995).

from this scheme and to make matters worse the few schemes that did go ahead resulted in expensive compensation payments from local authorities to adjoining landowners where their land had been blighted (known as worsenment) (Healey *et al.* 1993, 1995).

The Government had asked the *Uthwatt Committee*²⁰ to consider the issues around betterment and they reported that the main problem with the previous legislation was the size of the compensation payments. Landowners were compensated for the most valuable use their land *could* be put to rather than what it was actually used for and this 'development value' was speculative and often over-valued land by two or three times. One solution was that betterment should be considered on a national basis, as money from development in one area may be needed to compensate those blighted in another area and the 'logical solution' was land nationalisation but Uthwatt rejected it as impractical for political, financial, and administrative reasons and instead considered that land required for development should be bought by the state and leased to the developer. Many of the detailed recommendations of the *Uthwatt Committee* were rejected but other ideas did make it into the 1947 Act.²¹

The 1947 Act introduced a 100% development charge on the difference between the existing value of land and the increase from the grant of planning permission. This made development of little attraction to landowners who held out for the chance to make profit under a future Conservative Government who were making pledges in opposition that they would repeal the charge. In practice, this almost stopped new development overnight and the situation was made worse as the charge was intended to be flexible with reductions available where necessary but this flexibility was not included in the legislation and so the system never really worked.

The Conservative Government of 1951 set out to overhaul the system but ended up deciding to abolish the development charge completely, just as evidence was starting to emerge that the scheme was becoming more effective. However, it was too little too late as the development charge had been discredited for holding up new housing, even though many suspect the real reason for a lack of housing was a shortage of building materials and labour (Cullingworth, 1980).

²⁰ Report of the Expert Committee on Compensation and Betterment

²¹ See Cullingworth (1980) for further information on the Uthwatt Committee

In 1965, a White Paper set out the intention to introduce a flat-rate charge where land was realised but was delayed by the General Election of 1966 and was enacted in the Land Commission Act, 1967 (Hughes *et al.*, 1968). The Act introduced a betterment levy, established the Land Commission, and sought to return some of the development value back to the local community.

The levy would apply whenever development value was realised by a 'chargeable act or event' that included the granting of a lease on land or a tenancy over seven years. The levy was not in the Act itself but prescribed by the Betterment Levy (Prescribed Rate) Order, 1967 and was originally set at 40% with an intention to rise to 45% and then 50% (Harris & Nutley, 1967). In addition, the Land Commission was to buy land at existing use value plus some extra to cover losses and a little more to encourage a willing sale. They had the power of compulsory purchase if necessary. Again, like the development charge some twenty years earlier, the proposals were plagued by the large number of exemptions under the transitional period and the significant number of hardship cases. It also became apparent that while the system had been set up to tackle land-hoarding by developers, the problem was actually found to be a lack of land allocated for development by the local authority.

“In short, the main shortcomings of the 1947 and 1967 schemes were that they attempted too much, and did not adequately slot in to the local machinery of planning” (Cullingworth, 1980: 418).

The Conservative Government that came to power quickly scrapped the levy but in 1974 proposed a specific charge on increase in land value, known as the development land tax. Their main target was the land-hoarder who kept land with planning permission as its value continued to rise, as local authorities were paying twice for providing infrastructure by purchasing the land to build the infrastructure on and then paying to provide it. The Government produced two White Papers to require developers to contribute to the costs of services provided in relation to new development. The White Paper *Land*, published in 1974, was concerned that communities were not satisfactorily receiving the public facilities they needed because of the inflated price that resulted from private developers providing them. It was also concerned that the market did not consider the stressful impact on the individual from

traffic jams and crowded conditions and that this was a suitable issue for the local authority to consider.

“This concern with the impacts of development and the way the private market tended to externalise the costs of such impacts, was to provide much of the impetus and justification for the negotiation of development obligations” (Healey *et al.*, 1995: 32).

Labour ousted the Conservative Government and so the proposals were never turned into legislation. However, of particular relevance is the fact that the principle of developers paying for infrastructure to their sites had been accepted and the introduction of Section 52 of the 1971 T&CPA had given authorities the legal mechanism to achieve it, taking the introduction of planning agreements by the 1932 Act to a different level (Ashworth & Demetrius, 2008). In addition, it had been accepted that local authorities could legitimately consider concerns that are more general in nature and argue that developers had to address these problems and this led to the start of the modern attempt to extract planning gain by using legal agreements (Rydin, 2003).

The Labour Government produced the Development Land Tax in 1976, which built upon the previous Conservative inspired tax. It received cross-party support as a result and so lasted much longer than previous attempts at recovering betterment. The Development Land Tax, like the betterment levy before it, was charged at the point of sale of the land and was a tax on the actual profit²² or the deemed realised development value when the owner was deemed to have disposed of the site by carrying out development. The initial levy was 80% but with a reduced rate for the first £150,000 worth of development. It was only seen as an interim solution as it was intended, through the Community Land Act of 1975, that all major development would be channelled through the ownership of the local authority. The authority would purchase the site at normal land value but sell it at development land value and so recoup the development value by selling or leasing the land for development. This way, authorities could become positive planning authorities with the finance to carry out the necessary works.

²² Where planning permission was granted this would be the realised development value

However, the 1979 Conservative Government repealed the proposals, which had in fact not been working particularly well as many authorities did not have the financial backing to assemble sites or the incentive to even attempt to as the local authorities were only allowed to keep 30% of the profits, with the whole system tightly monitored by central government accountants. The Development Land Tax lasted until 1985 but is said to have had little effect as exceptions to the tax meant there were many ways around payment so it became almost a voluntary tax and when it was finally abandoned it was costing the Treasury more to administer than it was bringing in (Minton, 2004). However, it had further set the scene for successful negotiation of planning gain for both on and off-site costs.

It can be concluded that betterment struggled on two simple practical issues (Grant, 1999). The first is the attribution of value as it is not straightforward to categorically state what proportion of land value results from the public benefit and so the term betterment tends to be used in a looser way to reflect the difference between the historic value of the land (or the existing use) from the current market value for development. The difference is known as 'development value' but it may reflect the benefit of development and improvements carried out by the landowner or other landowners on adjoining land. The second problem is that of liability where the preference is to pass the liability on when the land transfers as that normally coincides with the release of funds.

4.3 History of obligations

The use of the term 'obligation' by the 1990 Act appears to have been an adoption of the term used by the Law Commission in its 1984 Report *Transfer of Land: the Law of Positive and Restrictive Covenants* and adds planning obligations to the reports 'neighbour obligations' and 'development obligations' (The Local Government Library, 2001). As was outlined above (section 4.1), planning obligations were introduced into the amended s.106 of the 1990 Act by the 1991 Act amendments, with agreements previously having been 'tacked' onto s.52 of the T&CPA, 1971 and then transferred through to s.106 of the T&CPA, 1990. The 1991 amendments were part of an attempt to reorganise the use of planning agreements and to resolve some of the problems associated with their use in practice. The introduction of the term planning obligation

was an attempt by the Government to project a more serious image as they sought to move planning gain away from an image of “consort with dubious characters” (Lichfield, 1992) towards a more positive image.

The term, planning obligation, is the generic term for any obligation entered into under the amended s.106 and includes bilateral agreements and unilateral undertakings. The obligations are legally binding between anyone involved in the obligation and anyone deriving title from them (signatories are usually the local planning authority, the developer, and the landowner). Usually the planning permission is only issued upon completion of the obligation and the term ‘resolution to grant planning permission subject to a planning obligation’ describes when those applications that are decided by the Committee have been agreed in principle but the obligation has not yet been signed. The obligation only takes effect once the planning permission it is connected to has been implemented by the commencement of development.

The obligation is a land charge and runs with the land rather than the applicant and is enforceable against any subsequent owner of the land. The obligation is enforced by an injunction, which makes any breach very serious and one that can be swiftly enforced by the LPA without the service of any further notices. This is a significant benefit over conditions that have been attached to a planning permission, as they tend to result in much smaller fines, require the service of further notices, and gives the opportunity for time delaying appeals. However, an application can be made to modify or discharge the obligation five years after it is entered into, whereas agreements under the T&CPA, 1971 can only be discharged by application under s.84 of the Law of Property Act, 1925 or by a deed between the parties (White, 1998). The new process is much easier.

Now that planning obligations are better understood, it is important to this research that there is awareness of the history of obligations and how they have changed over the years and the various factors that have influenced their use, particularly during the research period (1991-2003).

It is appropriate to go back to the incoming Conservative Party of 1979 who were seeking to restrict the use of agreements due to growing concern from legal commentators that they were being abused. They set up the PAG in 1980 to investigate

the practice of planning gain and condemned it outright as unsuitable for planning control. Circular 22/83, entitled *Planning Gain*, was produced as a result and only supported the use of agreements when infrastructure was required to allow the development to go ahead, or where the agreement was so directly related to the development that the scheme should not be allowed to go ahead without it. The tone of Circular 22/83, and the subsequent Circular 16/91, was greatly influenced by the PAG report and their concern to rein back the practise (Crow, 1998).

It was Circular 22/83 that led to the use of the phrase that agreements had to be ‘directly related in scale and kind’ to the benefit that the development would receive from the facilities. This meant that there was to be no additional ‘gain’ as such to the community as the developer only had to cover the actual cost and impact of the development (Healey *et al.*, 1995). The case of *Richmond-upon-Thames, 1984* held that if there was no legitimate planning objection to an application, apart from the lack of planning gain, then the application should not be refused.

Circular 16/91 tried to be more specific and set out five tests for when it was considered reasonable to seek a planning obligation:

- (i) When there is a requirement to provide something to enable the development to go ahead in practical terms i.e. the provision of car parking for future users.
- (ii) When there is a need to ensure the development meets the cost of providing for facilities for occupiers of the development in the near future through payments.
- (iii) Where there is a direct need resulting from the development and subsequent use of the land that the development should not be permitted without it i.e. a new classroom for the children in a new housing scheme.
- (iv) To ensure a local plan policy is implemented as part of the development and retained thereafter for that use i.e. provision and retention of affordable housing.
- (v) Where it is required to offset the loss of an amenity or resource present before development i.e. nature conservation benefits.

The first, second and fourth tests were similar to the tests within Circular 22/83, but the third test was expanded under Circular 16/91 by adding to the car parking and open space envisaged within the previous advice by including “social, education,

recreational, sporting or other community provision” that arises from the need of the development. Circular 16/91 also added the fifth test but dropped the previous Circular’s call to distinguish between a reasonable charge on the developer and local taxation. Social needs could therefore be catered for and provided by the obligation.

In addition to the direct tests within the Circular, there was further guidance in the appendices to the Circular and these included the previous test (established under 22/83) that what is required must fairly and reasonably be related in scale and kind to the proposed development (B9). The 1991 Circular also stated that the LPA should not impose commuted maintenance payments on developers (B10). However, this resulted in highway engineers simply relying on highway legislation instead of the planning system as s.278 agreements under the Highways Act, 1980 can be specific about the costs that can be charged by the highway authority (Healey *et al.*, 1995). These costs can include any cost in making the agreement, related administrative expenses, and any subsequent maintenance charges.

Circular 16/91 went further than Circular 22/83 by increasing the range of community facilities that could be directly related to new development and accepting that a need for them could arise from the development. However, the tests in the Circular concerned alleviation of impacts rather than compensation for the impact of development within a wider environment. There was immediate concern that the ‘new approach’ was not going to change much in practice and that s.106 would keep the ‘common’ touch and still be known as planning gain while the proposals had failed to keep up with changes that were happening in practice (Lichfield, 1992).

The new legislation led to a plethora of appeals to the courts about the legality of planning obligations and many of the judgements were contrary to the guidance contained within the Circular. The case of *R. v. Plymouth City Council, ex parte Plymouth and South Devon Co-operative Society Ltd*,²³ established that community benefits offered as part of a planning application *were* material considerations, even if they were not necessary to overcome any planning problems with the site. Therefore, a local authority could be offered ‘incentives’ that were not directly related to the

²³ [1993] 67 P.&C.R. 78

application and the authority could consider them as a material consideration (Healey *et al.*, 1995).

The *Plymouth* case accepted in *policy* terms that obligations should only be sought where they are necessary to make a proposal acceptable in land-use planning terms but rejected the argument that this was a test of the *validity* of an obligation as an obligation might lawfully provide something that was not necessary to the proposal (The Local Government Library, 2000). This 'test of necessity' had been fundamental to the use of planning obligations (and agreements before that as it was brought in by Circular 22/83) as it stated that obligations should only be used where it would otherwise not be reasonable to grant permission on the terms sought. In other words, the obligation had to be directly resolving an issue, without which, planning permission would have been refused. The case rejected this strict approach and concluded that an obligation legally only had to have a planning purpose, fairly and reasonably relate to the development, and that signing the obligation (or not) must not be unreasonable (to the extent of being irrational or breaching a fundamental legal principle such as fairness or human rights) (Healey *et al.*, 1995). This wider use was then approved by the Court of Appeal in *R v. South Northamptonshire D.C., ex p. Crest Homes plc*²⁴ (Cornford, 1998).

In determining whether an obligation should be material, Healey *et al.* (1995) believe that the courts have held that physical proximity is important with the *Plymouth* case accepting that although the proposed on-site benefits (art features and sculptures) were not necessary, they were in the public interest, and therefore acceptable. That was held to be different to the developer who offered a public swimming pool at the other end of town that was also in the public interest but was not related to the site. The exception appears to be where an obvious detrimental impact will result that has to be resolved off-site but where there is a practical link between the two schemes, even if not a physical one. They give the example of a park-and-ride scheme that was found to be acceptable even though it was off-site as it was a reasonable solution to the expected traffic congestion.

²⁴ [1995] J.P.L. 200

However, *Tesco Stores Ltd. v. Secretary of State for the Environment*²⁵ stated that there still was a distinction to be made between a material consideration and the weight that consideration should be given; the first is a question of law, the latter a question of professional planning judgement, which is entirely for the LPA to decide. The planning judgement is not a matter for the courts to consider. The *Tesco* case was one of the most important in relation to obligations as it went all the way to the House of Lords and considered the scope of planning obligations and their role as material considerations. The Lords stated in their judgement that a planning obligation could be valid, even if it did not fairly or reasonably relate to the proposed development. They even went on to suggest that the only tests on validity were that it must be within the scope of s.106, be used for a planning purpose, and not be unreasonable. The deciding authority can either give an obligation a lot of weight or no weight at all and that decision is up to the person deciding the application.

Another case of relevance was that of *Pickavance v Secretary of State for the Environment*²⁶ which established that if a new road was required for a development then subsequent developers could 'freeload' on the back of it as the improvements were necessary to make the development acceptable in the first place (Healey *et al.*, 1995). This had been a problem with obligations for a long time as it was deemed unfair that the first developer had to pay for the cost of the infrastructure and the subsequent developers could access their sites without having to pay anything.

Other 'difficult' cases for local authorities include where the cost of turning an overloaded road into a dual carriageway was acceptable for contributions as the new development would only increase traffic flows at peak times by 3%. The Inspector concluded that this was insignificant and the cost to the developer of 9% of the cost of the work was unfair for a 3% increase. A similar proposal was ruled unfair for providing contributions towards education where new developments of over 30 children would have to contribute once a 200-place trigger had been reached. The Inspector concluded that it was wrong to charge developers after the 200-place trigger had been reached and not those before. Two identical schemes could end up with one developer

²⁵ [1995] 1 W.L.R. 759

²⁶ [1994] J.P.L. 465

having to pay and a developer a month earlier not being required to pay. The Inspector also criticised the payments going into the authority's capital budget and that no specific school had been identified (see Healey *et al.*, 1995 for further details).

Circular 1/97

In January 1997, the Government introduced Circular 1/97²⁷ (DOE, 1997), thereby superseding 16/91 but the new Circular rather unusually stated that it repeats and clarifies existing guidance (paragraph 10). Part of this clarification was to list five tests for planning obligations to meet before they should be sought:

- (i) necessary;
- (ii) relevant to planning;
- (iii) directly related to the proposed development;
- (iv) fairly and reasonably related in scale and kind to the proposed development;
- (v) reasonable in all other respects.

The tests are expanded upon within the Annexes to the Circular and paragraph B2 sets out the general policy, advising that obligations may relate to matters beyond a planning permission but reasserts that there must be a direct relationship between the obligation and the permission. The Circular stated that this connection must exist and not be too remote but accepted that if this does happen it will not necessarily be unlawful, but advises that it should be given very little weight when deciding the application.

The Circular reaffirms (B9) that obligations should only be sought or offered in two instances. The first is where they are needed to enable the development to go ahead (or where a financial contribution will meet or contribute towards the cost of providing facilities in the future). The second case is where the obligation is necessary in planning terms and is so directly related to the proposed development and the use of land afterwards that the development should not be permitted without it.

It is relevant to note that the Circular advises the provision of community facilities *may* be acceptable provided they are directly related to the proposal with the need for them

²⁷ Also titled 'Planning Obligations'

arising from the development and that what is required is 'related in scale and kind' (B10). It specifically states that developers should not be expected to pay for facilities in order to resolve existing deficiencies or to attempt to extract 'excessive' contributions to infrastructure costs (B12). However, it then accepts that this is difficult as there will be occasions where existing facilities are lacking but the new development will exacerbate this and permission should not be granted until the problem is addressed.

The Government was so concerned that authorities were trying to achieve money for their local communities that they specifically rejected the use of blanket formulation within local plan policies as they stated this approach may not fairly and reasonably relate to the development proposed (B17). They also specifically ruled out betterment.

“Planning obligations should never be used as a means of securing for the local community a share in the profits of development, i.e. as a means of securing a “betterment levy” (DOE, 1997: B13).

Part of the problem with the Circular was that although it sought to be comprehensive, it was competing with case law that was at odds with much of the advice and there were at least eleven other PPGs with advice and comments on obligations at the time, some with a slightly different emphasis (Walker & Smith, 2002). For example, the Circular advises that commuted maintenance sums and other recurring costs should not be borne by the developer but then goes on to give considerable exceptions to the policy (Punter, 1999) and so there was still confusion.

The other important document to be published at this time was *The Nolan Report* (mentioned at the start of this chapter). It commented that the committee received more letters from the public about planning than on any other subject, although they did recognise that planning excited strong passions as it was a system that inevitably produced winners and losers with enormous consequences, usually financial. Nonetheless, it is worth noting that the Nolan report did accept that the community should be entitled to seek contributions from developers to offset costs, even when they were 'quite distant' from the site (Nolan, 1997).

The main concerns of the committee involved the perception that planning permission was being bought and sold, that developers were being held to ransom and that the use

of commercial confidentiality was excluding the public and elected Members from the debate on any planning gain achieved. By the time the benefits were disclosed, the public and Members were presented with the obligation on a 'take it or leave it' approach. The Committee made it clear that it had evidence to support all of the claims. However, it is interesting that there were only two recommendations made with reference to planning gain. The first was that the Government should consider whether current legislation was sufficient to stop planning permission being bought and sold with a recommendation that reducing delays in the appeal process would aid this. The second was that authorities should adopt rules on openness that allow obligations to be discussed by members of the public with commercial confidentiality narrowed.

The history of obligations has been bewildering to the onlooker with case law and policy following divergent paths. Considering the lack of a coherent policy framework for obligations to operate within and the complicated practice of actually negotiating them it may be surprising that the use of obligations is on the increase. Therefore, it is important to understand why obligations are being used more before we can move on to consider in detail the rationale for using them.

4.4 Reasons for the rise in use of obligations

The statistics show that the use of obligations increased steadily during the nineties, with a forty percent increase in permissions with an attached obligation between 1993 and 1998 (Campbell *et al.*, 1999b) but obligations were still only involved on a very low percentage of planning applications (see chapter 6 for details). Previous research (Healey *et al.*, 1993) concluded that the result of the lack of clear Government guidance had led to the development of the use of obligations in a very *ad hoc* manner and that their use had greatly expanded in the 1960s with the expansion of peripheral areas for development that had inadequate infrastructure and Circular 107/72 actively encouraged the use of agreements for such purposes. The 1960s saw the start of almost two decades of growth in the use of legal agreements to assist the carrying out of development. While research at the start of the nineties found that obligations were used legitimately for planning purposes, by the end of the decade there was some concern that a growing plethora of strategies and priorities were now looking to obligations to deliver some of their objectives (Walker & Smith, 2002).

The start of the nineties had seen the traditional roles of financing the urban fabric for socio-economic activity and its infrastructure result in greater reliance on developers (Lichfield, 1992). This manifested itself in several ways with a reduction in local government finance resulting in opportunism by local authorities to fill the funding gap with private sector money. Developers were left with little choice – either pay to provide the services or have planning permission refused as the development would not have the necessary facilities as the local authority could not afford to provide them. This approach was facilitated by the privatisation of utility services which introduced private finance into the provision of public services and an increasing acceptance of the ‘polluter pays’ principle that saw responsibility for the natural environment move from the public sector to the private sector. These reasons will be briefly examined in turn.

Reducing local government finance

“Because of financial restraint, local government has sought to find partnerships or alternative ways of providing local infrastructure” (Punter, 1999: 8).

The property industry within the UK had been transformed over the last twenty years of the twentieth century, but land use planning had changed to a much lesser extent with the financial implications of planning intervention in the development process never having been suitably addressed (Campbell *et al.*, 2001). As a result, it was the rising cost of infrastructure that led to the shift away from the public provision of services funded by general taxation towards private-sector provision (Ennis, 1997). Historically, developers have paid for on-site physical infrastructure (such as sewerage, drainage, water and highways) but in the 1970s and early 1980s, cities increasingly required private-sector provision of off-site infrastructure because of increases in construction costs and interest rates and reductions in funding. The Sheaf report was published by the DOE in 1972 and encouraged local authorities to enter into partnerships with the private sector.

Local authority expenditure is financed by income from three sources: local taxation raised by councils (council tax), charging for services (planning application fees etc.), and grants from central government (Alcock, 2003). Originally the local development

of services had been primarily financed by local taxation but the range and scale of charges began to grow and central government grants replaced local taxation as the major source of income in the 1950s. This resulted in the need to require users of services to pay a contribution towards the provision of the service, such as an admission charge to a swimming pool or adult education classes etc. and followed on from charging for prescriptions, which was introduced in 1951, only three years after the founding of the NHS.

Previous research (Campbell *et al.*, 1999a, 1999c) found evidence of an increase in obligations as a result of reducing local authority budgets with a shift from provision of 'hard' to 'soft' infrastructure via obligations, such as service provision and revenue-funded activities. This is beyond the normal use of obligations and illustrates a shift away from direct site specific requirements and looking to wider community benefits. Interviews also found that officers were concerned that they were coming under increasing pressure from other departments to fund Council policies, with housing and economic development particularly cited as they sought funding for affordable housing and town centre improvements. Faced with shrinking budgets, departments had to find alternative revenue streams or face stopping provision of some services.

It is lamentable that the Government has created much of the inherent tension with the process of planning obligations. On one hand, they realised the problem of what was perceived to be a dubious practice and tried to pull back the role of obligations, but then were happy to rely on the money from obligations to provide new infrastructure and community facilities (Brock, 2002). Healey *et al.* (1995) argue that this took place with relatively little complaint from the private sector for two reasons and these two issues will be examined in turn.

Changing roles

Research (Campbell *et al.*, 1999c) found that most officers interviewed from a variety of LPAs, stated that if it was left to the local authority, the provision of transport and social infrastructure would not occur in tandem with the development but would lag behind by some years. The resulting lack of facilities would detract from the development and result in lower prices for the developer and so the developer would

choose to provide facilities rather than wait for the local authority to work out how to provide them.

In addition, in many cases, unless a road junction was upgraded to cope with the additional traffic then the scheme would be unable to go ahead. Therefore, the developer faced a simple choice; they either forgot about the development and profits that would result or they accepted that for the development to proceed they would have to sign an obligation to provide the necessary infrastructure. They usually chose the latter and this was the reason behind the introduction of The Water Act, 1989 (now the Water Industry Act, 1991), which required developers to pay for connecting with the sewerage and water system (Healey *et al.*, 1993).

The change in approach from public to private provision made the search for private sector contributions a legitimate objective as they were seen to be taking on the role of the public sector. The rise in the use of obligations is part of this trend towards the use of private finance initiatives that has resulted in the boundary between the public and private sectors becoming 'blurred to the point of obscurity' (Edwards & Martin, 2002). Many local authority employees agree that central Government is no longer seen to support the public sector as a provider and as a result, although central Government does not openly encourage the growing and widening use of obligations in theory, it purposely does not condone it.

"The stimulus for the growth in use and scope of planning obligations is the current strictures on local government finance. This is translated through corporate pressures into a demand for planning to maximise the gains to be realised through planning obligations associated with development which is granted planning permission. It is by chance that planning obligations, originally designed as a procedural device to deal with specific circumstances, have been employed more generally for this task which emphasises their role as a financial instrument... This evidence suggests that the broadening of the scope of planning obligations is being driven by corporate and external pressures, rather than strictly planning considerations. It might even be said that the findings of this work indicate that planning concerns are increasingly becoming subservient to corporate objectives" (Campbell *et al.*, 2001: 11).

Up until this point, the approach had always been that public bodies should deliver public services and the change in approach in thirty years could hardly be more

pronounced. The concern of the commentators is that it is not happening as a result of well thought-out policy and good planning but as an opportunistic response to fiscal constraints.

Power to the people

The seventies saw a rise in the use of planning gain, partly as a result of attempts by local authorities to achieve some 'community benefits' that would otherwise gain little from the new developments being built. Part of the justification was that development control was a regulatory function that otherwise had little time for working with communities (Ennis, 1997; Heap & Ward, 1980). Some did not support this role.

“Bargaining in the field of statutory controls is inherently objectionable. Development control is a regulatory function – and it is no more than that – the powers available to a local planning authority being, like it or not, negative in nature. The system was not designed, nor is it suitable, for achieving the ulterior object of sharing out development profits in land” (Heap & Ward, 1980: 637).

However, there was a backlash to this dogmatic approach with other authors concerned that the public *must* become more involved and that the planning system had to change, as it had been only interested in land uses, rather than land users and this was detrimental to the profession (Healey, 1992). Local communities had little relevance on paper and so they mobilised themselves and found a voice to seek to influence the planning system (Bowers, 1992). The public had become increasingly angry and articulate in expressing concerns that many areas could not cope with added development pressures and relied on the use of developer contributions as a minimum expectation for developers to cover the impact of their development (Grant, 1999).

“It might be argued that planning gain has grown in importance because the local interest is in general not adequately accounted for in the planning process” (Bowers, 1992: 1338).

At the same time, the environmental movement was gathering pace and pressure was mounting on developers to pay to alleviate the detrimental environmental impacts of their developments. This gave the Government an ideological justification to support the financial impact of planning gain on developers as not so much paying a development tax or paying for community facilities but paying to offset the damage

from their development. They published *This Common Inheritance* in 1990, which set out the idea that developers were alleviating the impacts of development and led to the new approach in the 1990 Act and the new Circular 16/91. Unfortunately, this opportunism to offset the reduction in Government spending mixed the principles of a development levy with the practise of using obligations to ensure development mitigated its impact. This mix of the more acceptable practice of ‘the polluter pays,’ where they have a moral duty to cover their costs, got somewhat lost in the more dubious fiscal solution of moving funding for infrastructure to the private sector.

However, public pressure was growing and a report by the Countryside Agency called for the planning system to require developers to compensate society for the demands on the environment and community as new development creates a ‘loss’ in countryside assets such as landscape quality, local distinctiveness and tranquillity (Elson *et al.*, 1999). The Labour Party built on the growing public dissatisfaction and published the report *An Earthly Chance* in 1991, setting out how environmental issues had been taken on-board and explained how they proposed using the tax system to encourage change through the market rather than intervention (Allmendinger & Tewdwr-Jones, 2000).

The bullish attempts by the development lobby to ignore the public arguably backfired as they ended up having to pay more through the relatively unregulated process than they might otherwise have done. Either way, it is reasonable to agree with Healey’s conclusion (1992) that there is ‘a great deal of confusion’ about the practise of planning gain as the Government spent the eighties trying to contain the practice only to rediscover its value at the end of the decade, partly due to public pressure in addition to fiscal constraints, and actively pursue it. This opportunistic approach has resulted in policy guidance trying to catch up with practice and underlines that the guidance focuses on the process of *how* to seek obligations at the cost of answering the question of *why* it should be sought. This inability to clarify the actual end purpose of planning obligations has left considerable argument over the rationale for why obligations should be sought which then has the knock-on effect of opening the debate on what scale of obligation is reasonable which in turn has moved discussion to the Courts.

Practical reasons

It is worth noting that there are two other practical reasons for the increase in the use of obligations that need to be mentioned in passing. The first is the procedural benefits of obligations in relation to conditions and the second is the increasing delays in the appeal process that allowed local authorities to seek obligations when they otherwise may not. Each will be mentioned only briefly, as they are considered in more detail later (sections 5.4 and 5.1 respectively).

There is evidence, via previous interviews with planning officers that there was considerable support for using obligations instead of conditions as officers were of the opinion that an applicant would be more likely to honour an obligation that had been negotiated, rather than a condition, which had been imposed on them (Healey *et al.*, 1995). Obligations are also seen by officers as easier to enforce through an injunction than the service of Breach of Condition Notices or Enforcement Notices and Stop Notices, which also have time delaying appeals. Added to this, the fact that conditions can be appealed once the permission is granted but an obligation can only be sought to be revoked after five years (time is usually of the essence to developers and so they are unlikely to wait that long to challenge it).

Suffice to say at this stage, the late 1980s development boom saw a massive rise in the use of agreements as developers were prepared to sign almost anything as long as they received their planning permission quickly. The profits from development were huge and the biggest factor affecting the profit was delay in getting the scheme to market and the local authority could 'use' the threat of delay by prevaricating on whether to grant planning permission without any significant planning gain or even to threaten to refuse the application. The developer would readily sign the agreement, as the delay would normally cost much more than the benefits requested by the LPA. This was even more the case if the authority refused planning permission with the Planning Inspectorate facing backlogs at the time in excess of a year. One Chief Planning Officer confirmed that the length of time for appeals was instrumental to their success in achieving good obligations (Ennis, 1996b). This renders the arguments over the legitimacy of seeking planning gain as irrelevant as once an obligation is signed between the two parties and they are happy to continue with it then it is practically beyond the remit of the courts or

Government advice to question it (although there is a technical right for judicial review by a third party). However, this is not a proper justification for why obligations should be used and focus now turns to this issue.

4.5 Rationale for obligations

It has been argued that the failure of the last attempt to introduce a development tax in 1976 led to an acceptance that there is no longer a right for communities to expect to benefit from development and therefore obligations should only be entered into subject to the 'necessity' test to make a proposal acceptable (Cornford, 1998; Heap & Ward, 1980). However, we have seen that this is difficult to apply in practice and that other justifications have been forwarded.

Crow (1998) has attempted to identify six strands of thought to justify the use of obligations. These are the necessity test (where an obligation can be used to remove an obstacle to development to make a proposal that would otherwise be acceptable happen); to ensure the developer pays for the provision of infrastructure and services; paying into a 'pot' towards the provision of communal infrastructure and other public services where the obstacle affects more than one developer; as a legal mechanism to ensure that where a development results in the loss of a community benefit on the site, that it is replaced elsewhere; the compensation for development by offsetting the impact of the development indirectly by providing unrelated benefits; and to facilitate the collection of some increase in land value for the benefit of the community (otherwise known as betterment).²⁸

The RTPI (2000) endorsed these six points as the main aim obligations are being used for, although they rejected the last one as unacceptable as they did not support the use of taxation or any form of betterment. However, the six aims overlap and are not particularly clear about what they intend to achieve and they do not provide a satisfactory framework to analyse the use of obligations. A previous attempt was made to break the use of obligations down by Healey *et al.* (1993) and Punter (1999)

²⁸ It should be noted that Crow (1998) argues that collecting taxation without the authority of Parliament breaches the Bill of Rights, 1688 and is therefore unlawful.

subsequently used this broader framework instead of Crow's more recent attempt. It would appear to be more robust and easier to use.

- (i) Rationale 1 is to support the implementation of planned development where the local plan provides a clear framework that justifies the development and the obligation addresses management problems with the development or contributes towards the costs of infrastructure. It is primarily a functional test about removing the obstacles to development identified in the local plan.
- (ii) Rationale 2 focuses on the adverse impacts of development and the need to alleviate or compensate for the social costs of that impact. In contrast to the first rationale, it is more concerned with accommodating the development over a wider area than making the development work in its own terms. This rationale concentrates on the impact of the development and lends itself to negotiation on a case by case basis.
- (iii) Rationale 3 sees the developer having a duty to return some of the profit from the development to the community and so is more of a local development charge or betterment. This rationale is different from the first two, which would be unacceptable development without the obligation as it seeks to remove the adverse impacts, while this rationale is a tax on the developer's profits.

Healey *et al.* expanded on this earlier work in their subsequent book *Negotiating Development: Rationales and Practice for Development Obligations and Planning Gain* (Healey *et al.*, 1995) which was the most thorough assessment of obligations undertaken at the time. They also wrote an article based on this research a year later and in this article they confirmed that they supported the use of obligations for rationales 1 and 2 as the most appropriate for contemporary conditions in Britain with the LPA identifying and negotiating ways of alleviating or mitigating adverse impacts which projects may generate (Healey *et al.*, 1996). They stated that mixing rationales 2 and 3 causes confusion and could lead to failure to mitigate adverse impacts due to the attraction of financial gain and that taxation of profit is a different issue and should be treated separately.

This point of failing to mitigate against impacts is important and has been raised by environmentalists that communities will be 'bought off' to stop objecting to bad developments due to the community benefits they will receive. For example, a

community may like the idea of having woods nearby, but if a developer offers a new sports hall, community centre, and open space that the children of the area badly need, some local people may no longer object to the loss of the woods. The Countryside Agency commissioned research into the whole area of compensation for the loss of countryside benefits, such was the concern about the issue (Elson *et al.*, 1999).

It was noted that Punter (1999) used the three rationales in her analysis of the use of planning obligations and she was of the opinion that rationale one is well accepted within the planning process and falls within the scope of Circular advice. She considers that rationale two is more contentious and where the debate is focused on whether the use of obligations for this purpose falls within the legal aims of what planning obligations were designed for. Rationale three moves the debate into development taxation and is accepted to be beyond the scope of the current planning system, although still occurring.

Conclusions

This chapter started by setting out clear definitions of the terms used within the planning gain field to try to bring clarity to an area that can be confusing. Consideration was given to the philosophical ideas underlying the betterment levy and how this has transformed into a hybrid process built up around the debatable practices of planning agreements during the eighties when local authority planners sought to get some benefits for local communities and used delays in the appeal process as a bargaining tool.

Consideration was given as to how Government advice at the time affected the system and it was shown that the process of using obligations ran ahead of the guidance due to opportunism on the part of local authorities facing financial cutbacks, the changing role of the private sector providing public services, and public pressure for developers to cover the impact of their development.

The chapter concluded by setting out three rationales that could conceivably be used for the collection of planning gain through the use of obligations, although it accepted that the planning profession is generally only comfortable with the first two. Now that the framework for why obligations should be negotiated has been clarified, further analysis

is needed of the actual practice of negotiating these obligations and the issues that arise so these can be understood before the case study authority is analysed. It is important to understand the processes and issues before any judgements can be made as to whether the obligation process is suitable for achieving social aims and if New Labour progressed it significantly.

5 PRACTICE OF USING OBLIGATIONS

It was explained in chapter two how social issues have been a philosophical concern for the planning system since it began but there has been difficulty in translating this theoretical desire into anything tangible in recent decades. However, interest has grown in social planning and chapter three set out how New Labour came to power with a stated desire to ensure local authorities would make decisions in the best interests of the economic, social, and environmental interests of their communities. Chapter three also set out the arguments of why some felt this was empty rhetoric and chapter four moved on to show how there is limited scope for social benefits to be gained for local communities within the planning system. However, the process of planning gain, in the broadest sense, was the most likely way to achieve this and the obligation system has been used to secure these social gains whenever possible.

This chapter now moves to examine how planning obligations (and their predecessors) were used in practice, the issues this raised, the claims made about using obligations, and then concludes by bringing the debate on planning obligations up-to-date by considering the proposed new procedures for obligations. Taking chapters four and five together will give a clear understanding of planning obligations, what they should be used for, what they are used for, the problematic areas, what previous research has found, the likely direction of travel etc. before moving to on to the research itself in the following chapters. Therefore, the first five sections of this chapter examine the areas identified as of most importance in the practice of using obligations and revolve around whether obligations facilitate corrupt practices, are they open and transparent, how they are negotiated, the role of the development plan, and delays and inconsistency that can result. The sixth section sets out New Labour's proposals for reforming the obligations system that emerged during this research.

The five areas of concern regarding the practice of using obligations were based on concerns common to several key publications (Punter, 1999; RTPI, 2000; Walker & Smith, 2002). The RTPI (2000) was also uneasy that planning permission was being effectively bought and sold; that the negotiation of planning gain through obligations was a 'potent source of delay'; it was unfair and capricious; commercial confidentiality warps confidence in the system through a lack of openness; and it was effectively the

taxation of betterment. However, they pointed out that apart from the complaint about betterment, the criticisms relate to the *process* by which gain is secured, rather than the objectives of planning gain. This echoes similar allegations made by Punter (1999).

Walker & Smith (2002) suggested obligations had irreconcilable differences. The first was between flexibility and consistency, where flexibility in the system is needed to be able to respond to site-specific issues, but this flexibility makes consistency very difficult to achieve. The next problem was that developers argue they need a consistent approach to be able to work out profit margins for schemes in advance which lends itself to a national taxation approach to remove local variation but local obligations connect the development to the community benefit and gives it a legitimacy that a national taxation system will not. The third incompatibility of obligations was around the lack of transparency and the need for speed as any attempt to make the system more transparent and accountable will normally result in delays as involving the public properly will inevitably take time. The fourth and fifth areas of concern revolved around concerns over fairness and speed, where obligations should have an area-wide focus to take account of cumulative impacts so all developers are contributing towards facilities and not just the major developers. Again, this would result in a slowing down of the planning system and increased costs as more obligations would need to be signed if the threshold is lowered. The last area of conflict is how to widen the scope of obligations to ensure local communities receive more facilities they want but making sure the process is accountable.

However, before we start to look at these areas of concern, it must be pointed out that planning agreements and then obligations suffer from inadequacy of primary research data on the topic. Although planning agreements have been negotiated since the thirties, central government has not been required to approve agreements since 1968 and so records were no longer kept on a systematic basis. In addition, there was little monitoring with the first recorded survey of agreements undertaken in 1975 and published two years later. The lack of information has been noted as a problem by previous researchers and it was also pointed out that where authorities did monitor agreements, they have tended to focus on positive clauses that provide things, leaving breaches of negative clauses to be reported by the public or parish councils (Healey *et al.*, 1993). Where statistics have been kept by authorities they are often not comparable

as some authorities include sewerage agreements signed under s.18 of the Public Health Act, 1936 while others do not (Healey *et al.*, 1995).

5.1 Institutionalised corruption?

John Gummer, a former Secretary of State for the Environment, has called the treatment of planning gain as the nearest thing we have to 'institutionalised corruption' (Gummer, 2002). This was not the first time the charge had been made as the PAG had been similarly scathing about the practice over two decades before, with the covering letter of their report stating that they could not accept that planning gain had any place in the system of planning control.

“Our main objection to the general idea of planning gain is that, as soon as a system of accepting public benefits is established which goes beyond the strict consideration of the planning merits of a proposed development, the entire system of development control becomes subtly distorted, and may fall into disrepute” (PAG, 1981: 7).

This view and the related underlying concerns about the operation of the planning gain system has led to many researchers continuing to condemn the process (Cornford, 1998; Grant, 1999; Heap & Ward, 1980). There is no denying that obligations are still one of the greatest sources of discontent in relation to the planning system (Lambert, 2000) but the stories about developers who have had to step outside the committee room to 'up their offer' for services and facilities that are only 'tenuously' related to the proposed development before planning permission is granted (Evans & Bate, 2000; Jameson, 1999) are more serious.

However, it is important to realise that although the rhetoric may claim corruption is widespread, things have moved on considerably since the research carried out by the PAG and there is a considerable body of research that contests that corruption is still widespread. Most of those making the claims have not carried out in-depth primary research and are contributing to the 'urban legend'. Crow (1998) illustrates the problem when he advises that Healey *et al.* (1993) found evidence of abuse of obligations. However, what they actually say in their research is that there was 'little evidence' of obligations that were not well related to the development in question. They did find a few obligations that ran outside the strict parameters of Circular 22/83 but they were

still relevant to the proposal. A developer offering a little more than what is required, but within the scope of the planning permission, is not the same as buying a planning permission that would otherwise be unacceptable. This is a much more serious charge and Healey *et al.* (1993) state they found no such evidence of this taking place or of developers being blackmailed to provide benefits or risk being refused planning permission. The authors making the claims do not refer to any cases in particular and offer no evidence to support their allegations.

It is considered that there are four more subtle areas that have the potential, perhaps not for abuse, but for the community to perceive there has been an abuse of the system.²⁹ The first arises as a result of it being difficult to judge when a community facility is either an *added* bonus (bribe?) offered by the developer or something legitimately *required* by the LPA to meet the needs of the new occupants. Healey *et al.* (1995) refer to a case in Shoreham-by-Sea where an obligation was used to transfer a site for a public swimming pool to the local authority and where the developer would pay a substantial part of the construction costs. Was this a bribe or was the need for a swimming pool and lack of suitable sites a material consideration? They also refer to the expansion of the Merry Hill Shopping Centre in 1994 where £6.75 million was given towards infrastructure and other capital projects. Was this a bribe or a genuine attempt to provide adequate infrastructure for the new development? Without knowing the thought process of the LPA officers involved it is impossible to clarify but it is worth noting that other research found that all of the planning officers interviewed agreed that obligations should not be a material consideration if the development is otherwise unacceptable (Campbell *et al.*, 2001). Planning officers appear to be aware of the issue but it is not difficult to see how the local community may think the developer has 'bought' the planning permission.

The second area of concern is the more subtle approach of paying-off development impacts that will encourage a compensation culture rather than one of alleviation. If paying off environmental losses becomes a standard cost to developers where they simply throw money at the problem, rather than working with the LPA or statutory body to try to design a scheme that minimises the impact in the first place, then the

²⁹ Also see section 4.3 which has commented on these issues

environment will be much worse off. This is very short-sighted as many environmental features are finite and their loss cannot simply be compensated for by money. This is not so much corruption though as poor and lazy planning but it has the potential for the community to think that developers will always get their way as barriers to development are always moveable. A local community wanting to protect their local historic woods from development will find little comfort in being told new woods will be planted several miles away to replace those lost.

The third area is the claim that planning gain allows developers to 'buy off' objections to their proposals (Wenban-Smith & Pearce, 1998). Taking the example just given, the local community may want to protect the trees but if the developer offers a new children's play park and crèche facilities, many of those objecting that have children may no longer object as they choose to value the children's facilities more than the woods. This is hardly a good example of an exemplary planning system at work but in an era where private developers are expected to provide community facilities, is it corrupt?

Research at the end of the nineties found growing concern that many sectors had a growing range of strategies and priorities that were now looking to obligations to deliver some of their objectives, especially funding, and this is the fourth area of concern. Departments within the LPA produced a 'shopping list' of what they wanted and told the planners to deliver their requests and this created considerable potential for the abuse of obligations as obligations were not designed for this purpose (Walker & Smith, 2002). Although the LPA tends to take the lead on negotiating the planning obligation, it is estimated that only ten percent of the money negotiated stays with the local authority due to the requirements of the highway authority, the education authority, and the waste authority among others (Evans & Bate, 2000).

The problem is one of both breadth and depth, as requests are not only made for developers to fund a plethora of facilities, they were also being asked to provide on-going revenue costs towards the maintenance. The issue is a difficult one as the Department for Education and Skills requires a single capital payment to be contributed for new school places but the extra maintenance and management costs are borne by the local education authority, irrespective of whether they have the budget to do so. If

enough new places are required so new classrooms are built, is it not reasonable to ask once the classrooms are built, who is going to pay for their maintenance if the Government does not? A similar problem exists for The Wildlife Trust when new coppices and woodlands are proposed as part of a development scheme as they will only accept the management of a new woodland or coppice with the equivalent of forty years worth of maintenance and management costs included (Walker & Smith, 2002). This inconsistency between some proposals attracting revenue costs while others do not is an obvious problem but there is little doubt that if forty year maintenance costs were required for every impact mitigated against, the cost would be immense and probably render most schemes financially unviable.

It is interesting to note that despite the righteous indignation of several authors that have claimed all sorts of abuse and corruption, they rely almost exclusively on anecdotal evidence. There is no evidence offered and it is important to note that despite all the rhetoric, there are very few documented cases of corruption and little evidence to support the claims that planning permission is routinely bought and sold. The Nolan Commission found the whole process of planning gain as highly undesirable but they did not actually state they found any evidence of abuse either. More recent research also failed to find any evidence to show obligations were abused, that planning permissions were being bought and sold, or developers blackmailed (Walker & Smith, 2002). The idea that the developer was a passive victim at the mercy of the LPA has been rightly rejected for some time (Ennis, 1996b).

Developers were generally found to accept the use of obligations and preferred local authorities to have a clear view of the role of obligations and to give clarity from the start. The main concern for developers revolved around whether they were paying obligations similar in scale to their competitors as they were unhappy when it was felt they were paying in excess of other developers (Elson *et al.*, 1999). This point will be considered in more detail in section 5.5.

5.2 Openness and transparency

Despite the allegations about corruption within the planning obligation system, the problem is not so much one of substance as one of perception, as the process used to

arrive at the decision is not seen to be open or transparent. The lack of public accountability and lucidity in the process is a concern and there is arguably also a democratic deficit as Members have little involvement in obligations (Campbell *et al.*, 1999a). People are concerned that there is the potential for abuse and that not all applicants' are treated fairly or equally. Within this part of the topic there are primarily two areas of difficulty. The first area revolves around the conflict between being open with the public while developers are trying to keep details secret (usually on the pretence of commercial confidentiality), and the second area is transparency of decision making where the obligation sought should be clearly linked with the identified need.

If we take the issue of openness first, we can see that most of the problems are a direct result of the Government having conflicting aims that it has failed to reconcile. On one hand, it is calling for a system that delivers quick decisions, while on the other hand other parts of the Government are calling for more community involvement and discussion on planning applications. There is usually a conflict between authorities issuing planning permission as quickly as possible and trying to genuinely involve the public, which invariably takes time if it is done properly.

Access to information regarding obligations has improved which is a benefit to the public as now they can at least see what is being sought by the obligation. This follows from the guidance contained in Annex B14 of Circular 16/91 which advised that planning obligations and related correspondence should be listed as background papers to committee reports, that discussions at the committee regarding the obligations should be in public, and the obligations should be available for public view. The importance of following this advice has been underlined by the courts with Healey *et al.* (1995) citing a case (Daniel Davies) where the validity of a planning permission was questioned, as the terms of the obligation were not known when the committee made its decision. The Court of Appeal held that where the obligation was restrictive, there was no need to know its contents but they did comment in passing that there might be a case where the obligation fundamentally changed the nature of the permission so that the contents of the obligation needed to be known before the committee could make a decision. As a result, most authorities now refer to obligations within their committee reports by setting out the 'heads of terms' of what is being sought in general terms (leaving the details to be resolved later).

This approach normally involves the LPA simply stating what information was taken on board when making the decision and the next level up of involving the public would be to actually advise them of what obligations are being offered when the planning application is being advertised so they can comment on the actual obligation within the context of the application. This approach is supported by Crow (1998) and the RTPI (2000). A further step on in community involvement would be to involve the public in discussing what obligations should be sought, rather than just asking for views on what has been submitted, as these discussions tend to take place before the application has even been submitted. The case studies researched by Claydon & Smith (1997) found that the pre-application meetings were often key in the negotiation process and involved many of the senior developers' representatives to agree what would, and would not, be offered.

However, involving the public at this stage of the negotiations would be very difficult, as discussions need to be frank between officers and the developer to see if the application will even be supported. Research has found that most developers do not want any non-statutory representatives at these meetings due to concerns over commercial confidentiality (Ennis, 1996b). Developers often want to try to keep their interest in a site quiet at the outset to stop competitors finding out about the availability of the site. There also is the potential for considerable wasted effort, as many pre-application proposals never progress and community representatives could be frustrated by the time wasted.

“Unless there is a fundamental review of the whole planning system, there is no simple way to make planning obligations streamlined and certain. Furthermore, because of the tension between certainty and flexibility no one solution will meet both needs” (Punter, 1999: 17).

As managing the planning application process is so complex, it is perhaps not surprising that ‘very few’ authorities have been found to have a code of practice to guide the negotiation process and to offer officers and Members advice (Campbell *et al.*, 2001). Whether Members should be involved in such negotiations is a large and controversial topic in its own right, but Campbell *et al.* (2001) found evidence that Members were getting involved and even negotiating with developers directly on some schemes. They

report the case involving Vodafone Airtouch PLC where the applicant was concerned that any third party judicial review on the grounds of 'buying' the permission, undue influence of financial matters contained within the obligations, or Members making decisions based on anything other than the full picture would lead to years of delay as the case went through the courts. As a result, the applicant ensured that estimated costs of each clause of the obligation were included in the officer's report, that all details were public, and that each part of the obligation was specifically linked to the development. A clear audit trail was the key concern.

The audit trail

In terms of the transparency of the obligations process, the key thing is to be able to ensure there is a clear and justifiable link between everything being sought within the obligation and the development proposed and a clear trail of what the money was taken for and how it was then spent. Probably the biggest criticism within this area has been where authorities have taken financial contributions for some specific purpose but then simply placed the money in their central account, rather than actually provide whatever the money was taken for. Some evidence of this was found in previous research, although it was also found that in many cases the local authority accountant *would* be able to trace the payment and that it was still earmarked for the specific purpose, it just had not been spent yet (Ennis, 1996a; Healey *et al.*, 1993).

Again, research almost a decade later found that the situation had improved with most money obtained by obligations being placed in a ring-fenced account and spent on the intended gain (Walker & Smith, 2002). However, even when the budget is ring-fenced, it is important that the project the funds are saved for goes ahead or some agreement is made with the developers beforehand about what happens to the money if it does not. Cases such as the Leeds super-tram have been a source of discontent within the development industry as large contributions were paid but several years later there was no sign of the tram system (Jameson, 1999; Lambert, 2000). The money should be paid back to the developers or an alternative use of the money agreed i.e. to improve other public transport. The RTPI (2000) suggests that the money should be returned to the developer if it has not been spent after five years.

It is perhaps surprising to note that despite the problems associated with obligations less than ten percent of authorities had scrutinised their obligations (Walker & Smith, 2002). In addition, the modernisation programme focused on speed of determining applications which resulted in many obligations being determined under delegated powers, thereby reducing public scrutiny (Punter, 1999).

In conclusion, it must be noted that despite all of the problems and concerns raised, research by Ennis (1996b) found that out of the 204 obligations he investigated, there was only one case that *potentially* had led to a developer abandoning development due to the cost of the obligation, and even that was based on anecdotal evidence. More recent research found that in nearly all of the cases investigated, authorities were found to be open and transparent in their dealings (Walker & Smith, 2002). However, many of these issues would be useful to investigate in passing at the case study authority to see if progress has been made and to see how the case study authority handles them.

5.3 Negotiating obligations

The development control process is one that revolves around negotiations, from giving pre-application advice, seeking changes to schemes once submitted, negotiating amendments post-decision, right through to agreeing the discharge of conditions once the permission has been issued. However, the role of negotiating obligations has attracted almost mythical status with claims of how much the officer 'got' from the developer. Again, there is probably more hype than substance to the claims but it is intended to see what the issues are before considering the claims against the results from previous research and then assessing what should be investigated at the case study authority.

It is argued that a lack of knowledge on how to negotiate planning gain was one of the reasons for rural authorities 'missing out' on benefits (Richards & Bentley, 2001) as many local authorities lack the in-house expertise for such negotiations (Evans & Bate, 2000). Research has also stated that evidence was found that planners from local authorities were inadequately prepared for negotiations due to the hectic routine of the development control section that was not conducive to good preparation (Claydon & Smith, 1997). As a result, there has been some evidence that planners can be reluctant

to become involved in negotiations as the amount of gain an authority achieves makes many officers concerned that they will be criticised for not 'getting' more and having been seen as 'letting the developer off lightly' (Bunnell, 1995).

Conversely, it has also been found that most of the concern is over the detailed financial aspects of developments, with over three-quarters of authorities surveyed admitting that they had difficulties dealing with cumulative impacts of small-scale developments (Walker & Smith, 2002). Over half the authorities had problems calibrating development impacts and almost three fifths admitted their systems were inadequate for calculating the costs. When the authority itself admits it has difficulty working out the cost of the impact of the development it is somewhat unfair to then expect an individual officer to be able to satisfactorily negotiate a reasonable solution. In addition, the developer usually has a team of experts to deal with each specific issue while the local authority officer often has to negotiate across all of the issues, and development economics is not an area that many local authority staff are skilled in (Smith, 2002).

The position is made worse by other departments or bodies trying to 'muscle in' on the negotiations late in the process. For example, Campbell *et al.* (2001) give an example of a County Council demanding £200,000 late in the negotiations towards a new fire station. The planning officer carrying out the negotiations was unsure how to deal with the situation and thankfully the problem resolved itself.

Other research found evidence of conflict between a LPA negotiating obligations while the Parish Council was also speaking directly to the developers (Healey *et al.*, 1995). This placed the officers and elected Members in a difficult position trying to ensure the local authority achieved what it wanted while the Parish Council was taking some of the money available towards its aims. It also placed the developer in a position of not knowing whom they were meant to deal with and who took precedent. The situation was often complicated further with both the highway engineers and housing officers also negotiating directly with the developer. In an attempt to resolve the problems, the Council produced a planning gain policy to try to recover control of the process.

There is often conflict within the local authority itself, with other departments from outside development control stating that they had been involved too late in the process

to be able to achieve their desires and most housing associations felt they would have secured a better scheme if they had been involved earlier (Smith, 2002). However, in return, the planners often felt that staff from other departments were intransigent in their position with little concept of wider issues outside their specialised area. It is also difficult to compare schemes as the LPA may be faced with competition between different schemes from rival developers offering different packages of obligations with some departments supporting one scheme while others support another (see Healey *et al.*, 1993).

Given the complexities and problems involved, it could be asked if the LPA has people with the correct skills to be the chief negotiator. Research into countryside benefits in particular found that most planners were not fully aware of the range and scale of benefits they could seek and as they considered them difficult to quantify, they did not achieve good results (Elson *et al.*, 1999). The research also found that there was a wide disparity between authorities in the level of knowledge about obligations with a low level of appreciation of the changes favouring countryside benefits under Circular 1/97 and a reluctance to seek full compensation for lost assets, allowed under the Circular.

The Negotiator

The negotiation of planning gain

“...demands knowledge, skill and judgement from the participating parties; knowledge of the law of the planning context and of the development industry; skill to negotiate and manage the process of negotiating and development control; and judgement of the value each party attributes to its tradable commodities and its constraints” (Claydon & Smith, 1997: 2021).

Some believe this is beyond the local authority planner, with calls for the officers who negotiate obligations to be different from those who determine the application to stop abuse or even for mediators to become involved (Crow, 1998). However, it is not clear how this would stop abuse, even if it was accepted that such exploitation takes place, as a different person would be just as capable of carrying out the abuse. Involving mediators would be a costly process and again would offer little; apart from further delay as yet another party becomes involved in the process. In fact, most developers were accustomed to negotiating obligations and expected them as part of the necessary

costs of obtaining planning permission and had little desire for a wholesale change in approach (Healey *et al.*, 1995). It was also found that in all but one of the cases researched by Ennis (1996b) the developer was aware of the need for the planning obligation at an early stage and could calculate the likely financial outlay in advance.

Authorities have been found to be 'reasonably accommodating' in negotiating with developers once obligations had been signed but the developer was in difficulty i.e. the financial climate had taken a downturn (Healey *et al.*, 1995). It is also relatively common for applications to be made for the modification or discharge of obligations, especially when the scheme did not go ahead and a new application was received (Healey *et al.*, 1993). Authorities appear to be flexible in their use of obligations and to ensure they do not stifle development.

It is considered that there is little direct evidence that makes a case for removing the power of negotiating obligations away from the planning officers dealing with the planning application. There is more scope for further consideration of whether the Members should be involved in ratifying the obligations negotiated by the officers, which takes place in some authorities (see Claydon & Smith, 1997). This could add some transparency and legitimacy to the process but realising that only one third of Members have benefited from any training on planning obligations may question whether this would add value (Walker & Smith, 2002).

The vast majority of obligations are routine and research has found that very few authorities saw the need for, or were able to afford, specialist expertise in valuation and when it was sought it was usually only for particularly complicated sites (Campbell *et al.*, 2001). However, it can be important to have that advice available as a case was reported where a developer insisted they couldn't afford any more than £150,000 of contributions or it would make the scheme financially unviable, but they subsequently agreed to over ten times as much (Campbell *et al.*, 2001).

Some obligations are difficult to negotiate even if specialist advice *is* available as it involves judgement calls on what is of most value to the local community, and environmental and amenity benefits are difficult to quantify. Research confirms that the LPA finds it particularly difficult to negotiate obligations that involve a trade-off

between losing one type of benefit and replacing it with something else i.e. requiring new woodland to be planted to replace the proposed loss of some open space (Walker & Smith, 2002). Research has found clear evidence that more can be achieved through obligations when there is clarity in the process and that a policy in the development plan sets out the basic principles for discussion (Elson *et al.*, 1999). This issue will be explored in the next section.

Although there is little evidence for fundamental changes to the process of how obligations are negotiated, the matter can be explored as a secondary issue during the interviews at the case study authority.

5.4 The role of the development plan³⁰

There is considerable evidence that authorities need to consider obligations in a more holistic way, with guidance available on what contributions will be sought and an approach agreed in advance on how they will negotiate. Many authorities had made little attempt to prioritise their claims for obligations in advance of discussions with developers or how they would carry out the negotiations (Healey *et al.*, 1995). There appears to be a general acceptance that highway issues and the water utilities got ‘first cut’ but there was no guidance on who came next or how the amounts were calculated.

“A local authority’s negotiating position was greatly strengthened firstly by long-standing and well-established strategies and policies towards obligations; secondly by a clear view on the relative priority of different claims; and thirdly by strong market conditions” (Healey *et al.*, 1995: 198).

This claim has been backed up more recently with evidence that authorities with good obligation practices attracted more benefits for their communities (Richards & Bentley, 2001). There was no evidence of the claim that rural authorities missed out or were less well organised in attracting gain and the key issue was being organised and clear in what you wanted. On the developers’ side, it was found that if they had good consultants on board from the start, they were able to incorporate obligations into the scheme and still achieve good financial returns, primarily by saving time as they did not

³⁰ At the time of the research, the development plan comprised of the County Structure Plan and the local plan but these have both been superseded as part of the transition to the LDF so only the ‘saved’ policies of both documents are relevant at HBC

have to battle with the authority as a result (Elson *et al.*, 1999). This is where developers want the development plan to give them certainty about what requirements a site will have, along with approximate costing of the obligations but in doing this they must accept this restricts the flexibility for negotiating the requirements (Campbell *et al.*, 1999a).

It is important to ensure that the amount sought is clearly justified and applied on a consistent basis as developers often see the obligations set out in the development plan as the upper limit and that ‘everything is up for grabs’ with negotiations expected to reduce the level of contribution (Ennis, 1996b). Again, the area is fraught with difficulties as the PAG (1981) condemned many policies contained in local plans on planning gain issues for being too broad and in their opinion appeared to be *ultra vires* and needing review. However, Healey *et al.* (1993) found that developers were generally supportive of development briefs and local plan policies that clearly indicated the requirements in advance. Developers were found to be more concerned that local authority briefs were often out of date or misunderstood the market implications of many of their requirements.

Campbell *et al.* (2001) reported that at the time of their research, 85% of local authorities had a policy relating to obligations in their development plan, with most (76%) having subject-specific policies, and some (38%) had site-specific policies. Of the authorities they surveyed, 43% had supplementary planning guidance (SPG)³¹ relating to obligations to ‘flesh out’ the general development plan policies. The existence of a policy was seen more as a legitimising tool for appeals and a starting point for negotiations, rather than being seen as an end in itself.

The case study mentioned earlier (section 5.2) regarding the new Vodafone Airtouch PLC headquarters in Newbury illustrates how the lack of a local plan policy resulted in a severely limited scope for the use of obligations, as the developers were insistent on clearly linking each part of the obligation to policy to avoid any legal challenge. The lack of any policy to help link wider issues ruled them out as being too risky for the developer to consider, even if they had wanted to pay them. In the end, over £12

³¹ There is a process underway where SPGs are being updated and as the new versions are published they have been renamed as Supplementary Planning Documents (SPD)

million of obligations were agreed with 84% of the cost going towards the Green Travel Plan, highway improvements, and environmental works. The obligation achieved around 10% of the development cost but it was accepted that more could have been gained (Campbell *et al.*, 2001). The more recent announcement (BBC, 2002) that Arsenal Football Club was required to pay £100 million of planning obligations, amounting to a third of the total development cost, gives credence to this claim that considerably more than 10% of the cost could have been gained.

Most authorities now have policies in their development plan to ensure they do not miss out on the money, but Walker & Smith (2002) found that over half of the policies they reviewed are not considered to reflect the guidance contained in Circular 1/97. They found little evidence of any pattern explaining why some authorities were better organised in the use of obligations than others with no link between economic growth and better organisation and no relationship between the status or age of the local plan and policies on obligations. Only 12% of authorities they investigated that had reviewed their local plan since 1997 felt their local plan had a comprehensive approach to obligations. Over 60% described their obligation system as partial or non-existent. It would appear that authorities were relying on SPG and site-specific development briefs to review their obligations and most authorities had an approach to obligations that pre-dates Circular 1/97.

The RTPI (2000) has argued that the local plan could have a wider role than simply listing a policy on obligations and that it should go on to explain the likely tariff required by the policy. They also argued that the local plan could set out a spatial basis for the requirements on an 'area by area' approach which could then be further interpreted by SPG. Benefits of this approach include the early notification of the fee so the financing of the obligation is more likely to come out of the land value itself (i.e. the landowner) rather than the developer and the consumer (i.e. increase in house prices).

Obligation or condition

Consideration needs to be given as to whether planning gain should be secured by a planning condition attached to the decision notice or by an obligation. It would be useful for authorities to make their requirements clear, although it is accepted this is

unlikely to be set out in a Development Plan Document, but it should be clarified in an SPD.

Most developers will try to argue for any requirements to be secured by a condition and this can often be a difficult part of the negotiation process, explaining why it should be an obligation instead, especially when this adds time and cost to the process. Conditions are quite flexible and quicker to use but most authorities will want any significant gain to be secured through a contractual agreement as conditions can immediately be appealed and the requirement lost. Secondly, legal judgements have inhibited the use of conditions as a means of securing public infrastructure, although Lord Hoffman, when commenting on the *Tesco* case, admitted that these judgements may have been 'self-defeating' (reported in Crow, 1998).

However, the case of *Hall & Co (1964)*³² determined that legally a condition *could* be used to require planning gain as long as it did not require the transfer of property rights. This is similar to the case of *Grampian Regional Council v City of Aberdeen*³³ that allowed land to be transferred, but in a negative way rather than a positive way. One of the main problems that researchers found is that the courts have held (in *Bradford, 1986*)³⁴ that a condition could still be invalid, even if the applicant agreed to it. As such, if a planning gain was secured by a condition it could still be appealed after the implementation of the planning permission and if the condition was quashed, there would be no requirement to provide the gain. If the gain was secured with an obligation, authorities are more confident that the obligation will not be appealed (it is a longer and more expensive process) and that there is less chance of a successful appeal (obligations are subject to stricter legal requirements than conditions).

Nevertheless, despite the legitimate concerns of planning officers about the benefits of obligations over conditions, the official view of the RTPI (2000) is that conditions should be used in preference to obligations due to transparency, equity, and speed.

³² R v Shoreham by Sea UDC, *ex parte* Hall & Co (1994) 1 ALL ER 1

³³ (1984) 47 P&CR 633

³⁴ Bradford MDC v Secretary of State for the Environment (1986) 53 P&CR 55

5.5 Delays & inconsistency

The process of negotiating the planning obligation is said to be the single greatest cause of delay in the planning system (Campbell *et al.*, 1999a; Evans & Bate, 2000; Lambert, 2000). It should be noted that the delays caused by these protracted negotiations are also frustrating to the LPA as it affects performance targets, which at the start of the millennium was the only way the LPA was effectively rated (Punter, 1999).

It has been found that it took over twelve months for eighty percent of applications that were subject to obligations to finally be resolved (Grimley J.R. Eve *et al.* (1992). Even eighteen months after submission of the application, almost twelve percent were still to be determined. Obviously, some of these applications will have been subject to delay because of other factors but it appears clear that delay from negotiating obligations was a considerable problem. Previous research found that obligations involving occupancy conditions and financial contributions generated the longest delays as they could affect the overall viability of the scheme and often involved third parties in the negotiations (Grimley J.R. Eve *et al.*, 1992).

Consideration naturally turns to why it takes so long to negotiate obligations and there appears to be several answers. The first relates back to the lack of negotiating skills within authorities (see section 5.3) with research showing that some authorities do not have officers with sufficient ability so negotiating a similar agreement can take several months in one authority to two and a half years in another (Chatterjee, 2002). A related factor is the delay and frustration for developers in authorities that have high staff turnover as they end up dealing with several case officers, often with different approaches, different ideas on what can and cannot be compromised on, and all taking time to familiarise themselves with the case.

It has also been found that many developers specifically blamed the local authority delays on the slowness at producing the first draft of the obligation, which appears to be a result of bad communication between the planning department and the legal department (Healey *et al.*, 1995). An additional problem was that the local authority would rarely allow the developer to draft the agreement and so the developer's legal team would go through it in minute detail, changing anything they could as a

professional critique towards the public sector solicitor. This back and forth between solicitors often went on for months as they argued about every clause. A final issue in relation to this point is that the local authority solicitor usually does not sit in on the negotiations and so often did not understand what was trying to be achieved through the obligation. Healey *et al.* (1995) felt this often led to solicitors seeing their role as seeking compromise between the developer and the local authority.

While developers often saw the LPA as being the source of delay, it has also been noted by a local authority solicitor that the developer often loses interest in a scheme once the resolution to grant permission was made and so there is no interest in finalising the obligation (Healey *et al.*, 1993). This is because the developer often usually only needs a resolution to grant permission to secure the funding to progress the development and so their attention moves from the planning permission to resolving the logistical issues of bringing the site into the development process. Planning permission is also only valid for three years and the developer will often have an option to purchase land, subject to planning permission, and so if they are not ready to build that site yet they will not want the clock to start running on the three years. This is an incentive for them to not sign the obligation as the permission will normally be issued shortly afterwards which they may not want if they are stalling for time. Only when they are preparing to start work on site does attention return to the planning permission and the realisation dawns that the lack of progress on the obligation means the permission has not yet been issued.

Inconsistency

Developers are very critical of the fact that on one scheme a local authority can require few contributions and yet a similar scheme several miles away but in a neighbouring authority could require thousands of pounds worth of contributions. Differences in approach between authorities are commonplace and can greatly affect the profitability of a scheme with those authorities that have more explicit local plan policies and a stronger political will to pursue contributions seeking more. Differences will also be more pronounced when the economic prosperity of the area is varied (Punter, 1999). There are clear regional differences in the use of obligations with a divide between the north and south with almost fifty percent more of major developments in the south having obligations attached compared to the north and with an average cost to the

developer of five times more in the south (Campbell *et al.*, 2001). However, even within the southeast of England there are considerable differences, as illustrated by the two examples of obligations mentioned in the previous section, where one authority achieved a tenth of the overall development cost in contributions while a second developer paid around a third.

Another area of inconsistency is that obligations tend not to be required for schemes that fall under certain thresholds, known as 'triggers'. When an application is submitted for just two or three houses at a time, it is often considered too difficult, or too costly, to seek contributions. However, the cumulative impact on most types of infrastructure for five schemes of three houses each will be similar to one scheme for fifteen houses. This is unfair to the larger developers and a source of discontent (Evans & Bate, 2000; Walker & Smith, 2002).

The Government is seeking to increase the amount of affordable housing available and to ensure the price of such housing is as affordable as possible. Therefore, it is essential that the cost of any obligations are known to the developer early in the process so the cost can be subsumed by the landowner, via a slightly smaller profit margin, rather than borne by the future occupiers of the site through higher house prices. Officers were mostly aware of the need to raise the need for obligations at an early stage of the application process, with many officers being of the view that they should be raised at the pre-application discussion stage (Campbell *et al.*, 2001). Ensuring a consistent approach to raising the need for obligations at the outset would be a major step forward.

5.6 Planning obligations for a new millennium

There has been some progress on dealing with many of the concerns that the literature review uncovered as being problematic areas. For example, as of 1st July 2002 details of obligations were required to be recorded in both Parts I and II of the LPA planning register and would also be registered as a local land charge (see paragraphs B42 & 45 of DCLG, 2006b). This overcame one of the concerns that the public were not clear what deals were being done with developers when planning permission was granted as the information would now be published. There has also been progress made in many authorities in speeding up the process of dealing with obligations, including if the

authority has staffing shortages in the legal department, then the authority contracts out the drafting of the obligation either to outside solicitors (which the developer pays for) or the developer drafts the obligation themselves so the LPA solicitor only has to check it (Brock, 2002).

Progress on the role of obligations has been mixed since the start of the new millennium with a huge volume of documents produced and consultations undertaken as the Government pushed for a solution, only to decide it did not work and lose interest for a while. It is not possible to review all the documents and consultations produced as there were so many but the key ones will be considered to bring the literature review up-to-date and to pick out salient points that may be relevant to progressing social issues via obligations.

A good starting point is the Government's 2001 consultation *Planning Obligations: Delivering a Fundamental Change* (ODPM, 2001a) which set out a clear vision for obligations.

'An effective planning obligation system should enhance the quality of development and the wider environment, and ensure that it makes a positive contribution to sustainable development, providing social, economic and environmental benefits to the community as a whole. It should help to provide an increased supply of affordable housing, the provision of public spaces, and the facilities and infrastructure needed to accommodate growth... A good obligation system will promote economic prosperity" (ODPM, 2001a: para 1.3 & 1.5).

This was a positive statement with a clear requirement for obligations to balance all three aims, although economic issues were clearly emphasised. It was also an unusual selection of aims for obligations to achieve but clearly supported the provision of facilities and infrastructure, which is useful, and provided clear support for obligations to be used to achieve social aims and within the research period of the case study. It went on to say the obligation system should be transparent and provide 'greater certainty' to those contemplating development and should not impose unacceptable burdens on developers, concluding the existing system was inconsistent, unfair, lacked transparency, and took an unacceptably long time to negotiate. The consultation stated that any new approach should be more positive, with obligations used for a wider range of objectives than permitted under Circular 1/97 so that communities did not suffer from

new development. It was even suggested that commercial development should also contribute towards providing affordable housing, thereby breaking the direct link of development mitigating its actual impact.

Taking on board all the requirements, the Government suggested that tariffs set through the local plan were the best way to progress, with obligations only to be used to substitute the tariff for site-specific requirements. A subsequent consultation document in November 2003, *Contributing to Sustainable Communities: a New Approach to Planning Obligations* slightly amended this approach by introducing an Optional Planning Charge (OPC). Developers could either pay a standard charge with a limited negotiated obligation or they could enter into a full negotiated obligation without the charge.

The 2001 consultation had already argued that obligations no longer had to be strictly related to the impact of the scheme due to concern that would restrict the scope of obligations from the more positive contribution they could make to communities. This approach was continued in the 2003 consultation when it asserted that obligations should ensure that development “provides social, economic and environmental benefits to the community as a whole” and that policy should be widened to reflect case law. This raised suggestions that money raised in an area of high demand within an authority could be used to deliver benefits to areas in need of regeneration (Henneberry, 2004). Likewise, there was potential to use gain from one site to solve problems with other sites to bring them to the market i.e. remove contamination or congestion.

The OPC approach should not be underestimated as a radical approach by the Government to finally start to get to grips with the planning gain process and showed that they were prepared to explore ideas that were new and innovative. While their approach may have been naive and underestimated the complexities of the procedural side, the introduction of the OPC marked a fundamental shift in the debate. Developers appeared to accept that they could no longer stop the momentum to make them pay more towards mitigating the impact of their developments and to contribute towards the new communities they were creating.

Planning-gain Supplement

However, in March 2004, Kate Barker produced a review of housing supply³⁵ which recommended the ‘scaling back’ of s.106 to only cover direct impact mitigation while in tandem she introduced a Planning-gain Supplement (PGS) to capture a proportion of the development gain, where local authorities should receive a direct share of this gain to compensate for the reduced s.106. The local authorities were to be free to spend the money however they chose and it was to be worth a similar amount to that previously captured under s.106. This was a radical suggestion, unthinkable a decade previous and built on the confidence that the principle of the OPC had been accepted.

In July 2005, the Government produced new guidance on planning obligations (Circular 5/05) and *Planning Obligations: Practice Guidance* and accompanying model s.106 agreement (DCLG, 2006b). The practice guide brought together various case studies to improve the use of obligations until the proposed PGS could be introduced, at that stage expected in 2008 at the earliest. It was also attuned to the need to keep hitting targets and thus recommended that authorities should carry out a skills audit of gaps in negotiating skills so consultants could be identified to provide advice at short notice and it recommended having a dedicated obligations officer to ensure speed and consistency. It supported the use of formulae and standard charges ‘where appropriate’ as part of the framework on obligations as they were said to speed up negotiations, provide predictability, promote transparency, and assist in accountability. It was clear that the good practice guide was bringing together examples of what authorities were already doing and did not really progress the use of obligations much, but countenanced many innovative ideas already in use by LPAs. This would give some of the more risk-averse authorities the confidence to use obligations more creatively.

In December 2005, the Government responded³⁶ to the Barker Review and again it was the Treasury who took the lead with the ODPM relegated to playing second fiddle. They explained that the Government wanted to build sustainable communities supported by infrastructure to include health, education, transport, economic development, leisure, and recreational facilities. The PGS had an accompanying

³⁵ Delivering Stability: Securing our Future Housing Needs

³⁶ HM Treasury (2005a) The Government’s Response to Kate Barker’s Review of Housing Supply

consultation paper³⁷ which was also published by the Treasury with the support of HM Revenue and Customs (HMRC) in addition to the ODPM. It explained that the Government agreed with Barker that PGS was likely to be more effective than other means of capturing land value uplift, including the current obligations system. It proposed that PGS would be dedicated to local communities to manage the impact of growth. However, it would not be implemented before 2008, it would capture a modest portion of the value uplift, and would be payable under a self-assessment regime administered by HMRC once development had commenced but only after a Development Start Notice had identified the chargeable person. The PGS would be calculated by the formula:

$$\text{Uplift} = \text{PV} - \text{CUV}$$

This is based on the difference between the land value with planning permission (planning value or PV) and the value of the land as currently permitted (current use value or CUV).

$$\text{PGS liability} = \text{PGS rate} \times \text{uplift}$$

Obligations would only be allowed for those matters that needed to be addressed in order for the environment of the development site to be sustainable, safe, of high quality and accessible, and for the provision of affordable housing. This became known as the development-site environment approach and excluded the provision of education and health, community centres, leisure facilities (amongst others) from obligations, as they would be covered by the PGS. It was also suggested that highway agreements (under s.278 of the Highways Act 1980) could also be replaced.

There seemed to be considerable support for the proposal at first, with concerns focusing more on practical matters and especially on the amount of PGS revenue that would be returned to the local authority with a figure of seventy percent mooted (Butt, 2007; Wilson, 2007). The focus certainly appeared to be on making the PGS work and it had resolved the Government's own uncertainty as they had been supporting the PGS at the same time as the Planning Act was recommending a tariff system (Minton, 2004).

³⁷ HM Treasury (2005b) Planning-gain Supplement: a consultation

The next step was to publish a report in May 2006, *Valuing Planning Obligations in England: Final Report* (DCLG, 2006a) which reported the results of extensive research carried out by the University of Sheffield and The Halcrow Group on over a hundred English local authorities with detailed case studies in over forty. The research found that the proportion of planning permissions with an obligation attached had risen to 6.9% in 2003/04 and that obligations were attached to 40% of major residential permissions and 20% of major permissions for offices, R&D, and light industry (the corresponding figures for minor permissions was 9.2% and 2.6% respectively).

Across all sectors, commuted sums secured using a standard charge (i.e. a fixed amount per residential unit or amount of floorspace) was found to be almost three times higher than those without but there was considerable variation across categories with standard charges making little difference to transport contributions for example. However, it is interesting to note the findings for community and leisure obligations. Only 28% of authorities surveyed had a standard charging approach for community and leisure facilities and while they achieved around eight times as many obligations than those without a formula, they were valued, on average, at almost £42,000 each compared to over £114,000 for those without a standard approach. Therefore, standard charging achieved considerably less per obligation but the cumulative impact achieved more.

In the Pre-Budget Report of 2006, the Government announced it would move forward with implementing the PGS if further consultation deemed it workable and effective. It was confirmed that it would not be introduced earlier than 2009, it would be levied at a modest rate across the UK, would not only apply to residential land, the majority of the revenue would be hypothecated for local infrastructure, and there would be transitional arrangements. In December 2006, the Government introduced another series of consultation papers with the DCLG publishing *Changes to Planning Obligations: A Planning-gain Supplement Consultation* (DCLG, 2006d), while HMRC published two consultations *Paying PGS: A Planning-gain Supplement Technical Consultation* (HMRC, 2006a) and *Valuing Planning Gain: A Planning-gain Supplement Consultation* (HMRC, 2006b).

The DCLG consultation sought views on the more detailed aspects of the proposed PGS, clarifying that the Government's proposed scope for obligations remained that of

the 'development site environment approach'. Obligations would be subject to a criteria-based test to define their scope and social and community infrastructure contributions would no longer be possible by an obligation, although views were sought on whether the land transfer for such facilities would need to remain 'within scope' of the obligation; potentially a confusing split. It is interesting to note that the document listed 'community works and leisure' as collected under current obligations and did not suggest this was not acceptable. The list included community centres, public art, town centre improvements, funding for public services such as libraries and museums, crèches, public toilets, health services, CCTV, waste and recycling facilities, religious facilities, and regeneration initiatives. This was a broad interpretation of community infrastructure that appears to have been acceptable to achieve.

The HMRC (2006a) consultation sought views on the practical issues regarding how the process would work and it was clear the process was complicated, requiring developers to apply for their PGS Start Notice and file their self-assessed return *after* they had received planning permission but *before* work was allowed to start on site. Once they received their PGS Start Notice, development could commence, but the PGS had to then be paid within sixty days³⁸ from the date the PGS Start Notice was issued. The document sought views on an array of issues around the practicalities of paying the PGS, timings involved, administrative concerns and costs, debt management, enforcement of payment, and many other issues.

The other HMRC (2006b) document tried to find answers to the complex process of coming up with the PGS which was not as easy as may seem. Where outline permission was granted, sometimes the development would be built in phases and therefore each reserved matters application would need a separate PV and CUV. Calculations would be made on an assumption of freehold interest with vacant possession and free from encumbrances and there was considerable guidance around the exact definitions of PV and CUV. There was also agreement that the CUV should reflect the value where there are rights to rebuild or reuse certain buildings on the site currently demolished or underused and that the CUV should reflect remediation costs on contaminated land.

³⁸ Sixty days is stated in paragraphs 2.11 and 6.1 but it is noted that paragraph 2.8 states it is thirty days

The head of policy at the RICS supported the principle of the PGS in 2004 (see Minton, 2004) but did have concerns about the practicality of implementing it. The RTPI stated the PGS would encourage land banking, create inflexibility and would not support infrastructure funding (reported by Dewar, 2005). However, the British Property Foundation (BPF), who had originally opposed the idea started to come round to it, probably because the Government was suggesting the rate would be relatively low at around twenty per cent of land value gain³⁹ (Dewar, 2006).

By 2006, the RICS (2006) had changed their mind and stated they would prefer a levy or tariff-based system as they felt it was more workable and effective, they were worried about the lack of cross-party support for PGS, and appear to have accepted the work by Johnson & Hart (2005) that rejected the PGS as unworkable. It was also reported that only twenty percent of planning lawyers believed that PGS 'can be made workable and effective' (Johnston & Early, 2007). Many of those within the property industry who had opposed the tariffs in 2001 now advocated them as an antidote to PGS (Ashworth & Demetrius, 2008; Blackman, 2005). There was also scepticism that as the PGS would not replace s.106, but would be in addition; this would result in the worst of both worlds with an increased tax burden from the PGS and delays still occurring from the s.106 (Iliffe, 2006). Even the former planning minister, Nick Raynsford, supported retaining the current system of s.106 as the PGS was seen as too 'risky' and will only create 'an army of consultants' to advise people how to avoid paying it (Planning, 2007a). The fact it had been admitted the computerised system to administer the PGS would cost forty million pounds probably did not help (Planning, 2007a).

The Chancellor's Pre-Budget Report of October 2007 scrapped plans for the PGS in favour of a tariff-based system, similar to the Milton Keynes roof tax, as concern grew that the PGS was unworkable. The decision was reportedly welcomed by the RTPI and developers alike as they argued the system was impossible to make work and money could be diverted to fund central government projects (Baber, 2007; Hayman, 2007).

³⁹ In comparison, the Milton Keynes tariff was around thirty to thirty five per cent of uplift in land value

The future for obligations after PGS

There was a risk that after the Government had wasted so much on the PGS they would give up on reforming planning gain and move onto other 'easier' reforms. However, one thing the focus on PGS had resulted in was an increased awareness of the money involved that the Government could tap into to facilitate development and much needed regeneration (whether that was a legitimate aim or not). For example, one local authority reportedly received over one hundred and fifty million pounds from one scheme alone (Campbell *et al.*, 2001). The Government's own research (DCLG, 2006a) found that London authorities achieved over £107,000 in value per obligation, on average. The research noted that authorities with a standard charging mechanism secured more obligations than those without and the value of obligations achieved on average was highest for affordable housing (£250,000), then education (£118,000), transport and travel (£83,000), community and leisure (£59,000), and lastly open space (£25,000).

The Government could see that it was estimated that the value of obligations secured in England in 2003/04 was around £1.89 billion with £1.2 billion of this towards affordable housing and £0.11 billion towards community and leisure facilities (see table 1 below).

| | |
|-----------------------|------------------------------------|
| Open Space | £115,518,981 |
| Transport and Travel | £279,522,108 |
| Community and Leisure | £111,325,259 |
| Education | £118,828,835 |
| Other | £64,618,282 |
| County Council | £6,660,384 |
| Total | £696,473,849⁴⁰ |
| Affordable Housing | £1,200,000,000 |
| Grand total | £1,896,473,849⁴¹ |

Table 1: Estimated value of obligations agreed in England 2003/04 (DCLG, 2006a: 42)

It was clear that considering the amounts of money involved, the Government could not afford to walk away when obligations were being used to provide so much that otherwise would have to come out of Government taxes. However, one point will remain of concern to the Government and that is the north/south divide with almost 23% of major developments in the South having obligations attached and at an average cost to the developer of just over three quarters of a million pounds compared to under 15% in the North and at an average cost of just over one hundred and forty-eight thousand pounds (Campbell *et al.*, 2001; Henneberry, 2004). Other research commissioned by the Government found the average value of obligations secured in the South East was almost double that in the North (DCLG, 2006a) which is less of a gap, but significant nonetheless. However, 40% of major planning permissions in the South East had an accompanying obligation, compared to only 7.5% in the North; a much more significant gap. Although the results are different, they show a clear gap between what is being achieved and it would appear that communities in the North are probably losing out on planning gain, despite some of those communities having the greatest need.

⁴⁰ The total figure is corrected from the figure printed in the document which appears to be incorrect as it gives a figure of £696,473,847

⁴¹ The total figure is corrected from the figure printed in the document which appears to be incorrect as it gives a figure of £1,887,649,938

The reason for such vast sums of money being attracted by obligations has already been discussed but it is clear that local authorities were riding on the back of the development boom and public expectation grew to use obligations much more widely than Government advice had previously expected. Examples include West Quay in Southampton, where obligations for a large retail scheme required the developer to pay the Council three hundred and fifty thousand pounds for the "...provision of vocational training facilities" (Macfarlane, 2000: 17). This idea has also been adopted in the RENEW Northwest employment study, which calls for obligations to be used to help local people access jobs on local developments (Planning, 2007d). Other ideas include the South East Museums, Libraries and Archives Council (SEMLAC, 2006), which is now calling for a minimum contribution of ninety pounds per person in new housing across the region to be collected from obligations. MPs have even supported the use of obligations to generate money for British Waterways to spend on waterside developments (Planning, 2007c).

It has been reported that another Council has consulted on a tariff-based policy for contributions towards education, transport, libraries, community and recreation facilities, health care, and recycling services (Planning, 2008a). This is an increasing list but perhaps the one that is most surprising is that developers in Essex could have to pay £410 pounds per dwelling towards the cost of policing, as they are the first police force in England to apply for s.106 funding (reported in Regeneration & Renewal, 2006). Other ideas include one London Borough that uses money from obligations to finance air quality management measures (Planning, 2008b), while the Healthy Urban Development Unit has published a tool kit to calculate the health provision implications of development to inform discussions on planning obligations and includes a three-year revenue stream funding in addition to the capital costs (Kochan, 2006a). The Environment Agency (2007) announced they will need an average of £20,000 per dwelling in the south east of England and recommended a wide range of funding options, including obligations, the PGS (as then proposed), and the next 2009 Water Price Review. Other more imaginative ideas have authorities requiring contributions towards car clubs on sustainability grounds with one authority adopting SPD in November 2007 requiring £540 per dwelling (Kochan, 2008). However, the article

notes that developers are happy to pay the contribution as it means they can increase residential density by twenty per cent due to reduced parking on the site.

Lastly, Birmingham City Council is apparently considering using obligations to subsidise rents for independent retailers in an effort to promote entrepreneurialism and increase the diversity of shops in the city (Thorp, 2007). The Council argued that this was simply an extension of affordable housing policy that they already take contributions for and so affordable retail space was a logical step and would seek to stop the 'clone town' syndrome. Ken Livingstone also looked at applying the policy to London to secure independent retailers in regeneration projects by subsidising rents (Planning, 2007e).

There is no doubt that these examples illustrate obligations are being used more creatively and to fund things that traditionally would not have been accepted. The reasons for this have been mixed and include opportunism by the Government, poor drafting of legislation and guidance that allowed broader legal interpretations, but mainly public pressure demanding better services and infrastructure which local authorities saw a funding opportunity to meet. However, there is fear that financial issues are now becoming a consideration when determining applications with the biggest concern being that the planning system is changing by stealth and without due consideration to the issues and implications (Campbell *et al.*, 2001).

There is a need to sort out the obligations system as the South East region alone has a significant gap in the availability of funding, particularly for transport, and potentially for affordable housing and local community facilities (Roger Tym & Partners, 2005). The gap is conservatively estimated to be around eight billion pounds and is based on an assumption that the average dwelling will contribute twenty thousand pounds, which is probably over-estimating what is achievable.

More recent evidence has shown that developers are still concerned the process is not transparent and they are not informed early enough, while a quarter of local authorities surveyed are concerned they lack the necessary skills for negotiations, with lack of staff the main apprehension (Lee, 2008).

The demise of the PGS did not see the issue disappear for long as *The Planning Reform Bill* proposed a Community Infrastructure Levy (CIL) and will allow Councils to charge developers for infrastructure that is not directly related to specific schemes. The payments will need to be outlined in the LDF and will apply to *all* new development, thereby addressing the cumulative impact issue (Planning, 2007f). It was noted that the Government purposely left a clause in the Bill that would leave the option of introducing a revised PGS open as a 'stick' to wave if the development industry tried to back away from their preferred CIL approach (Hayman, 2007). However, it was not needed as the CIL has now been accepted and published with the Conservative Party initially agreeing to support it in principle (Donantonio, 2008) although as the 2010 general election gets closer they appear to be moving away from that view.

The introduction of CIL is not mandatory on authorities but it would allow funding for local and sub-regional infrastructure and would sit alongside obligations to be used for site-specific requirements. It would cover all types of development, including commercial (but not householder) and a *de minimis* threshold would be set, and of interest to this research, the definition of infrastructure was broad.

“Development can be unlocked and made sustainable by the provision of very different types of infrastructure, such as transport, schools and health centres, flood defences, play areas, parks and other green spaces, many of which are already funded in part by the existing system of developer contributions. However, affordable housing provision should continue to be provided through the existing system of negotiated planning obligations, not through CIL” (DCLG, 2008c: 3).

Planning obligations would only be used to negotiate site specific issues with social infrastructure and any other 'standard' tariffs (such as education, crèches, libraries, green travel contributions etc.) calculated by the local authority in an SPD and only collected through CIL. The provision of CIL is welcomed as it has opened up the debate on wider planning gain but as it is not mandatory, it will not provide a standard solution that many developers wanted as some local authorities will probably choose to stick with their own approaches. The loss of consistency has to be balanced against allowing local authorities to decide with their local communities which approach they should take and so, on balance, it is considered it should be left as discretionary rather than imposed.

Conclusions

It has been shown that the practice of using obligations is for many people a controversial and unacceptable part of the planning system, although there is no clearly documented evidence that corruption is rife in the planning system due to obligations. As in many areas of life, the fear of the crime is larger than the crime itself and the myth is perpetuated by many who do not practice within the field and by those who have a position to promote. It is certainly accepted that the process has many problems and there is considerable room for improvement in most parts of the obligation process but it is not considered that the evidence from previous research shows that the system of using obligations is corrupt in itself.

It was shown that authorities need to ensure there is a clear audit trail between the obligation and what it is seeking to resolve. It is also usually beneficial to have a policy in the development plan setting out the scope of obligations. The negotiation process was explained to be one that is often routine as it relies on formulas but that detailed negotiations can be time-consuming, expensive, and specialised. Given the lack of understanding of social issues within the planning system, this is likely to be problematic for achieving more social obligations. Lastly, it was shown that New Labour had presented some quite radical ideas through consideration of the OPC, PGS, and then CIL and given support for a wide interpretation of things that the planning system could achieve for their communities.

The primary aim of this research is to investigate how much obligations are used to achieve social aims within the planning system and whether New Labour changed this emphasis. However, there are many related issues that would be good to address in passing when conducting research at the case study authority as the results would contribute to the wider debate on obligations. This, in turn, can assist in trying to find solutions to the problem of how obligations can be better used for social aims.

6 METHODOLOGY & INTRODUCTION TO CASE STUDY

The main aim of this research is to investigate whether the advent of the New Labour Government coming to power in May 1997 resulted in a change to the planning system where communities would see social aims returned to the agenda on an equal footing to economic and environmental concerns. The claims by the Labour Party while in opposition and in the early few years of Government enthused with references to the return to progressive politics and the ability to move social issues up the policy agenda. Blair (1998b) had boasted that his Government would usher in a modernised social democracy, committed to social justice and strong government.

The second chapter explained more about what social planning issues could be, although it was pointed out that there was no definitive list, and consideration of whether something should be classified as social was more around the aim of what the person was hoping to achieve. Chapter three set out the aims and counter-claims regarding New Labour and then chapters four and five illustrated the purpose and practice of using planning obligations (within the wider planning gain debate) to attract some benefits from development for local communities. It was shown that social aims were usually achieved through planning obligations and this was arguably the main way the planning system captured social benefits for local communities. This chapter now looks to move beyond the literature review and scene setting to explain the methodology for the research and how it will examine the claims that New Labour sought a left-of-centre policy change that would manifest itself in achieving more social aims in building communities than under the Conservatives.

The purpose of the research was to clarify if New Labour had delivered on their promise to create more balanced communities in terms of ensuring economic, social, and environmental needs were all catered for when decisions were taken in the planning system. This is of considerable importance to all communities as it was shown in the literature review that over the years social issues have become the almost forgotten part of the trinity, despite growing public concern. New Labour was voted in because they were different to the Conservatives and so the public had a right to expect a left-of-centre Government to deliver on their social pledges. The research therefore needs to examine if there is any evidence at the case study authority that those promises were

delivered or broken. A secondary issue is to consider how social issues could be ushered even further up the planning agenda, given the experiences of those at the authority.

This chapter starts by setting out why the case study authority was chosen, and then gives some background to the authority itself, stating why it is believed to be a good choice. The second section then looks at how the research database was constructed to carry out the assessment of how obligations were used over the twelve year period of analysis. The third section then moves to look at the database in detail, setting out exactly what would be considered and included within the database and some of the more practical issues regarding it. The fourth section will then consider the qualitative analysis and why it was considered interviews would be useful to advancing the research and the issues they hoped to progress.

6.1 Background to case study

The starting point in how to evaluate whether New Labour did bring in a paradigm shift to the planning gain system was to consider where within the planning system any change in direction would manifest itself. The planning system has practically been split into two areas: planning policy and development control, although there are other less mainstream areas including regeneration but in terms of making decisions, these are the two key areas. Considering planning policy first, it might have been possible to examine national policy statements and/or several development plans to see if policies were taking on a more 'social' aspect. However, given the slow speed of publishing local plans and the increased delays since LDFs were introduced, it was decided that it was unlikely that much would have changed of significance when I was doing my fieldwork. There was also the issue that even if policies changed, it did not follow that anything would change in practice and I was especially interested in whether New Labour was actually bringing in tangible changes for communities.

This left the decision-making part of the planning system, which in reality means the development control section of the LPA. Again, there were options around what area could be chosen and planning applications could be investigated to see if they contained social infrastructure as part of the development. Such an analysis would have involved

looking at decision notices to see what was being built but this was considered a risky approach as many descriptions on planning permissions are vague about exactly what is proposed. Usually the description lists the main focus of the development, such as the number of new houses, but then states 'and associated facilities' and so may not actually refer to any social gain. This is especially difficult if the proposal was not clarified when the application was submitted and would also miss many of the smaller gains that were being made. This is because new social infrastructure is often not built as part of the planning application but money is taken to contribute towards an existing project or some other benefit bestowed that would not appear on a decision notice.

The reality is that if something is going to be achieved for social purposes within development control then to ensure it would happen it would normally need to be agreed within the planning obligation. Obligations were already being used to achieve community gains (albeit not fully endorsed by the users of the planning system) and this meant that if local authorities were wanting to push New Labour's agenda of achieving more social aims then it was most likely to be visible through the use of planning obligations.

There is always an argument that local authorities smooth out national policy and tend to continue with a 'business as usual' approach but as local authorities were keen to use obligations to achieve planning gain, it is not as likely to be a problem, and the purpose of this research is to see if changes did happen. If they did not then, as was pointed out at the start, part of a research project must be to try to find reasons why changes expected did not happen and this will be considered after the results have been set out.

The fact that the literature review had shown that the obligation process was clearly operating outside of the guidelines set out in the formal policy framework by central Government meant that it was more susceptible to any changing emphasis and therefore the most likely place for changes to be seen. The introduction of the requirement to promote economic, social, and environmental well-being went a step further and subsequently gave legal legitimacy to much of the practice. The combination of planning gain already being used towards this end and the statements now openly supporting this use meant changes were possible. The intention therefore, was to assess whether there had been any change in emphasis in the aims of obligations under New

Labour and specifically if this reflected a move towards a more open use of obligations to achieve social aims.

The focus would be to look at the obligations entered into under the previous Conservative Government and then under New Labour to see what aim the obligations had. Were they trying to achieve economic, social, or environmental benefits and did this change under the different types of government? It is only by assessing the amounts for each that an understanding can be made as to whether New Labour had actually managed to bring in a new era of progressive politics at the research authority which delivered more social aims for communities. By using obligations, it meant that the research question could be clearly measured, thereby ensuring that one of the pitfalls of unsuccessful research was avoided (Denscombe, 2010).

Finding the research gap and issues of positionality

My interest in planning obligations arose when I was working at a previous authority as I was concerned that many of the obligations sought were probably correct to seek in principle but that the approach to asking for them and what amount to ask for was disorganised. As I researched the topic further, I soon realised that despite the significance of the issue and the serious claims being made about planning gain, there was not actually much research that examined the use of obligations in detail at that time. There also appeared to be anecdotal evidence that most local authorities did not have detailed or clear guidance on how to deal with planning obligations or what they should be used for.

My position of being on the 'inside' of a LPA meant it was a good candidate to consider for researching but clearly this in itself brings advantages and risks (Crang, 2003). Some of the advantages include better access to information and people as you know what to look for and where, and if you conduct interviews then you already should have the confidence of the interviewees (Gold, 2002). However, you need to bear in mind that you will often have a similar worldview as those interviewed and the choice of topic is not impartial but connected to your interest and so ensuring objectivity can be a challenge (Gold, 2002). It needs to be remembered though that the idea of being an 'insider' or 'outsider' is moveable and researchers can open and close 'the gap' of how close they are to an organisation or person and positionality can change over time and

circumstance (Herod, 1999). These were all issues to consider while I decided how I was going to conduct the research.

I looked at previous research and knew that the work by Grimley J.R. Eve *et al.* (1992) had looked at twenty-eight authorities from April 1987 to March 1990 to give a broad overview of what agreements were being used for over this period. The Healey *et al.* (1995) research looked at five authorities in detail over a longer period (1984 to 1991) and was carried out before Circular 16/91 was published and so was a good empirical base for assessing how policy had translated into practice at the end of the eighties. These were the two main bodies of research into the use of obligations at that stage but neither had analysed how, or if, obligations had changed across different Governments as they were too early for the arrival of New Labour in 1997. Other more recent research has focused on the negotiation aspects of the planning obligation process (Claydon & Smith, 1997; Wenban-Smith & Pearce, 1998) or more specialised uses of obligations, such as seeking to achieve countryside benefits (Elson *et al.*, 1999) or to secure the use of local employment by obligations (Macfarlane, 2000). These pieces of research have focused on narrow policy areas while most of the other recent research has focused on trying to quantify the scale and scope of the use of obligations from slightly different angles.

Campbell *et al.* (2001) carried out a survey of all English and Welsh planning authorities to assess the scale and scope of obligations, the existence of formal policy frameworks, and attitudes of officers and Members towards Government policy. They then looked in more detail at twelve case studies. Walker & Smith (2002) also sent questionnaires to local authorities to assess the policy framework, the authority's current practice (survey was October 2000 to March 2001) and their opinion of Government policy but there was no notable research that examined in detail and contrasted how obligations had been used across significant periods under the Conservatives and New Labour. My research would fill a gap in the existing research in terms of being more in-depth than most research by considering the purpose of every clause, drawing comparisons across different Governments, and also giving a longer timeline than most research by using twelve years of analysis. This should add to the body of knowledge on planning gain. Obviously the biggest weakness was that it only considered one authority and therefore it is not possible to draw wide ranging

conclusions and to pass judgement but it should draw out issues that other researchers can use to consider the matter further.

I wanted to make use of the fact that I worked in local government and so was in an unusual position of being 'on the inside' of negotiating obligations and therefore had unrestricted access to information. More importantly, I knew what information existed, where to look for it, and the reasons why processes were used the way they were. This 'inside knowledge' is, I believe, invaluable for ensuring as in-depth an analysis as possible could be carried out and genuine reasons given for the way processes were used and decisions taken that other researchers may have struggled to explain as authorities may not have wanted to 'offer up' the problems they had. This led to the obvious conclusion that I should consider using my current employer as the case study authority if possible.

There was an obvious risk of using the authority I worked at as people may think I had a vested interest or would not be keen to criticise my employer or simply that I may have an allegiance to them as a public sector body that I wanted to protect from allegations (Denscombe, 2010). However, positionality in research has long been an issue to be considered and the important point is to be clear about the angle you are approaching the research from and any influences you could be under. I can clarify that Havant Borough Council (HBC), the case study authority, did not sponsor my research in any way, only allowing some study leave in the first years of study. In fact, there was little interest in the research while it was being carried out which even resulted in a separate project being run in 2008 that this research arguably could have been used to achieve if it had been identified earlier as a requirement. Perhaps the biggest risk I felt I faced was that I had some pre-conceived ideas of what the problems were and I might use my ideas to interpret the research results rather than having an open mind (Crang, 2002; Rose, 1997). However, I do not consider that I have any particular loyalty to HBC that would pressure me to reflect them in a better light than any research finds and it is true that HBC knew the obligation system needed to be improved (several publicly available reports reflect this). As long as comments and criticisms I make are constructive then they can be used as a means to improvement. It is also true that it is not HBC itself that is being examined but the purpose of obligations and so while there may be some criticism in passing, it is unlikely to be of a fundamental nature of the authority itself

but more of the obligation process. There is also a risk though that we focus so much on our positionality that we become self-centred and miss the bigger influences and powers that are at work so we need to reflect on it, but not be consumed by it (Cloke, 2005; Cloke *et al.*, 2004).

However, it *is* important to recognise our positionality in research and to reflectively examine it, being clear about who and what we are researching, being open about this and the relationships we have, as we cannot remain completely detached (Rose, 1997). This does not invalidate our research as no social research is truly 'value free' as we all inevitably bring some personal influences and values to our research (see Gold, 2002). Instead, the challenge is to think not only about *what* we are researching, but especially how and why we are doing it, who we are and the values and ethics we hold and any influence or bias this will bring (Cloke *et al.*, 2004; Hopkins, 2007). I have considered these issues throughout the methodology and believe I have been careful to keep my research as objective as possible.

I had worked at East Hampshire District Council (EHDC) since August 1998, and was a Senior Planning Officer in Development Control at the time of my move to HBC in June 2002, where I worked in Economic Development. In November 2003 I moved to become a Development Control Team Leader at HBC until June 2006 when I left to become Development Control Manager at Test Valley Borough Council. I subsequently returned to HBC in September 2007 as Development Services Manager (managing development control, building control, land charges, conservation and address management). The main part of my fieldwork was carried out during the middle of 2003 and throughout 2004, which meant that HBC was an obvious choice as a case study authority (as long as it was otherwise suitable) and I carried out subsequent interviews with officers at HBC in summer 2008. Researchers often work in a dynamic environment where situations and positionality change over time and my position of moving from being an 'insider' at HBC to an 'outsider' when at TVBC only to become an 'insider' again when returning to HBC bears this out (Crang, 2003; Gold, 2002; Herod, 1999).

I had originally considered using both HBC and EHDC as case studies to draw a contrast between the two authorities, as EHDC was a more affluent area and so HBC

would arguably show more social obligations, but I decided that as my intention was to look in as much detail as possible it would be better to focus on one authority. I felt that considering two authorities would not add much and was more a choice of convenience but could distract from the depth as I would inevitably end up looking across a wider but shallower base as I had to keep the research manageable. As I considered the issue I also realised that the attempt to 'control' for various factors between the two authorities would take up considerable time and arguably make the research more open to question as the two authorities had very different structures, political parties, and aims. Trying to clarify if the findings were found due to changes in national government and not because of local issues and influences would be complex. The deciding factor was that realistically I would only have been able to consider half as long under each Government if I had considered two authorities to keep it manageable. It was fundamental to my research that I remained focused on achieving as in-depth a case study as possible. Instead, I decided to stick with just one authority but to assess every single clause included within the obligations (not just the general aim of the obligations) and to try to quantify the financial amounts obtained within obligations, wherever possible. It is accepted that a single case study had limitations when seeking to apply the findings to any overall theory and draw any generalisations as only one example will not prove a theory. However, an additional case study would not have changed this much and the other option of looking at many authorities on a shallow basis had been done by previous researchers and lacked the depth I wanted to achieve. The key point was to be sure that it was a good example and one where social issues were likely to be prevalent.

The case study authority and social aims

It was also fairly clear that HBC was going to be a better choice for the case study as it has a relatively high number of electoral wards that are classified as deprived. The Indices of Deprivation for 2004 (ODPM, 2004b) show that out of the 32,482 Super Output Area (SOA) lower layers, the most deprived area in EHDC was the 13,384th most deprived SOA. In contrast, HBC had 26 SOAs included within the 10,000 most deprived SOA and had the 2,443rd most deprived SOA. As my research is seeking to assess the extent of usage of obligations for social benefits within the planning system, researching an area of higher deprivation would be more likely to show understanding and consideration of social needs than a more affluent area. If New Labour had brought

in changes in emphasis, HBC should be more likely to have embraced the changes and made use of them than EHDC.

The political pressures were also more conducive to expecting social aims to be progressed at HBC as it had Labour Councillors and had no overall political control between 1990 and 2002, with the Conservatives only taking control in 2002 with 23 Councillors to Labour's 9 and the Liberal Democrats 6 (BBC, 2003). It is unusual to find an authority with as many Labour Councillors in the southeast of England, outside of large metropolitan areas.

Looking at HBC in more detail, it was shown in chapter two that New Labour had championed the use of Community Strategies (CS) to give power back to local communities and to ensure social aims could have significant weight in setting policy aims for an area. Given the social concerns at Havant, it is not surprising that the HBC Community Strategy (HBC, 2001) set out eight aims to seek to achieve noticeable change in the next three years from the date of the strategy (and therefore some evidence should be found by the end of the research period). The focus areas were based around safer communities, strengthening the economy, improving education, enhancing the environment, promoting a healthier community, enabling better housing, promoting social wellbeing, and engaging young people. It is clear that there was a good mix of aims for economic, social, and environmental issues.

Within the CS, the eight aims identified 'key actions' and some of these clearly had social aspects that could have been considered for achievement through planning gain. In particular, the proposals to extend the CCTV system, providing playcourts and teenage shelters, funding for better education in schools around drugs and health, improving training for local employees, increasing the quality and range of community based learning opportunities, Leigh Park Education Action Zone and Sure Start funding, funding needed to tackle deprivation and social exclusion, developing the community centres, and developing better sporting, cultural and leisure facilities for young people. There was potential for a considerable number of social based policies and initiatives that could be promoted through the use of planning obligations and HBC appears to be a good case study authority to use for the research intended.

To place HBC in context, it is worth considering some more facts and also to compare it to other authorities. It is on the south coast of England, in south Hampshire, and forms part of the Greater Portsmouth area, lying to the east and northeast of the city (see map 1 below). It has a population of over 114,000 people and covers an area of 7,783 hectares, giving an average density of over 20 persons per hectare (HBC, 2007). It had an unemployment rate of 2.3% in July 2007, which may be low by national standards, but is the highest within the County, (excluding the unitary authorities of Southampton and Portsmouth), which averages only 1.2% (HCC, 2007).

If we look at the official statistics for Havant (Nomis, 2010) we can place the authority within context of both the South East (SE) and Great Britain (GB) as a whole for comparison. This shows that Havant has a lower percentage of people of working age (57.8%) than within the SE (61.1%) and GB as a whole (62.0%). This is the 52nd out of the 67 local authorities in the SE. Havant also has less economically active people (81.5%) than the SE average (82.3%), although it is ahead of the GB average (78.9%). This is 38th out of the 67 local authorities in the SE. Of those who are economically inactive, those wanting a job (4.2%) was lower than both the SE (5.4%) and GB (5.6%) percentages. This figure is 33rd out of the 37 authorities in the SE that figures are available for. Havant has a higher percentage of jobseekers within the 18-24 age bracket (30.5%) than the SE (26.9%) and GB (28.4%) averages and of those claiming benefits the percentage of lone parents (2.2%) and carers (1.3%) is higher than the SE (1.4% & 0.8% respectively) and GB (1.9% and 1.1% respectively) averages.

Looking at the figures for employment, although Havant has more 'managers and senior officials' (14.5%) than any other occupational grouping, this is lower than the SE (17.6%) and GB (15.7%) average. The areas of greatest disparity are that Havant has considerably less people employed in the 'associate professional & technical' occupations (9.6%) compared to the SE (15.8%) and GB (14.8%) averages. This is made up by a much higher percentage of people employed within the 'process plant & machine operatives' occupation in Havant (11.4%) than the SE (5.0%) and GB (6.8%) average, reflecting a stronger emphasis on manufacturing jobs. This probably explains why the gross weekly pay for full-time workers in Havant (£464.0) is less than the SE (£536.6) and GB (£491.0) averages. In relation to this, Havant also suffers from lower educational qualifications with only 26.5% of the population being qualified to NVQ4

level and above, compared to the SE (31.5%) and GB (29.0%) averages. This is the 47th lowest out of the 67 local authorities in the SE.

The health indicators do not show a good picture with 8.5% of people within Havant defined as being in the “not good health” category, compared to an average of 7.1% for the SE (although the figure for England is higher at 9.0%) (ONS, 2004a). The comparative figures for having a limiting long-term illness are more marked for HBC with 18.3% of people described as within this category, compared to 15.5% in the SE and 17.9% within England (ONS, 2004c). Therefore, there are clear health issues within the Borough.

Turning to some social issues, 7.2% of households are defined as lone parent households with dependent children, which is higher than both the SE average (5.8%), and the average for England (7.1%) (ONS, 2004b). The divorce rate is also considerably higher in HBC (7.6%) than both the SE (6.6%) and England (6.6%) as a percentage of all people (ONS, 2004d). These figures suggest home life that is not as stable.

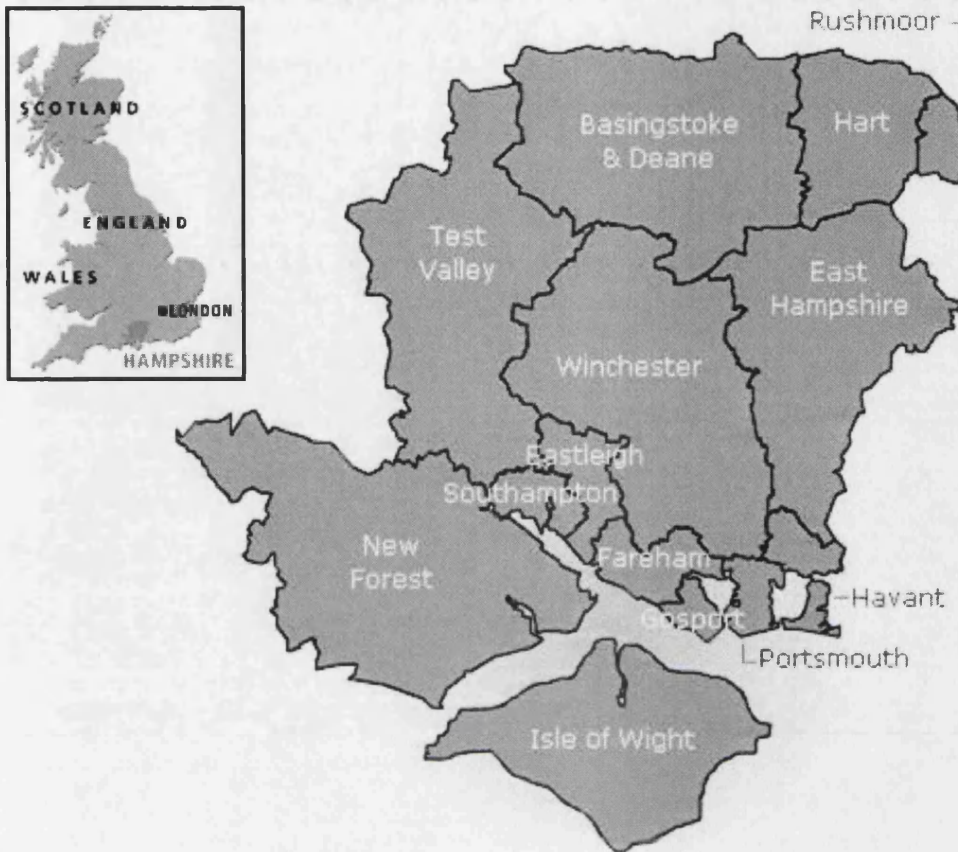
Looking more specifically at the planning context, the development plan at the time of the research consisted of a strategic plan and a series of documents comprising the local plan. The strategic plan was the South Hampshire Structure Plan: First Alteration, 1987 which was replaced by the Hampshire County Structure Plan, 1993, which in turn was replaced by the Hampshire County Structure Plan Review (1996-2011). The local plan started with the Havant Borough Local Plan, which was adopted in June 1994, but had begun with a Consultation Draft Plan in 1988. The Plan covered the Borough except for the town centres of Havant, Waterlooville, and Emsworth, which had separate local plans. These were the Waterlooville Town Centre Action Area Local Plan, adopted in January 1995; the Emsworth Town Centre District Plan, adopted in June 1983; and the Havant Town Centre Action Area Plan, adopted in November 1980. These have all since been superseded by the new Havant Borough District-Wide Local Plan, which was adopted in September 2005 and covered the whole Borough.

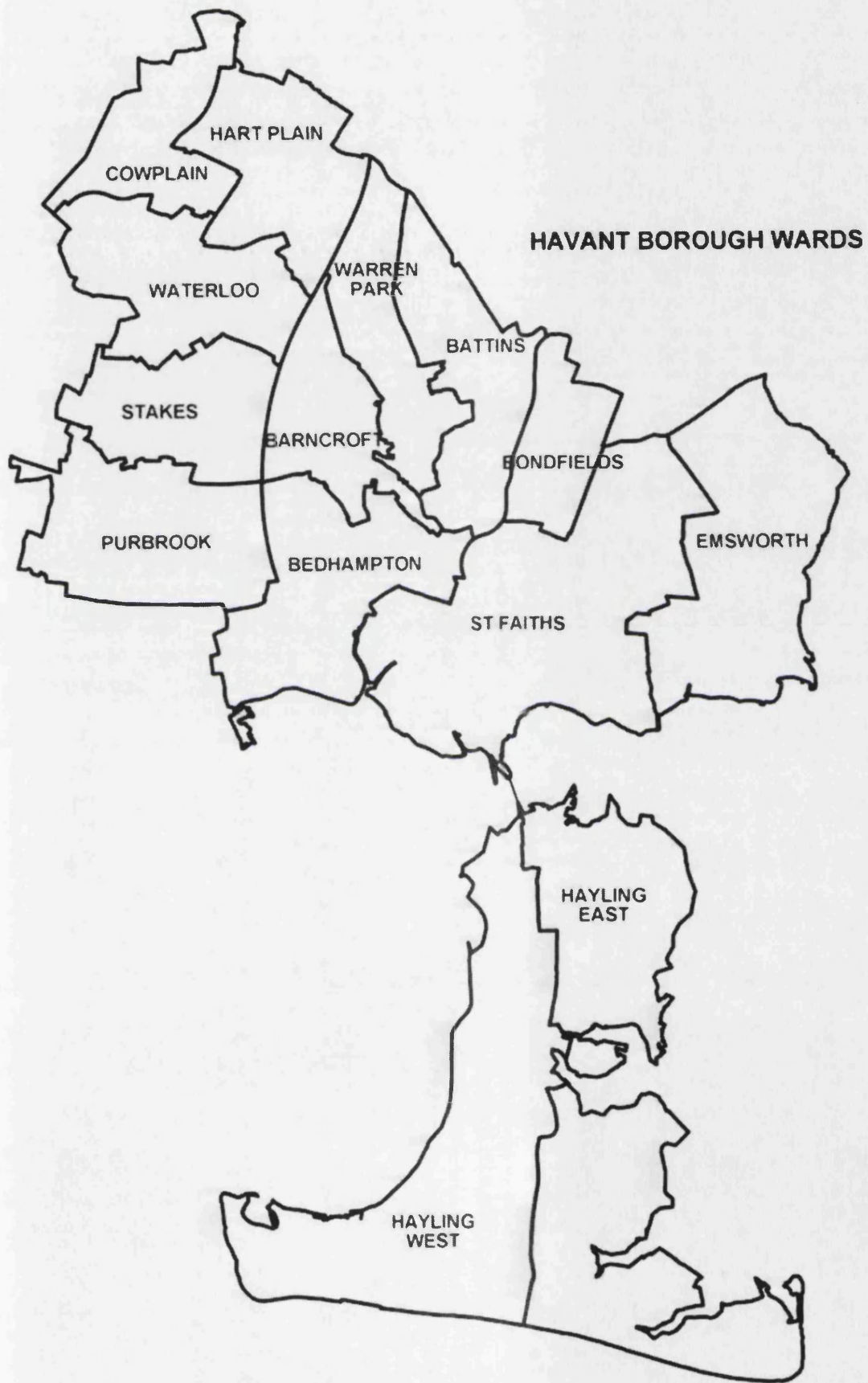
To better understand the types of planning applications HBC was dealing with, we can look at some comparative figures to place HBC within the context of the other 11

Hampshire local authorities (excluding the 2 unitary authorities of Portsmouth and Southampton as they would skew the comparison). The statistics (DCLG, 2005) show that HBC decided 35 major planning applications in 2004/05 (this year was chosen as it related best to when most of the field work was carried out), 238 minor applications, and 970 'other' decisions. Within the 11 local authorities of Hampshire, this was the 2nd lowest number of major applications, the 3rd lowest number of minor applications, and the 3rd lowest number of 'other' decisions. This is in-keeping with HBC being a relatively small Borough Council. In terms of speed of making decision, 49% of majors were decided within 13 weeks, 61% of minors within 8 weeks, and 80% of 'others' within the 8 week statutory target. This was the 3rd slowest for major applications, the 3rd slowest for minor applications, and joint last for 'others'. In terms of types of applications submitted, HBC had the highest percentage of all applications that were classified as 'householder' within the 11 Hampshire authorities. It had the 4th highest percentage of all applications classified as 'general industry, storage, warehousing' (information was only available for 10 of the Hampshire authorities), it ranked 8th for the percentage of all applications classified as 'offices, research and devt., light industry' and 9th of the 11 authorities for applications categorised as 'dwellings' compared to the overall percentage. This shows that HBC had more householder and general industrial applications than average but less offices and new housing schemes.

Taking all the factors together shows that there are clear socio-economic issues within Havant that the Council could be dealing with and while it may be comparable in many statistical categories to the averages for GB or England it also is worse in some categories and has clear challenges as an authority within the relatively prosperous SE. In particular, many of the problems are spatially concentrated within Leigh Park, a large post war housing estate that has a considerable number of wards with social deprivation (Leigh Park is largely covered by the wards of Barncroft, Battins, Bondfields, and Warren Park in map 2 below).

Map 1: Local authorities in Hampshire





Map 2: Ward boundaries at HBC

6.2 Creating the research database

As I had decided that researching in as much detail as possible would add most to the existing field of research, it was clear that the database needed to cover as long a period as possible since New Labour had been in Government to give the best chance for any changes to be found. I had started my field work around the middle of 2003 and so it was possible to collect six full years of data from when New Labour came to power on 2nd May 1997 up to 1st May 2003. This six-year period of New Labour also worked well by allowing a good comparison to be made with the last six years of the Conservative Government (2nd May 1991 to 1st May 1997). It is accepted that as the new s.106 (introduced by the 1991 Act) did not take effect until 25th October 1991, the first six months of the statistics for the Conservatives are not on a strictly comparable basis. However, the only way to nullify this would be to delete the year and reduce it to a five year comparison for each but it was considered 'losing' a year of statistics under New Labour would be a greater loss.

With this in mind, it was considered that it was best to create the database using the dates that applications were registered within these annual dates of 2nd May to 1st May for each year. The other option would have been to use the decision date of the planning permission but it was considered that this would be less useful as many applications, especially in the early 1990s, took months (sometimes even years) to negotiate. This time lag would distort the results, as applications being negotiated under the Conservative Government would show up in the New Labour results. In reality, an application and any associated obligation would be negotiated under the position that was current at the time of submission and would better reflect the position in place at that time.

Healey *et al.* (1995) point out that the data they recorded was incomplete as systematic records were rarely kept and the data should therefore be treated with caution. Likewise, much of this research originally relied on the use of a database that the Council had paid a student to develop and work on over the holidays. There was a risk that relying on this information may result in inaccurate findings, although the benefit of being able to use it meant the task of compiling the data over twelve years to the level required, was possible. There were two main areas where inaccuracy could have

resulted. The first revolved around whether entire obligations were missing from the spreadsheet as obligations may have been signed but not recorded and the second area was the accuracy of what was recorded itself, as understanding clauses within an obligation is not straightforward. It was decided to assess these issues in reverse order as if the spreadsheet had not recorded the information accurately in the first place then there was little point in worrying about whether whole obligations were missing as the spreadsheet could not be relied on.

The Council had a ledger listing all legal agreements that the Council had signed (not just planning obligations under s.106) in the 'strong room' and due to the legal status it had it was considered it would be the most accurate source. By cross-referencing the ledger with the spreadsheet would check one against the other.

There were two hundred and twenty seven obligations signed in the legal ledger under s.106 of the T&CPA. It was decided to ensure a sample of no less than ten percent was checked, which would have involved twenty-three obligations. However, there was a risk that some of the obligations may not have been available when I visited the strong room (e.g. being used by other officers) and so I considered it would be prudent to check several additional obligations. In addition, there was also the risk that as I was choosing the obligations randomly, I may happen to pick twenty-three straightforward obligations (i.e. single clause obligations) which were not as likely to be recorded inaccurately as they would be fairly simple for the student to understand. Therefore, I decided to pick two obligations that I knew from personal experience had multiple clauses plus an additional random obligation.

This gave twenty-six obligations and of this, twenty-two were recorded completely accurately (eighty five percent accuracy rate). The twenty-six obligations contained sixty clauses between them, and of these, seven clauses had been missed off the spreadsheet (giving an eighty eight percent accuracy rate). Looking at the missing clauses, it appears most of these had some overlap with other clauses so the distinction may not have been clear i.e. two clauses related to different highway requirements were only recorded as one. However, it was considered that an almost ninety percent accuracy rate meant the spreadsheet was suitable for using as the basis for the database. Further checking of the database would be ongoing, as I would have to look up many

obligations during my fieldwork to clarify clauses or to examine cases that are more interesting.

This meant that as the obligations recorded were sufficiently accurate, it was worth continuing to check whether whole obligations were missing from the spreadsheet. By comparing the ledger with the spreadsheet, I was able to find that there were one hundred and sixty five obligations in the ledger of relevance within my research period and of these, only four were missing from the spreadsheet, which meant it was almost ninety eight percent accurate. It was very surprising to note that conversely there was one obligation missing from the ledger that was on the spreadsheet. Nevertheless, I was able to add the obligations from the spreadsheet and the ledger to my database to give confidence that the database now contained all obligations signed by HBC in this period (one hundred and sixty six at this stage).

Attention now turned to focusing on construction of the research database itself by using the spreadsheet for the base information. It will have been noted from above that the number of obligations reduced from two hundred and twenty seven to one hundred and sixty six by removing those not contained within the research period, those superseded, where applications had been withdrawn or not preceded with, and several cases where unilateral undertakings had been served on the Council (so they would have been registered and legally engrossed) but the accompanying planning applications were refused and any appeal dismissed. Further refinement of the number of obligations was required before the database could be finished.

Working on the spreadsheet to check the number of obligations recorded from the ledger had quickly brought up an issue of what exactly the spreadsheet was recording. It was apparent that some of the applications did not have a signed bilateral or unilateral agreement number recorded against them but instead had a payment recorded towards the Council's green transport scheme. These payments are called Green Transport Contributions (GTC) and as they were relatively small amounts of money, it had been decided by the Council that it was not cost-effective to ask an applicant to sign an obligation (the cost of instructing a solicitor was often more than the contribution) and so they often paid money instead. It was considered that these payments should be included in the analysis as an applicant was offered the choice of paying cash (in reality

usually a cheque but occasionally actual money) or signing a unilateral agreement when there was only a GTC required. While some paid cash, others still chose to use the unilateral undertaking, (usually because the cash was required up-front whereas the obligation was 'triggered' at the commencement of development stage which could be several years away). In addition, where the application involved more than a GTC, the applicant was not offered the option of paying cash, as an obligation would be required anyway. Excluding the cash alternative GTC would skew the results as it would not give a complete picture with some GTC requirements being included and others excluded. There was sufficient confidence that all GTC payments were included as the cheques were receipted when received on one system and logged onto another before being cashed and the two systems cross-referenced by the Finance Department in the annual audit.

Taking the one hundred and sixty six obligations previously mentioned, we can add on a further six obligations that had been signed since the spreadsheet had last been updated, the eighteen GTC cash alternative payments, plus eight obligations in the ledger had been entered onto the spreadsheet twice because the obligation had been signed in relation to two different planning applications. This was usually either because the sites were adjacent to each other and so were replicating the obligation but subject to two separate planning applications as they were separate planning units, or because the same developer put in two similar applications (to appeal one if the other was taking too long) or for alternative schemes. Therefore, although there was only one obligation, it had to be counted twice as in some cases both permissions could be implemented or if only one could be implemented, it was not known which one would be, so both were counted to cover both eventualities. There were a further six applications where the Development Control Committee had resolved to grant planning permission, subject to an obligation but the decision notice had not yet been issued. In each of these cases negotiations were ongoing and the decision notice was considered likely to be issued, and so it was decided to include these in the database as well, as they had been submitted within the research timeframe. Lastly, there was one unilateral undertaking served on the Council where the application was still under discussion (but likely to get permission) and so had not been entered into the ledger yet and it was included. This gives two hundred and five obligations on the research database (although it is accepted

it is technically two hundred and five applications with attached obligations due to the duplication of some obligations).

6.3 Content and purpose of the database

The spreadsheet compiled by the student had listed the following details for each obligation:

- a) Application number
- b) Address of the site
- c) Number of the obligation in the legal ledger
- d) Date the obligation was signed
- e) Description of proposed development
- f) Whether work had commenced to implement the permission
- g) A basic coding of the type of clause (8 codes)
- h) A more detailed description of the clause (over 100 descriptions)
- i) Notes on the clause
- j) A list of financial contributions
- k) A comments box stating progress on the discharge of the obligation
- l) Whether the obligation had been met or was still outstanding
- m) Date it was complied with

Some of this information was useful for the research, but other parts were not and so I set about designing a database that used the relevant information but also looked to see what else was needed. It was considered that columns (a)-(e) and (j) would be useful but that the other columns were either not particularly relevant and should be deleted (f, k, l, and m) or they would be useful, but needed to be re-evaluated first (g, h, and i).

The reason for assessing these last three columns again was that the description for column (g) was too general while column (h) was too complex and recorded the aim of the obligation, while column (i) stated exactly what the clause was seeking to achieve. I was seeking to ensure that my research recorded the aim of the obligation with particular ability to draw out any obligations that were used for social aims. This was a difficult area as previous researchers had struggled to classify the purpose behind

obligations. Healey *et al.* (1995) wrote one of the most comprehensive accounts about the practice of using obligations and they noted that other researchers had tried different ways to classify obligations with some simply classifying whether they were positive or negative in tone, what the relationship was between the obligation and the development site i.e. on-site or off-site, by the policy objective, or the form of the obligation. However, they rejected these as too difficult to allow comparison across authorities as they would vary too much depending on local policies and conditions.

Instead, they chose to first divide the obligations into either negative obligations that restricted the rights of the developer or positive obligations that require further action to be taken. They also categorised each clause contained in the obligation which gave much more information than most research of the time. They further divided the negative and positive obligations into four and eight categories respectively. The negative categories were:

- (i) Development control administration
- (ii) Controlling development
- (iii) Control after development
- (iv) Modification

The categories for the positive clauses contained within the obligations were:

- (i) Highways obligations
- (ii) Sewerage and drainage
- (iii) Landscaping, open space, footpaths
- (iv) Parking
- (v) Community facilities
- (vi) Conservation
- (vii) Social policy
- (viii) Other

The categories will be explored in more detail later but for present purposes the main issue is to assess the categories of interest to helping define social purposes within the planning system. The only overtly clear categories of relevance are the fifth and

seventh categories of the positive classification and so we need to explore further the clauses that Healey *et al.* (1995) included within these two categories.

The fifth category (community facilities) included community services, sport and recreational facilities and some examples were given where the developer had to provide sites for the facilities at nominal cost and contribute a quarter of the construction costs of the facilities themselves. This included new community buildings, schools, and playing fields.

The seventh category (social policy) included child-care, employment training and housing obligations with a social policy intention. Cases were given where attempts had been made to achieve child-care facilities on a retail development scheme and contributions towards a child-care trust. These had been rejected by the developers, and not insisted on by the local authority, illustrating the consideration that these were 'grey' areas of policy. However, other cases were given where child-care facilities were provided and one case in Harlow set out how the local authority also managed to secure a small shop, management training centre and a cash point to provide services for staff on an industrial estate. It was argued that the industrial estate was relying on untrained staff that needed access to basic services to attract them to work there in the first place so although the obligations have a social aspect, they also had a considerable benefit to the employer as well. Another problem highlighted by Healey *et al.* (1995) was that Harlow also managed to get developers to make financial payments towards out-of-school child-care, provide crèches, to use local subcontractors, and to hire labourers from the Harlow Job Centre but all by voluntary agreement and not by a planning obligation. Therefore, more was achieved in terms of social provision than showed up in the statistics analysing obligations but there is no clear and systematic way of recording this.

It was argued earlier (see chapter 2) that there has been little academic debate about what should, and should not, be the remit of social issues within the planning system and that the only guiding maxim was the aim of the obligation and whether it was primarily seeking a social aim, rather than an economic or environmental one. The approach and categorisation used by Healey *et al.* (1995) is sympathetic to this approach and so this research chose to adopt the framework developed by them for the

basis of this thesis. It was accepted that this contained a slight drawback as I believed that the provision of play equipment within positive category 3 (P3) would have been better located in positive category 5 (P5) as it arguably has a social benefit for the community in tackling health issues, but this could not be changed. Using the categories to allow the comparisons to be made outweighed the slight disadvantage as comparisons could then be made with other research to see how trends had changed over the years. Therefore, I adopted the categories developed by Healey *et al.* (1995) with the four negative categories and eight positive categories.

However, I wanted more information than the twelve categories they had used as the whole focus of my research was to provide as much in-depth information as possible. Therefore, I decided to subdivide the categories down further so there was a total of thirty-seven categories, rather than twelve, but the original twelve categories remained so the narrower categories could be collapsed back to the twelve for any comparative purposes, where relevant.

I also wanted to contrast each year of the research periods with other years, so it was important to ensure that each obligation could be assigned to the correct year and so I added a column for the date every application had been registered. In addition, I wanted to be able to compare and contrast how the use of obligations was changing and whether they were being used more for one type of development in comparison to others. This meant adding a column to register the class of development type, using the then eighteen Government classes of development.⁴²

This gave the following list of categories on my database for every application (where appropriate, an explanation has been provided in brackets and for columns H-AR clarification has been given as to which of the positive and negative categories used by Healey *et al.*, 1995 applied):

- A) Registration date
- B) App. Number (reference number of planning application)
- C) Site address

⁴² In 2008 the DCLG added more classes as they split major applications into large-scale majors and small-scale majors

- D) Obligation Number (to compare with legal ledger)
- E) Obligation signed date
- F) Development (description of proposed development)
- G) Cls (Class of development using Government classification)
- H) REV (N1 – revocation/ limitation of previous planning permission)
- I) RET (N1 – retain/ demolish/ cease use of existing building or access)
- J) DWE (N1 – limit number of dwellings)
- K) Rout (N2 – lorry routing during construction and after)
- L) SIG (N2 – signage to be agreed for traffic)
- M) Phas (N2 – phasing of development & timing of occupation)
- N) RoU (N3 – restriction of use i.e. by use class or occupancy, including age and/or seasonal restrictions)
- O) RoA (N3 – restriction of activity i.e. opening times, number of visitors, removal of p.d. rights, no development in specified area etc.)
- P) NC (N3 – nature conservation i.e. protection of existing)
- Q) Scre (N3 – screening to hide development, including fences, hoardings, sound attenuation i.e. resolving negative impact of development)
- R) Main (N3 – maintenance of public open space and/or landscaping once)
- S) MOD (N4 – modification of previous obligation or agreement)
- T) GTC (P1 – payment of Green Transport Contribution)
- U) HGpr (P1 – provision of highways infrastructure, including on-site and off-site works, granting public right of way etc.)
- V) HG£ (P1 – financial contribution towards highways infrastructure)
- W) Sewr (P2 – provision of any sewerage and/or drainage facilities)
- X) OSpr (P3 – provision of public open space)
- Y) OS£ (P3 – financial contribution towards public open space)
- Z) PEpr (P3 – provision of play equipment)
- AA) PE£ (P3 – financial contribution towards play equipment)
- AB) LNpr (P3 – provision of landscaping)
- AC) LN£ (P3 – financial contribution towards landscaping)
- AD) F/Cpr (P3 – provision of a public footpath or cycleway)
- AE) F/C£ (P3 – financial contribution towards a public footpath or cycleway)
- AF) Park (P4 – provision of car, lorry or cycle parking)
- AG) CMpr (P5 – provision of community, sport and/or recreational facilities)

| | | |
|-----|---|---|
| AH) | CM£ | (P5 – financial contribution towards community, sport and/or recreational facilities) |
| AI) | PApr | (P5 – provision of public art) |
| AJ) | PA£ | (P5 – financial contribution towards public art) |
| AK) | LT | (P6 – transfer of land for nature conservation) |
| AL) | Cons | (P6 – works to repair or improve land and/or buildings for conservation purposes) |
| AM) | AHpr | (P7 – provision of affordable housing) |
| AN) | AH£ | (P7 – financial contribution towards affordable housing) |
| AO) | cctv£ | (P7 – financial contribution towards provision of CCTV) |
| AP) | BE£ | (P7 – financial contribution for business, enterprise, or training) |
| AQ) | Crc£ | (P7 – financial contribution towards provision of a crèche) |
| AR) | Oth | (P8 – any other positive obligation) |
| AS) | financial benefit (sum achieved where listed in obligation) | |
| AT) | other (any other comments on the obligation) | |
| AU) | notes (anything of interest regarding the case in general) | |

The columns (H)-(AR) fall within the four negative and eight positive classifications used by Healey *et al.* (1995) and are denoted N1 for negative category 1, P1 for positive category 1 and so on. The categories they used are (see pages 124 – 146 of their book for further explanation):

Negative obligations:

1. Development control administration - seeking to adjust or limit existing permissions.
2. Controlling development - especially to restrict impact during the construction phase and when or how things will be built.
3. Control after development - to control the use of land or development after completion by restricting use and users, ensuring adequate management and maintenance of the site and to ensure things promised materialised and remained (i.e. low cost housing remained as such)
4. Modification – changes to previous obligations (or agreements preceding s.106).

Positive obligations:

1. Highways obligations – to cover vehicular and pedestrian access to the site, on-site highway works, access and off-site works.
2. Sewerage and drainage – decreasing as most developers now negotiate directly with the water company but still used, primarily on greenfield sites.
3. Landscaping, open space, footpaths – includes cycleways, play areas, riverside walks and other areas of recreational and environmental amenities.
4. Parking – can cover on-site, off-site provision or a financial payment in lieu of provision.
5. Community facilities – includes community services, sport and recreational facilities.
6. Conservation – includes building and nature conservation and archaeological matters.
7. Social policy – includes child care, employment training and housing obligations with a social policy intention
8. Other – any other obligation that could not be placed in the other categories.

It is easy to see that there is considerable scope for confusion, even within these wider categories. For example, recreational facilities could easily fall within P3 or P5 and care needs to be taken to look at the aim of the category i.e. P3 is primarily interested in recreational facilities for their amenity value while P5 is interested in recreational facilities as something for people to physically do in terms of provision of equipment. P7 is also easy to misinterpret as N3 seeks to ensure retention of low cost housing while P7 seeks to ensure provision of affordable housing. One is the negative side of retaining what has been positively required. There is no way round the fact that there is scope for miscategorising clauses but within this research considerable care was taken to consider the aim of the clause and many obligations were checked when clarity was required.

It is considered that the research database is sufficient to clearly show how trends have, or have not, changed across the last six years of the Conservative Government and the first six years of New Labour. It will also allow in-depth analysis of exactly what obligations are trying to achieve by looking at the aims behind the obligation. The fact that the categories can be collapsed back down means that it is possible to compare

results with that found in the research carried out by Healey *et al.* (1995) which is arguably the most comprehensive research into the use of obligations in the second half of the nineteen eighties. This research will allow direct contrasts to be made to see if there are any trends or changes, although it must be remembered that it is very difficult to contrast databases constructed by different researchers as they will inevitably categorise differently but it is still considered that there will be some value to this.

6.4 Proposed qualitative analysis

It was explained (see section 1.4) that once the quantitative results have been found, it is important for a researcher to then investigate *why* the results were found and in so doing to draw the conclusions from this regarding the theories that underlined the hypotheses being investigated in the first instance. This hypothetico-deductivist approach takes the 'hypothesis-relevant facts' and prior theory generated by the literature review and quantitative analysis and seeks to 'test' the theoretical facts by qualitative interviews to see if the hypothesis can objectively be supported or refuted (Wengraf, 2001). As a result, it was decided to carry out a series of interviews with the planning officers responsible for negotiating the obligations across the research period.

Interviewing is 'a conversation with a purpose' to give an authentic insight into someone's experiences and is useful for explaining processes, changing conditions, understanding organisations, circumstances, meanings and identities (Cloke *et al.*, (2004). Therefore, the interviews were seeking to clarify some of the theoretical ideas around the purpose of obligations and to also better understand the pressures the case study authority was under to see if that could influence the findings.

There were many practical issues to be considered in the first instance around the interview setting, any possible impact of using tape recorders, who else would be present and any implications that may have, whether others can interrupt etc. It is also important to ensure interviews have informed consent, ensure privacy, safety, that they do not exploit, and are sensitive to the interviewee's cultural difference and gender (Cloke *et al.*, 2004). Much has also been written about how it is important to think about the level of involvement, consultation and participation given to those we interview (see Hopkins, 2007) and we need to especially think about questions of

authority, communication and representation as our own position can influence knowledge production (Cloke, 2005; Rose, 1997).

Informed consent was gained from those interviewed by explaining how the interview would take place, what the purpose of the research was (broadly speaking), that the interviews would be anonymous (although it was pointed out that as only a small number were being interviewed, people *may* be able to guess who said what). The interviews were conducted in an office where interruptions were unlikely (a sign was on the door asking for no interruptions) and a small tape recorder was used. The exception was that the officer who had since left the Council had their interview carried out at their house. All interviewees seemed happy with the process (apart from passing jokes that they were worried they may not look knowledgeable about obligations) and were interested to know the findings and what others said. There was no coercion in involving them and all seemed pleased to be asked for their views.

Problems around positionality were mentioned earlier (section 6.1) and while interviewing seeks to qualitatively tease out the deeper meaning of attributes, attitudes, and behaviour, issues of positionality can contextualise our role in co-constructing and then interpreting interview data (Cloke *et al.*, 2004). Any researcher carrying out interviews brings their personal reflection to the process (Flick, 2002) but as was mentioned earlier, it is important to ensure the researcher remains as unbiased as possible and is aware of not asking 'loaded' questions. I was particularly conscious that I had my own views on what was found in the research considering I worked at the case study authority, although it must be admitted that I was also considerably surprised by some of the findings and unsure of why that was (this will be explained further in chapter seven). It was important that I had to be clear that my personal opinions were minimised in interpreting my findings and so I set out to seek as independent a view as possible. As a result, the interviews were conducted by using a type of semi-structured interview technique that sought to clarify the interviewee's knowledge in a format that is accessible for interpretation (Flick, 2002). The purpose of the interviews was to draw out not just the explicit knowledge but also the implicit assumptions that the person has, and to do this several topic areas were chosen for discussion (the purpose of the planning system, the purpose and use of obligations, and the application of these at HBC). A mixture of open questions, theory-driven questions and some more

confrontational questions were used to test the interviewee's assumptions and throughout the interviews I kept my contribution to a minimum to induce narrative and to minimise my influence (Flick, 2002; Wengraf, 2001). It should be clarified that although I worked at the case study authority during the research period (I worked in Economic Development from June 2002 and only moved to become a Development Control Team Leader over a year later and therefore after the end of the research period) I was not directly involved in negotiating the obligations investigated. My concern about influencing the interviews was more due to my position within the authority at the time of the interviews.

As with most local authorities, HBC has faced several restructures over the research period, but broadly speaking the Council's management structure had remained a Managing Director, Corporate Directors, Heads of Service, Managers, Team Leaders, and then case officers. From within this, there were six qualified planners who had worked at HBC for significant periods while both the Conservatives and New Labour were in power. Therefore, I decided to interview these six people. Three of the six were case officers (although one had left HBC several years ago), one was a Team Leader (who had been the Interim Development Control Manager for a short period) and the other two had worked their way up through the development control team, one now a Corporate Director and the other the Head of Service. Therefore, there were two with a more managerial view of the process and four with a practitioner viewpoint as they were still negotiating obligations on an on-going basis.

At the time of the interviews I had returned to the authority as the Development Services Manager and there was a risk that as four of those being interviewed were answerable to me they may be somehow restricted in what they said. I do not believe this was the case and in fact believe that the familiarity actually led to more candid responses than an external interviewer would have received. However, the approach to the interviews described above where I kept my questions to the minimum to induce as much narrative as possible should also restrict any influence on the interviews, although it must be accepted that there is some risk of influence. A copy of the template used is attached in appendix 3 but it should be remembered that it was only a template.

Conclusions

It should be apparent that the research has a clear purpose of assessing whether New Labour coming to power delivered an increase in social aims being achieved for communities through analysis of clauses contained within planning obligations. The literature review in chapters two and three set out what social planning issues were, the aims of New Labour, and the concerns raised by the objectors. Chapters four and five articulated that planning obligations were the most suitable medium to use for assessing any progress on social issues within the planning system. This methodology should also have made it clear exactly how the research will be conducted and that the positionality of the researcher on the 'inside' of the case study authority has been fully considered.

It is hoped that the quantitative research will produce some clear results as to whether more social aims were achieved through obligations under New Labour as they claim, or if the detractors were correct to suggest that little had changed since the Conservatives were in power. The interviews will hopefully be able to uncover some reasons as to why the results found were as they were and it is hoped that the research will also contribute to clarifying issues still to be resolved around the use of obligations and how to achieve more social aims.

The quantitative data will therefore provide the statistics around the use of obligations and what they are being used to achieve at the case study authority and any changes in trend will be considered both between the different governments over time by looking at three year segments. The interviews will then try to explain the reasons for the findings and to clarify if some of the issues identified in the literature review are evident at the case study authority. The research findings will then be considered to see what can be extrapolated, although it must be remembered that having only one case study will restrict how much these issues can be applied in a wider context.

7 RESULTS AND COMPARISON WITH PREVIOUS RESEARCH

This chapter will start by setting out some preliminary comparisons between my research findings and previous research on background issues, such as numbers of obligations and what they are used for. This should be of wider interest for comparative purposes and also indicate whether the case study authority had similar findings to other authorities or if there were any unique circumstances at the authority.

Sections 2-4 contain an analysis of the detailed findings to understand what the obligations investigated were used for and whether they were successful in seeking social aims within the planning system. This includes comparative analysis across the six years under the last Conservative Government with the first six years under New Labour. Once the findings have been clarified, the research is keen to understand if there are any local circumstances that could explain these results and to investigate any reasons for what has been found and this will be informed by the interviews that were undertaken with some of the senior staff at the case study authority. This will lead to some final conclusions about what was found with a considered explanation of why that was found.

7.1 Preliminary quantitative findings

Obligations have not actually been as prevalent in the planning system as many would expect but quantifying this is not straightforward. Using previous research for a comparison to assess the percentage of applications with an obligation is fraught with difficulties as some research considers the percentage of all planning applications submitted that end up with an obligation while others consider the percentage in relation to all planning permissions (thereby removing all refused applications and those not yet determined). Others exclude applications for Listed Building Consent (LBC), advertisement consent, Certificates for Lawful Use and Proposed Use, and minor applications, as these applications were considered less likely to attract obligations. Therefore, considerable care needs to be taken over exactly what the figures being used are comparing.

Grimley J.R. Eve *et al.* (1992) reported that just over 0.5% of all decisions had an agreement attached while Healey *et al.* (1993) reported a slightly lower figure at 0.3% of all decisions with an obligation. They also considered what the figure would be if only considering the percentage of major, minor, and minerals permissions but found this still only raised the figure to 1.07% (this excludes LBC, applications for advertisement consent, CLUEs, and minor application refusals). Campbell *et al.* (2001) carried out research in 1998 and found that obligations were attached to 1.5% of planning permissions. Evans & Bate (2000) uncovered less than 1% of planning permissions with an obligation attached, while the more recent research by Walker & Smith (2002) found the figure had risen to 2% of decisions with an obligation attached.

At the case study authority, the number of planning applications received increased consistently over the research period, reflecting the ongoing prosperity in the south east at the time (see figure 1 below).

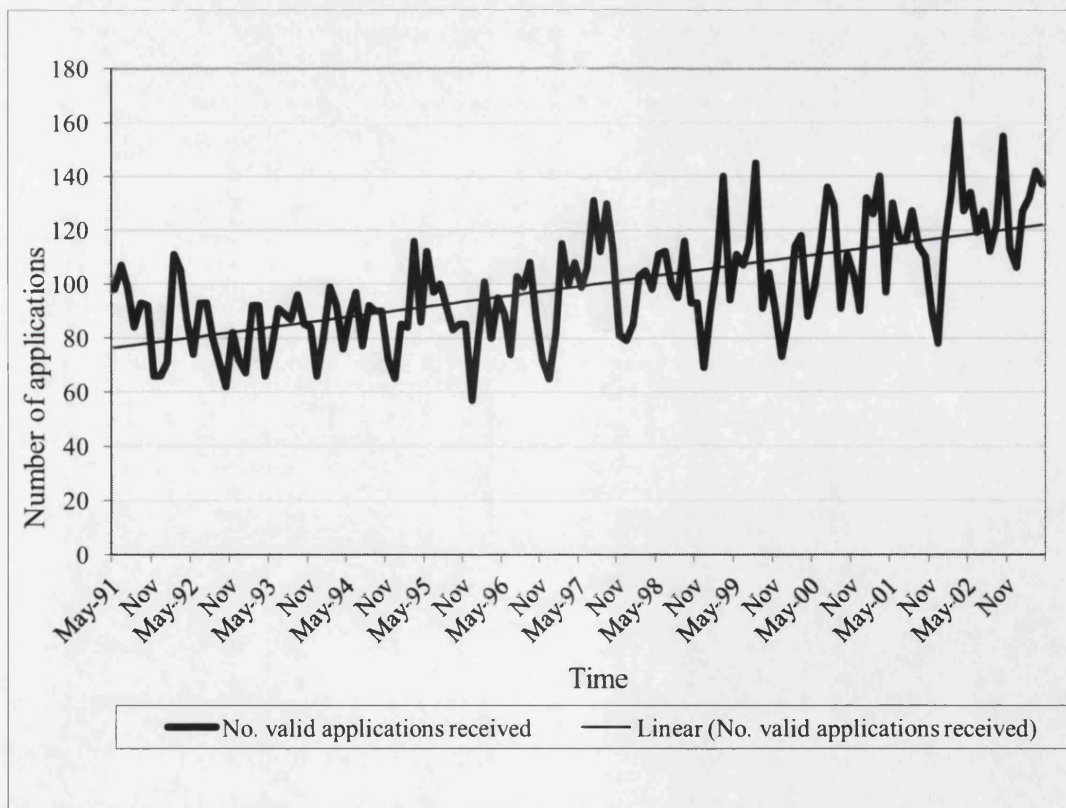


Figure 1: Applications received during research period

Therefore, it was more important to look at the number of obligations entered into as a percentage of applications received to see whether there was a trend of an increasing use of obligations as suggested by the previous research, as any numerical increase could simply reflect the increase in applications. The database (see table 1 in appendix 2) listed obligations against the year the planning application was registered as valid and so it was relatively easy to assess the percentage of applications that ended up with an obligation attached.

It was found (see figure 2 below) that an average of 1.4% of all applications registered as valid across the research period ended up with an obligation attached. Considering this was for all applications, and not just decisions, this is a relatively high figure, and consistent with the argument that obligations are increasing in use, but still only attached to a small percentage of applications. There is a clear gradual increase over the research period, as illustrated by the trend line in figure 2.

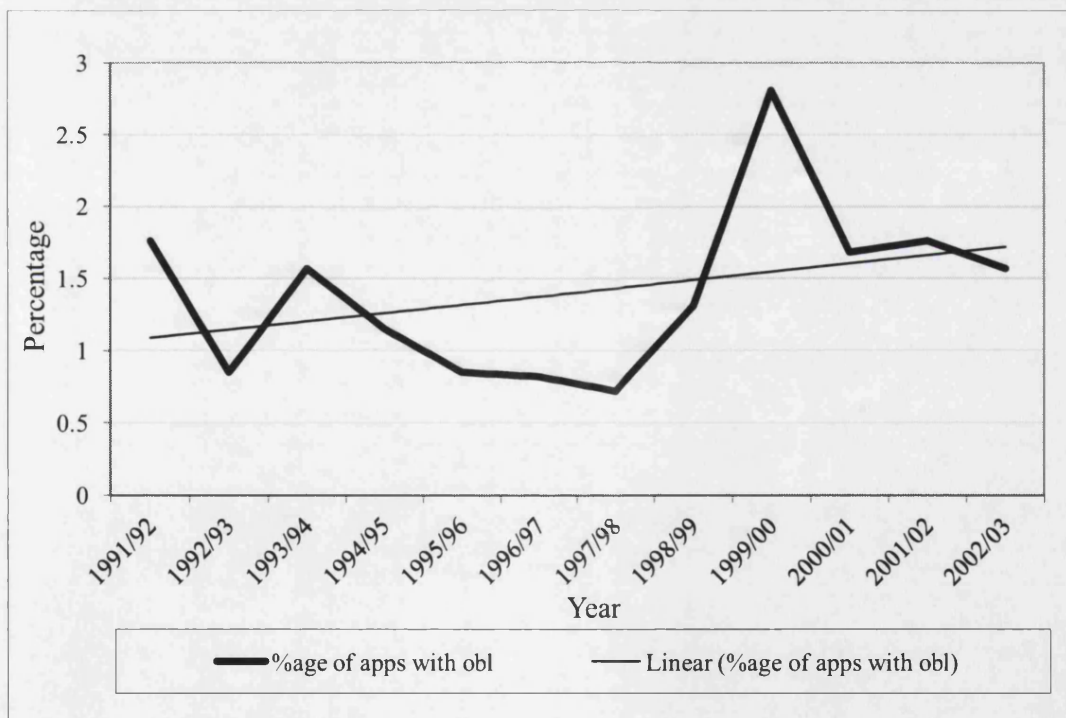


Figure 2: Percentage of applications with an obligation

The data for this average figure can be broken down further to give percentages of applications with an obligation, by development type, of 14.6%, 3.5% and 0.4% for

major, minor and other applications respectively⁴³. The comparative figures reported by Campbell *et al.* (2001) were 17.6%, 1.7% and 0.7% for major, minor and other developments respectively. The case study findings at HBC would be expected to be slightly lower in comparison as they are reporting a percentage of applications with an obligation, not decisions, so it is surprising that the figure for minor applications is over twice the size and this will be explored further. However, before doing that it should be noted that while the number of obligations is increasing over time, despite considerable fluctuation over the research period, there is a considerable spike at the end of the nineties that will also need to be investigated further and this is considered later.

Looking at figure 3 (below), it is clear an increase has taken place across all types of development both in terms of number of obligations and number of clauses but it is particularly interesting to note how much the minor category has grown since New Labour came to power, in comparison to the other two.

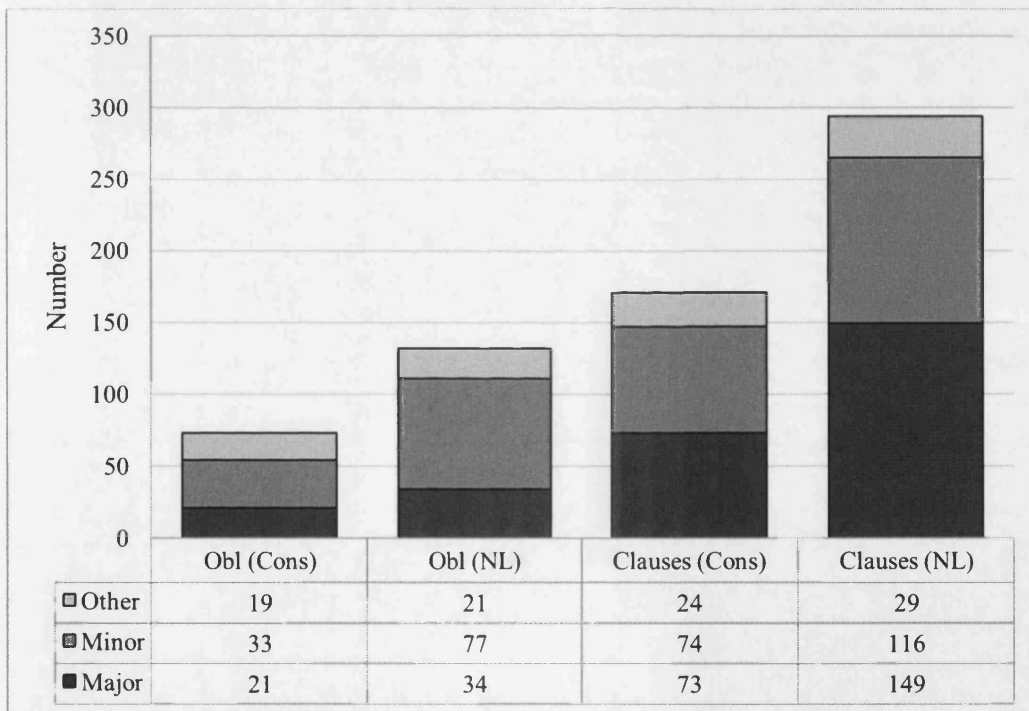


Figure 3: Number of obligations & clauses by party & type of development

⁴³ The major category covers applications coded 01-05, minor applications are coded 06-10, and others are those coded in categories 11-18. Table 2 in appendix 2 sets out the codes as classified by the Government.

It is evident that in addition to the increase in volume of obligations for development falling within the minor category there is a significant increase in the number of clauses being used in the major and minor categories, which would suggest an increasing use and complexity in obligations and not just an increase in volume. The only way to be clear whether these increases are just a reflection of the increase in quantity of planning applications is to look at the number of obligations as a percentage of applications within each development type, as this will nullify the increase in volume of applications. This is set out in figure 4 below.

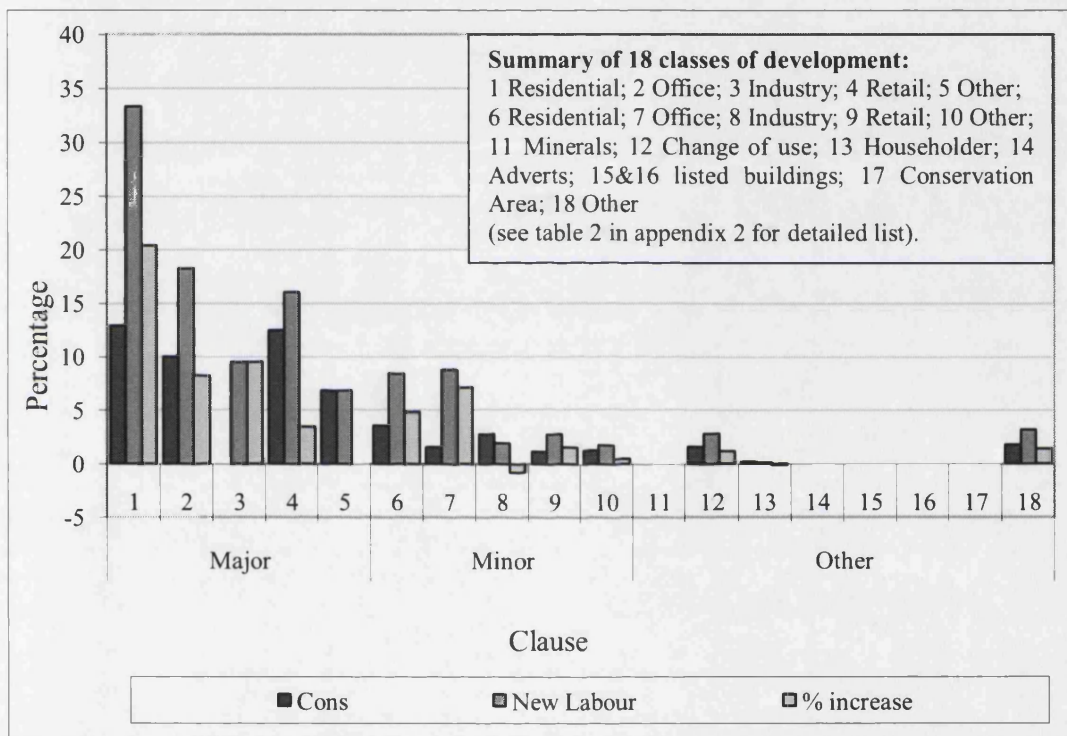


Figure 4: Percentage of applications with an obligation by class⁴⁴ and party

It is clear that a considerable percentage of major applications have an obligation attached to them and minor applications to a lesser extent. However, the percentage with an obligation is steadily increasing under New Labour in eight out of the ten major and minor categories, suggesting the figures will continue to rise in the future. It is perhaps a little surprising that the office, R&D, and light industry categories have

⁴⁴ Table 2 in appendix 2 defines the 18 classes or categories of development with the summary box only to be used as a quick reference guide

increased by as much (class 2 and 7) in comparison to class 6 (minor residential) as residential development is normally the focus of attention when considering the whole topic of planning gain. This will be examined further later.

To put the research in context, we can look at the results found by Grimley J.R. Eve *et al.* (1992) which examined the obligations attached to major and minor applications to see what type of development was being proposed in the related planning application. It is interesting, and perhaps a little surprising, that the results are broadly similar, considering what appears to be a recent increase at HBC for obligations attached to residential applications (as illustrated by the increase in class 1 in figure 4 above).

| <i>Type of development</i> | <i>HBC</i> | <i>Grimley</i> |
|--------------------------------|------------|----------------|
| Residential | 64 | 61 |
| Retail | 8 | 8 |
| Offices/ light industry | 7 | 8 |
| Industry/ warehousing | 4 | 5 |
| Other | 18 | 18 |

Table 2: Comparative figures for percentage of all obligations attached to major and minor applications⁴⁵ only and the type of development⁴⁶ the application is related to, using my research and Grimley J.R. Eve *et al.* (1992).⁴⁷

The vast majority of obligations are therefore used for residential purposes and it is interesting to note just how similar the percentages are for each category. However, it is useful to now ‘control’ for the number of applications within each development type to see what percentage of applications for each type of development has attracted an obligation, as this considers the numbers of applications falling within each category.

⁴⁵ ‘Other’ applications are excluded, as the data contained within the Government BVPI codes is not classified by type of development as it is for the major and minor categories.

⁴⁶ The comparative data assumes that the figures used by Grimley J.R. Eve *et al.* (1992) uses ‘offices’ to include light industry and ‘industrial’ includes warehousing, as classified in the BVPI codes.

⁴⁷ Data is extracted from Appendix F of their research.

| <i>Type of development</i> | <i>HBC</i> | <i>Campbell</i> |
|--------------------------------|------------|-----------------|
| Residential | 8.1 | 7.1 |
| Retail | 3.7 | 2.7 |
| Offices/ light industry | 6.8 | 2.6 |
| Industry/ warehousing | 3.1 | 1.4 |
| Other | 2.0 | 0.7 |

Table 3: Comparative figures for percentage of major and minor applications, by type of development, with an obligation using my research and Campbell *et al.* (2001).⁴⁸

Again, the figures are comparable, apart from the much higher percentage of applications relating to offices and light industrial development that have an obligation at HBC (and industry and warehousing to a lesser extent). It is useful therefore to look further by breaking the data down into percentages for major and then minor applications to see if the difference is particularly as a result of one of the types of development.

| Type of development | <i>Major applications</i> | | <i>Minor applications</i> | |
|--------------------------------|---------------------------|-----------------|---------------------------|-----------------|
| | HBC | Campbell | HBC | Campbell |
| Residential | 21.2 | 25.8 | 6.1 | 3.5 |
| Retail | 14.3 | 18.9 | 2.0 | 1.5 |
| Offices/ light industry | 14.3 | 13.1 | 5.8 | 1.3 |
| Industry/ warehousing | 5.7 | 5.6 | 2.5 | 0.6 |
| Other | 6.8 | - | 1.6 | - |

Table 4: Comparative figures for percentage of major and minor applications, considered separately, by type of development, with an obligation using my research and Campbell *et al.* (2001).

The large increase in use of obligations in connection with applications for offices and light industrial purposes (and industry/ warehousing) is within the minor applications in

⁴⁸ The comparative figures for Campbell *et al.* (2001) assume they use 'offices' to include light industry and 'industry' to include warehousing, which is likely as the data was compiled using the DTLR codes for returns to Government. It must also be remembered that they use a percentage of permissions, whereas my research uses a percentage of valid applications.

particular and reflects that the percentage of minor applications with an obligation was higher at HBC for each type of minor development. This will need to be explored further later when analysis is carried out into the clauses used to see if there are any clauses in particular that are increasing these results as this minor category has been noticed as higher on several charts and tables now.

We can look at the data across the political six-year timeframes to assess the changing trends across time. This breaks down the information contained in Figure 3 into the class of development to give more detail. Figure 5 (below) reasserts that numerically, class 6 (minor residential applications) and class 1 (major residential applications) attracted the greatest number of obligations by volume and made up for just over half of all obligations between them. This dominance by residential development is continuing to grow under New Labour but other minor development (class 10) and changes of use (class 12) are growing in significance.

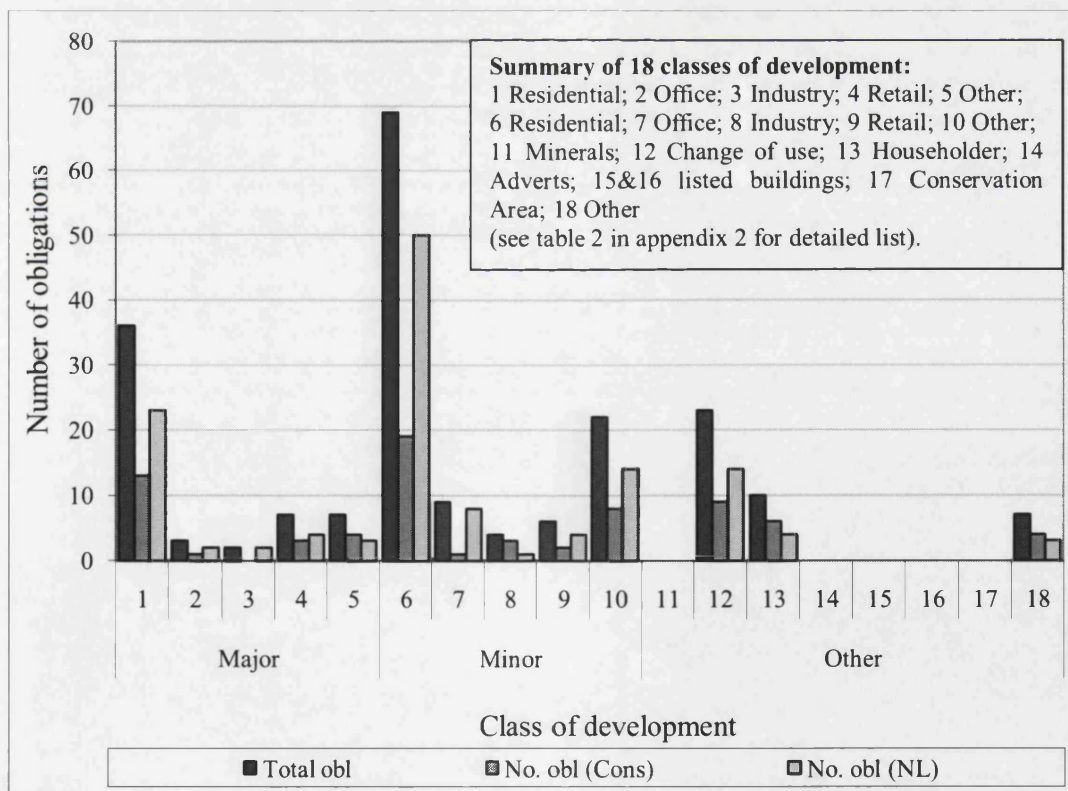


Figure 5: Number of obligations by class and party

Therefore, the vast majority of obligations are attached to residential planning permissions but as there are so many residential permissions, this is not surprising. However, even as a percentage of applications within each class of development, residential applications attracted more obligations, although the percentage within the minor offices/ light industry class was only just behind the minor residential class.

Turning now to whether there was also an increase in the complexity of obligations being negotiated, it was relatively easy to look at the number of clauses per development type for the six-year period of each party. Table 6 (below) shows that there was an increase in the number of clauses per obligation for major applications under New Labour, but there was a corresponding decrease in complexity for minor applications. Other applications showed little change.

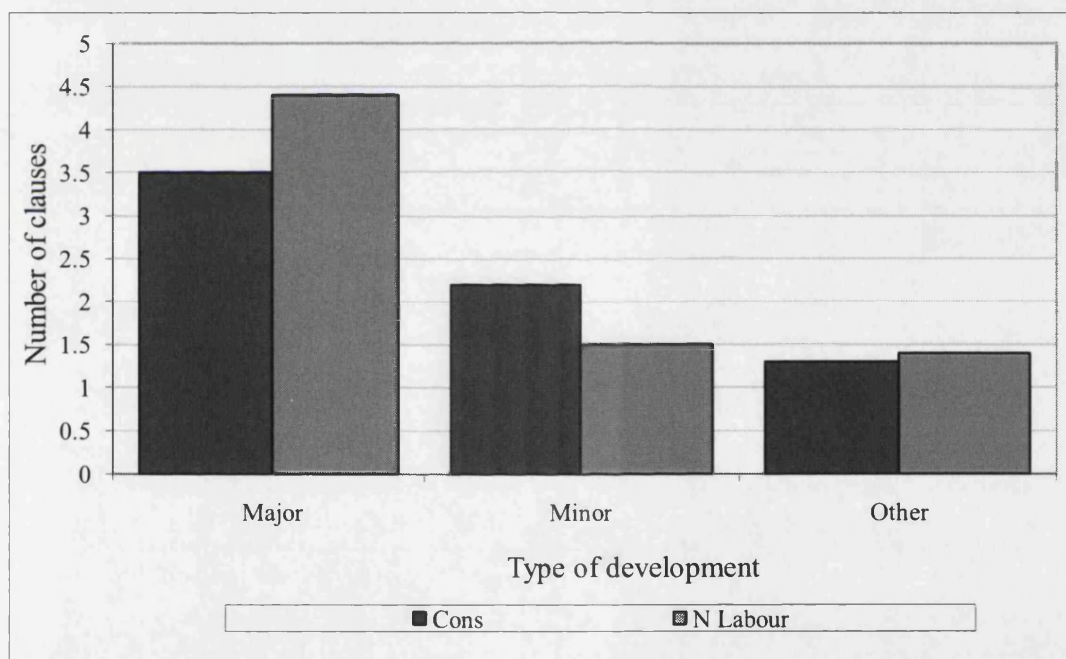


Figure 6: Average number of clauses per obligation by type of development and party

It was explained earlier (section 6.2) that the Council was seeking a GTC on many schemes and that it was often quite a small amount and so a cash alternative was often taken. The Council had introduced the GTC policy to seek finance from developers to cover the impact costs of increasing additional private trips on the transportation network. In line with the Government's desire to promote sustainable development, the

contributions were to be used to provide more opportunities for those living on, working on, or visiting the site to use alternative modes of transport to the private car. The contributions were arrived at by using a formula that links floorspace to trip generation activity and meant that most new development for several houses or minor commercial development was required to pay.

Looking at the percentage of applications with an obligation, but this time excluding those with only a GTC, shows a considerable difference (see figure 7 below)⁴⁹.

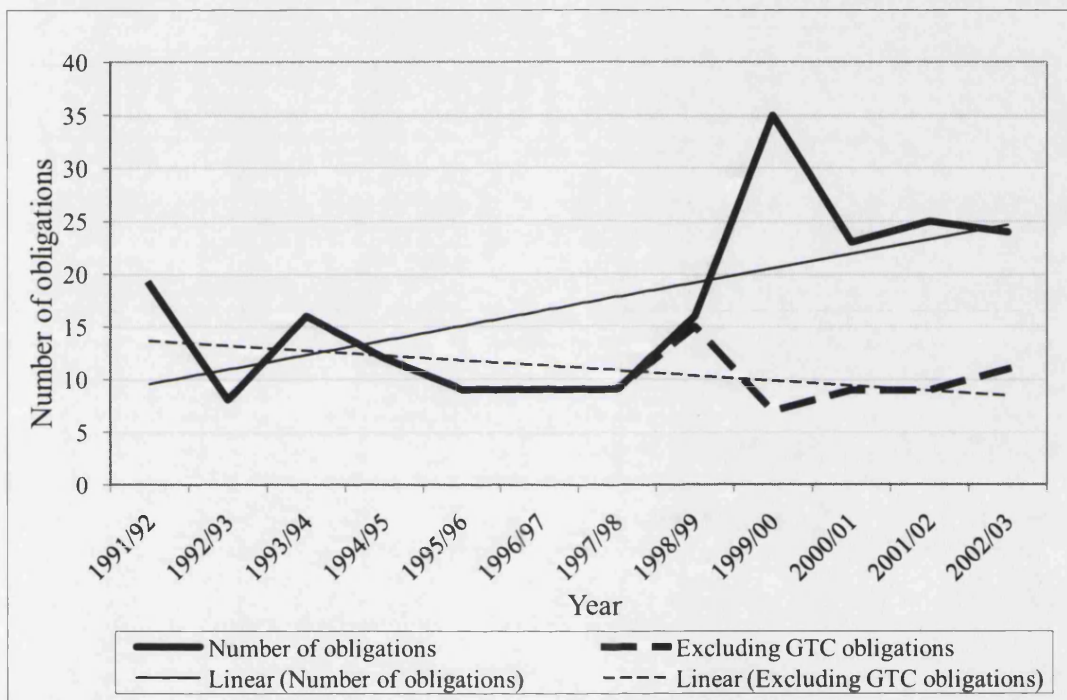


Figure 7: Obligations per year application received, with and without GTC

It is clear there was a spike in the number of obligations with GTC requirements at the end of the nineties and the trend line makes clear that obligations increased over time, but when the obligations with a GTC were excluded, the trend line is clearly decreasing. Considering the data again, but this time controlling for the increase of applications over the research period, and looking at the number of obligations as a percentage of applications (as in figure 2) but this time excluding GTC, we still see a considerable

⁴⁹ Only those obligations that contained a GTC alone were excluded as those with a GTC and another clause would have existed anyway to meet the aims of the other clause.

decrease in the percentage of applications with an obligation, other than GTC (see figure 8 below).

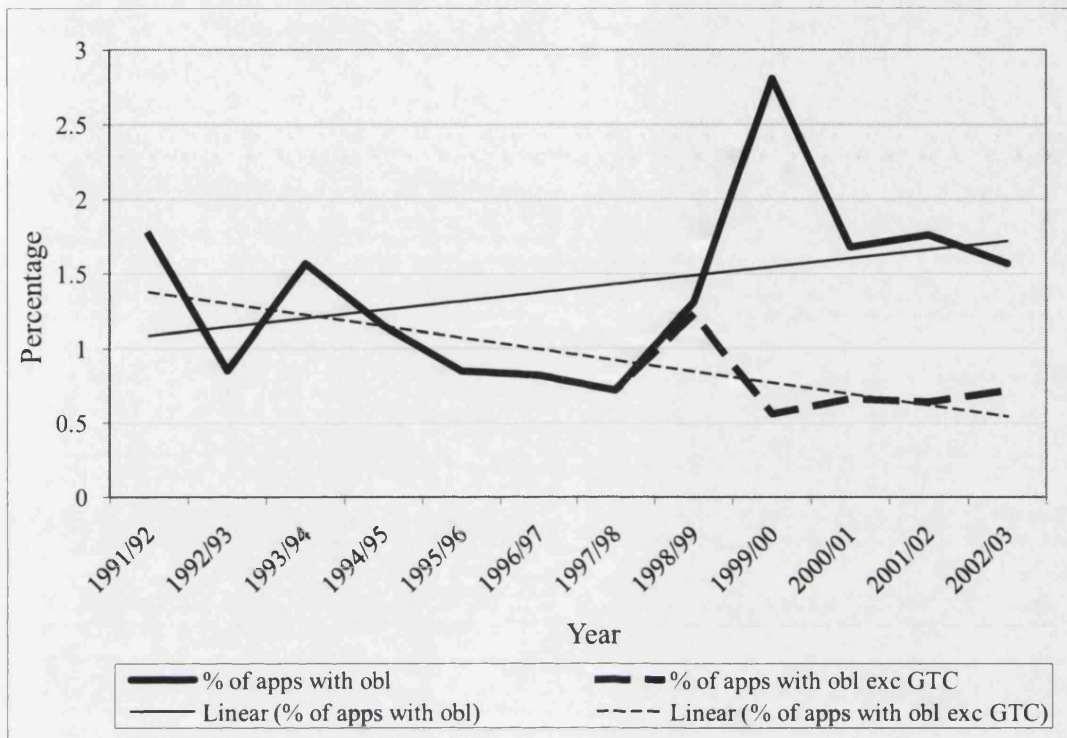


Figure 8: Percentage of applications with an obligation, with and without GTC

It was found earlier that over the whole research period, 1.44% of applications registered as valid had an obligation attached. Looking further, we find that an average of 1.17% of applications had an obligation during the six years of the Conservatives, while the contrasting figure is 1.65% of applications under New Labour; a clear increase in the overall use of obligations under New Labour. The figure remains the same for the Conservatives when excluding the GTC obligations (they were not in use then) but drops to 0.76% for the New Labour period. The research data clearly supports the findings of other researchers that obligations are on the increase but at the case study authority this appears to be mainly as a result of one type of obligation that has significantly skewed the results (further information on the figures is contained in table 3 of appendix 2). The implications of this will be considered further later.

Before leaving the preliminary analysis, there are some other points worth noting. If we look at the average number of clauses per obligation by class of development, this will

show which obligations tend to be the most complex. This has been considered across the research period (see figure 9 below) and can be contrasted with figures 4 and 5 above. It is not surprising to learn that the obligations attached to major planning applications have the most clauses per obligation. However, it is interesting, and rather surprising on first sight, to note that classes 3 and 4 (major heavy industry/ storage/ warehousing and major retail distribution respectively) have many more clauses per obligation than major residential and major office development (classes 1 and 2 respectively).

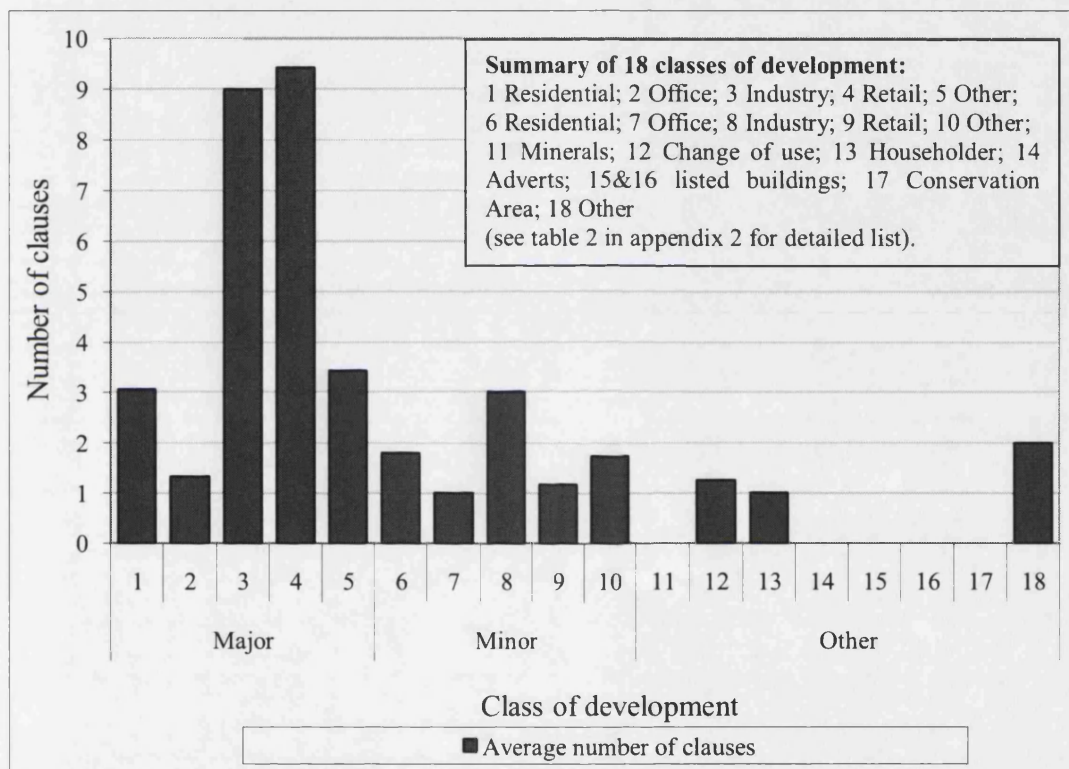


Figure 9: Average number of clauses per obligation by class of development

In conclusion to this section, the preliminary findings show that the case study authority showed many similarities with previous research in terms of obligations being used on a small percentage of all planning applications and with a considerable focus on residential development. It also reflected that the number of obligations being used was on the increase both quantitatively and as a percentage of applications.

However, it was surprising to find that while the number of clauses per obligation was increasing for major applications, it was actually decreasing for minor applications.

Looking further, it was found that this reflected the fact that there was an increasing percentage of obligations being used to collect the GTC which would often be a single clause obligation. Nonetheless, it was surprising that the use of obligations, when the GTC was excluded, decreased by so much and also that industrial obligations had so many clauses. Some answers will be found when the findings are considered in more detail.

7.2 Findings – negative and positive clauses

Attention can now move to examining what obligations have been used for as this will allow some analysis to be made regarding whether obligations have been used more, or less, to achieve social aims over the research period and therefore what the potential is for progressing social issues within the planning system. Obligations can be used for restrictive (negative) purposes to try to stop the impact of a development or to seek to achieve something in the interests of better development (positive). The research by Healey *et al.* (1993) found that 64% of obligations contained negative clauses, with residential schemes by far the main recipient, while slightly fewer obligations contained positive clauses (59%), again with the main use for residential schemes but with a significant number also relating to office projects. Research by Ennis (1996b) found a slightly higher percentage of obligations containing positive obligations at 63%.

At the case study authority, only 48% of obligations contained a negative clause. Taking the research period in three-year segments, we find that the figures are constantly dropping, as illustrated in the table below.

| Party | <i>Conservative</i> | | <i>New Labour</i> | |
|------------------|---------------------|-----------------|-------------------|-----------------|
| Year | 2/5/91 – 1/5/94 | 2/5/94 – 1/5/97 | 2/5/97 – 1/5/00 | 2/5/00 – 1/5/03 |
| Segment % | 84 | 67 | 33 | 31 |
| Party % | 77 | | 32 | |
| Overall % | 48 | | | |

Table 5: Percentage of obligations with a negative clause overall, by party (six year period), and sub-divided by three year segment.

This shows a very significant fall across the research period and a remarkable difference between the two political administrations in charge with much fewer obligations having a negative clause under New Labour. However, if we remove all of the obligations from the data analysis that are only included because of a GTC alone, then the figures look quite different (see table 6).

| Party | <i>Conservative</i> | | <i>New Labour</i> | |
|------------------|---------------------|-----------------|-------------------|-----------------|
| Year | 2/5/91 – 1/5/94 | 2/5/94 – 1/5/97 | 2/5/97 – 1/5/00 | 2/5/00 – 1/5/03 |
| Segment % | 84 | 67 | 62 | 86 |
| Party % | 77 | | 74 | |
| Overall % | 75 | | | |

Table 6: Percentage of obligations (excluding those only with a GTC) with a negative clause overall, by party and sub-divided by time segment.

The difference between the two political parties is not significantly different and so it is clear that the introduction of the GTC to achieve a financial contribution towards promoting more sustainable forms of transport has significantly affected the statistics. This suggests that the statistics will show a significant increase in the use of positive obligations over time. The percentage of obligations with a positive clause will not be the reverse percentage of those with a negative clause as many obligations will contain both positive and negative clauses. However, the percentage of obligations with a positive clause is likely to have been growing due to the increase in the use of GTC payments.

| Party | <i>Conservative</i> | | <i>New Labour</i> | |
|------------------|---------------------|-----------------|-------------------|-----------------|
| Year | 2/5/91 – 1/5/94 | 2/5/94 – 1/5/97 | 2/5/97 – 1/5/00 | 2/5/00 – 1/5/03 |
| Segment % | 42 | 47 | 82 | 83 |
| Party % | 44 | | 83 | |
| Overall % | 69 | | | |

Table 7: Percentage of obligations with a positive clause overall, by party (six year period) and sub-divided by three year segment

As expected, the figures show a considerable increase across the research period and with a marked increase under New Labour, which is likely to reflect the take up of GTC. Looking at the statistics again, but excluding those obligations that were only taken to achieve a GTC payment, shows a slightly different picture.

| Party | Conservative | | New Labour | |
|-----------|-----------------|-----------------|-----------------|-----------------|
| | 2/5/91 – 1/5/94 | 2/5/94 – 1/5/97 | 2/5/97 – 1/5/00 | 2/5/00 – 1/5/03 |
| Segment % | 42 | 47 | 66 | 59 |
| Party % | 44 | | 62 | |
| Overall % | 52 | | | |

Table 8: Percentage of obligations (excluding those only with a GTC) with a positive clause overall, by party and sub-divided by time segment.

Positive obligations are still on the rise under New Labour, although falling off in the second three-year period analysed. The use of positive obligations rose significantly under New Labour, although to a lesser extent when the GTC is excluded. However, it is a noticeable difference between the research authority when compared to the benchmark of Healey *et al.* (1993) who reported 59% of obligations with a positive clause on research undertaken almost a decade earlier. Nevertheless, the figure under New Labour for the last segment of the research (when their policies would be taking most effect) is identical to Healey *et al.* (1993) if you exclude GTC, which is clearly having a considerable effect on the statistics.

Therefore, it is important to try to quantify the impact of GTC at this stage to see what importance should be given to the GTC payments, as they are skewing the statistics considerably and it is important to know whether the obligation is of substance or is it changing the findings with little benefit actually being delivered?

Where GTC is the only requirement to be resolved through a planning obligation, applicants have a choice. As was explained previously in this research, they can either pay the financial contribution in cash before the decision is issued or they can still sign an obligation requiring the money to be paid before development commences. (The Council has a pre-prepared template for the applicant to fill in as a unilateral

undertaking to speed the process up and save the need for fees for a solicitor to draft an undertaking each time). The amount is based on a figure generated from a database within the Highways Department that links floorspace to trip generation and so if the application is in outline, without the siting to be agreed then a formula is used in the undertaking as the figure cannot be generated without the floorspace.

Taking the seventy-one obligations that only contain a clause requiring a financial contribution towards the GTC, three cannot be considered as they are attached to outline permissions where the footprint of development is not known and so they have been excluded. Of the remaining sixty-eight GTC obligations, eight were for major applications and generated £39,109; giving an average across the eight schemes of £4,889 per scheme. For the fifty-one minor application schemes, a total of £82,279 was taken towards GTC; giving an average of £1,613 per scheme. The remaining nine schemes were for 'other' development and required contributions of £11,519; giving an average of £1,280 per scheme. The overall average was a contribution of £1,955 per GTC scheme, which is significant and comparable to the 'value' of other clauses.

However, there is another side that shows that despite the average payment of just less than two thousand pounds per GTC payment, only four of the major schemes were for residential purposes and when combined they permitted eighty-five residential units, giving an average income of just £276 per unit for the Council. The minor residential applications were little better with permission granted for one hundred and twenty one units, giving an income of £375 per unit. The average figure across major and minor applications is a payment towards the GTC of only £334 per residential unit. Within the development industry, the value of residential planning permission is very high and so this is a comparatively small contribution towards something as fundamental as sustainable transport.

The last point to note on the actual obligations is that there were exactly one hundred obligations on the database before the first GTC-only obligation was taken. Of that one hundred, twenty-two had included some type of positive requirement towards highways (either a financial contribution or carrying out some highway works). In comparison, of the remaining one hundred and five obligations since the first GTC payment on the database, eighty percent had a highways requirement (including GTC), whilst only nine

percent had a highways requirement, other than GTC. Compared to the twenty-two percent before, it is clear that the GTC is 'catching' more schemes to achieve infrastructure improvements than before, although it is likely there is some overlap.

Finally, while Healey *et al.* (1995) had 253 obligations with 524 clauses, giving 2.1 clauses per obligation, the case study authority had 205 obligations with a total of 465 clauses, giving an average of 2.3 clauses per obligation. We have just looked at the percentage of obligations with a positive and negative clause but now we can consider the ratio of all clauses to each other. Healey *et al.* (1995) had a 37:63 ratio in terms of negative clauses to every positive clause. The case study authority had a similar ratio of 39:61.

To conclude this section, we can see that the case study authority has shown a considerable decrease in the overall number of obligations with a negative clause in comparison to Healey *et al.* (1995) and that the period under New Labour was pronounced. It was shown that this was directly because of the introduction of the GTC scheme and there was a corresponding increase in the percentage of obligations with a positive clause. While it needs to be recognised that the percentage of obligations with a positive clause without the GTC was similar to that found in previous research, the percentage for the case study did increase significantly under New Labour in comparison to the Conservative Government. It is accepted that the last period does show a fall away but the average across the two six year periods is significantly larger than under the Conservatives and when including the GTC obligations, the percentage is almost double than under the Conservatives and considerably higher than the previous research.

7.3 Findings – class

It is important to place this research in context, which is why the database was designed to enable it to be compared to the research carried out by Healey *et al.* (1995) by using the same broad categories. Three charts will be presented with only passing comment to allow a fuller consideration to be given at the end using all three charts.

Full details of the categories are set out in section 6.3 above but for ease of comparison, it should be remembered that the categories used by Healey *et al.* (1995) were:

N1 – Development control administration

N2 – Controlling development

N3 – Control after development

N4 – Modification of an agreement or obligation

P1 – Highways

P2 – Sewerage and drainage

P3 – Landscaping and open space

P4 – Parking

P5 – Community facilities

P6 – Conservation and restoration

P7 – Social policy

P8 – Other

The first four (denoted by a prefix of ‘N’) are the negative categories and the next eight (prefixed with ‘P’) are positive. A simple comparison can be made between the research by Healey *et al.* (1995) and my research to see what aims clauses were primarily used to achieve. Obviously there is a difference in the number of clauses found between the two sets of data, so it was considered it would be more illustrative to present the data as a percentage of all the clauses per category, as shown in figure 10 below.

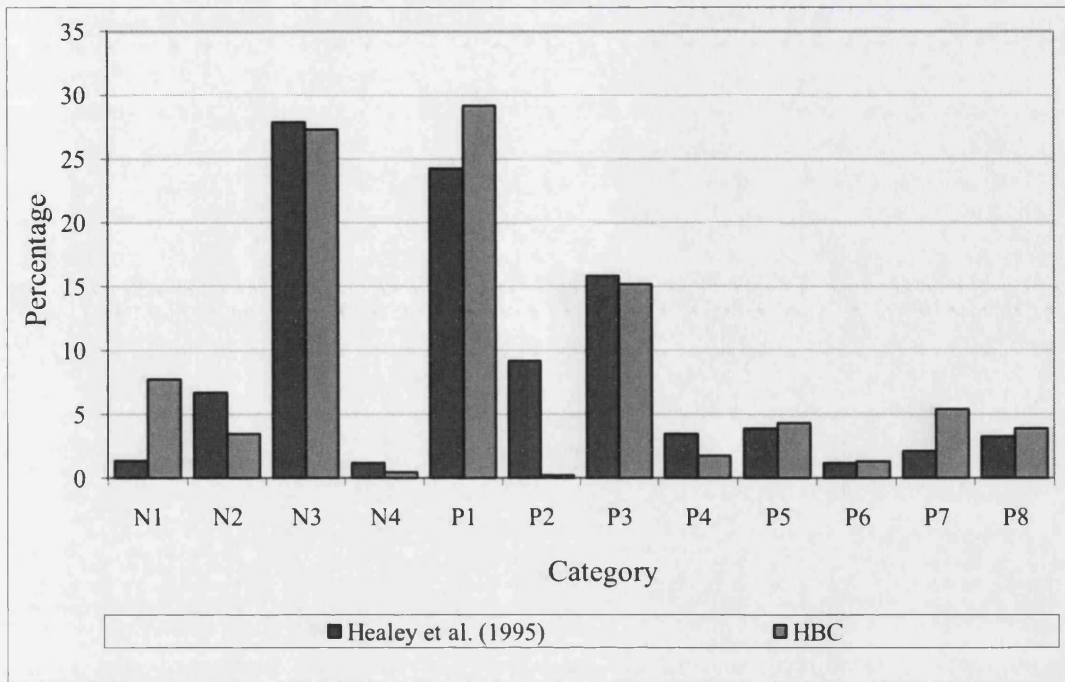


Figure 10: Comparison between percentages of clauses contained within each category

The similarity between the data is surprising and shows that overall, there has been little change in the use of clauses and what they are being used to achieve with N3 (control after development) and P1 (highways) clearly dominating the overall use of clauses overall. P3 (landscaping and open space) is quite far behind in third place but considerably ahead of the rest of the categories for HBC. Finding that using obligations to control new development after it is built and ensuring a scheme has suitable highway access is not particularly surprising and is fairly routine within development control. Likewise, the provision of landscaping and open space is also generally accepted within the development control system as a regular requirement, although the size of the result may be surprising. It is perhaps symptomatic of planning authorities becoming more constructive with the use of obligations with an increasing number of development plans adopting a view that there should be no 'net loss' of environmental assets arising from development (Elson *et al.*, 1999).

The main differences between the two sets of results are that HBC saw an increase in N1, P1 and P7 and a decrease in N2 and P2. The decrease in P2 is a likely result of the utilities now being privatised and legislation requiring developers to resolve drainage and sewerage issues separately and so is not surprising. Considering the focus of this

research on the use of obligations for social issues, the slight increase in P5 and the larger increase in P7 are interesting and will be investigated further later.

Part of the importance of the research database that was constructed for this research was the ability to be able to scrutinise the results in much more detail than previous research and so it is interesting to break the twelve categories used above down into the thirty-seven categories that I devised (the category codes are listed in section 6.3 above). The results are set out in figure 11 below.

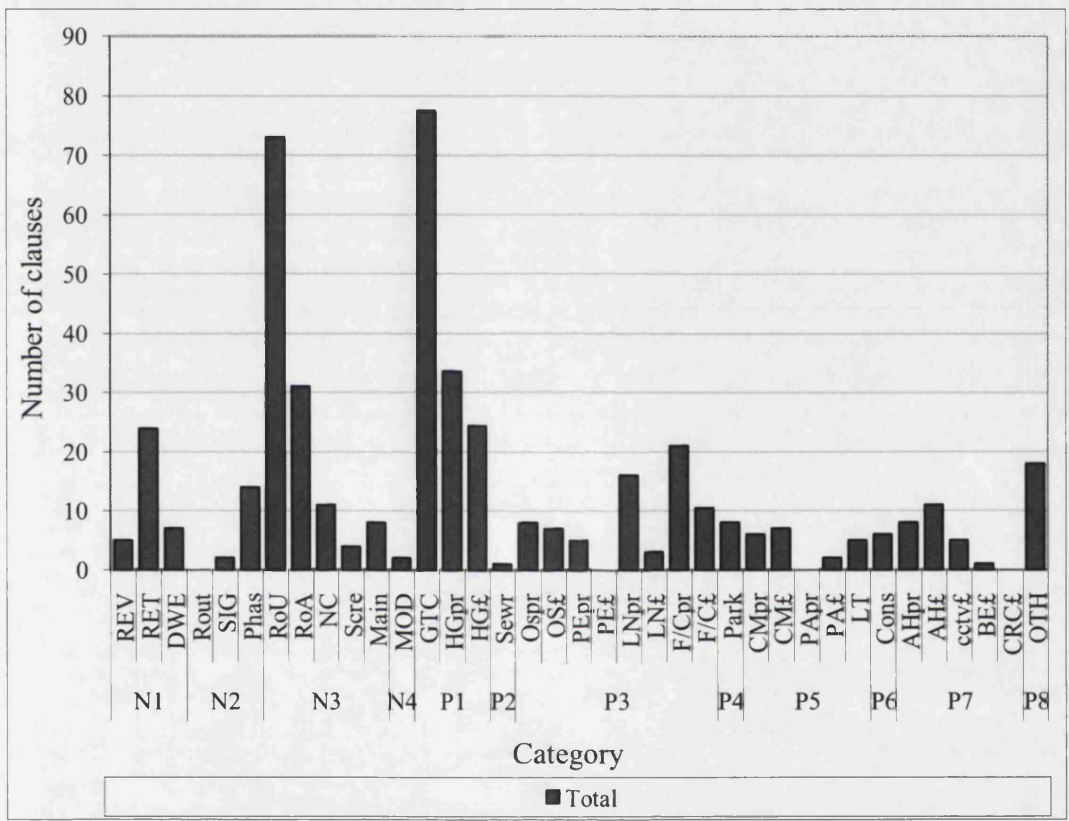


Figure 11: Total number of clauses by category

The obvious points are the dominance of the GTC and the ‘restriction of use’ categories within the wider P1 (highways) and N3 (control after development) categories. It will be interesting to see how the influence has changed under New Labour and so the total results of figure 11 have been broken down by party in figure 12 below.

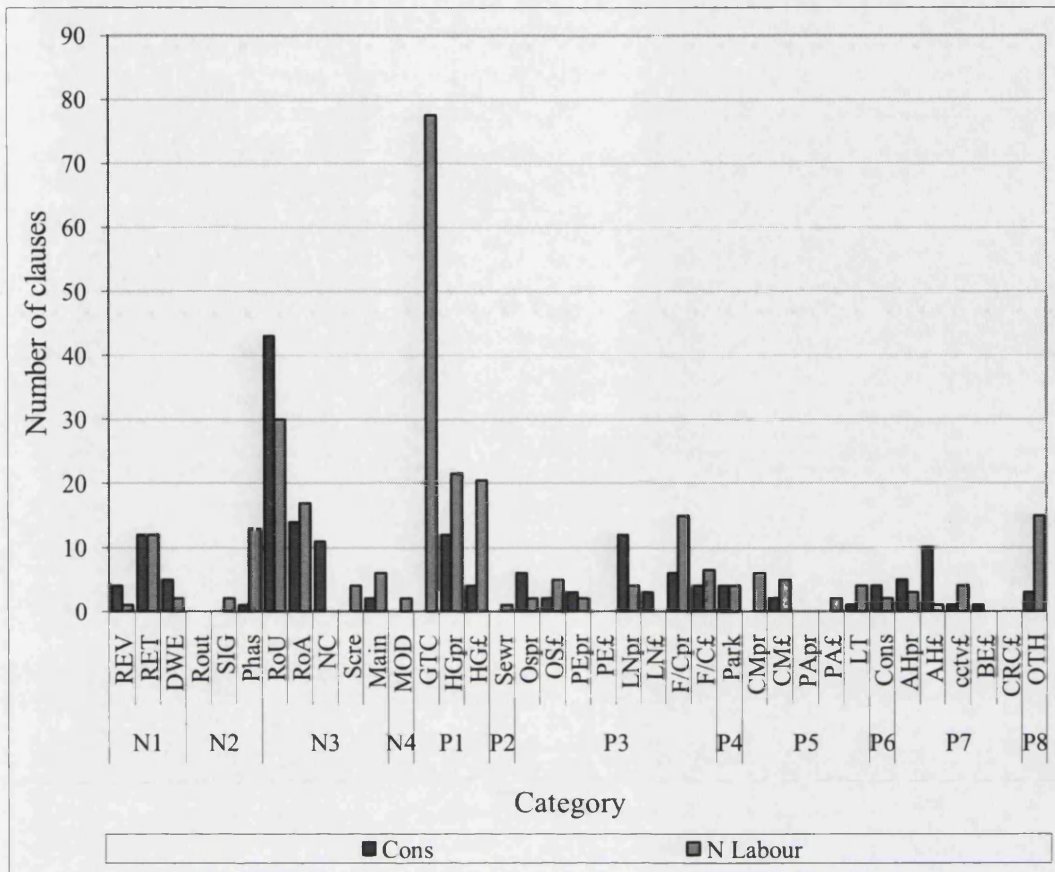


Figure 12: Number of clauses by category and party

It is clear that under New Labour, there has been a shift towards a more positive use of clauses, which reflects previous findings in figures 4-7 above. The main areas of increased usage by New Labour are dominated by highways, phasing of development, provision of footpath/cycleway, and ‘others’. The main decrease is restriction of use, which is surprising, as many would consider that New Labour’s focus on high-density urban redevelopment might require closer control of use. However, this may be reflected by many issues that previously were covered by an obligation now being covered by a condition instead. It will be useful to see if this question can be answered later during the interviews, along with the other surprising and significant reductions in the provision of landscaping and affordable housing contributions. Meanwhile, it is important to step back and take stock of the three charts to look at the spread of clauses in comparison to other research.

It is necessary to analyse the figures in both the broader categories and in the more detailed sub-categories, as some researchers report data broadly, while others use

headings similar to the sub-categories. The data from HBC shows that over the whole research period, the clear three main broader uses were (using the Healey *et al.*, 1995 categories with the percentage of all clauses in brackets):

1. P1 - Highways (29%)
2. N3 - Control after development (27%)
3. P3 – Landscaping and open space (15%)

When broken down further (using my more detailed categories) the six top priorities were (with percentage of all clauses in brackets):

1. GTC (17%)
2. RoU - Restriction of use (16%)
3. HGpr - Highways provision (7%)
4. RoA - Restriction of activity (7%)
5. HG£ - Highways contributions (5%)
6. RET - Retain/ demolish/ cease use of existing building or access (5%)

To place these findings in context, it is worth considering what previous research had found. Grimley J.R. Eve *et al.* (1992) carried out some of the earliest research into the use of clauses within obligations and they found that the main use was for control of development (26% of obligations had a provision relating to this category), limitations on use (21%), financial contributions and payments (16%) and highway improvements (10%). The research reported by Ennis (1996b) found the main use of positive obligations was for physical infrastructure provision such as highways, sewerage, drainage and parking with 58% of all obligations covering these issues. Environmental benefits were next with 27% of obligations focusing on landscaping and open space as the main aim, but also covering riverside walks, conservation and restoration. Community infrastructure only made up 8% of positive obligations including the provision of community buildings, halls, play areas and equipment, and playing fields.

More recent research (Campbell *et al.*, 2001) has shown that the use of obligations was still increasing in quantity and in scope by the end of the 1990s and into the new millennium. It was found that the most common actions required by developers through

obligations were for off-site capital works (27%), restriction or requirement of use (27%), provision of facilities/services (19%) and provision of on-site capital works (15%). However, the salient point found in this piece of research was that for the second and third of these categories, the percentage of cases where a financial contribution was asked for was greater than the percentage for direct provision. The payment of a financial contribution is not new but illustrates that authorities taking payments in lieu of provision has grown to a considerable scale.

Research by Walker & Smith (2002) focused on what percentage of authorities 'always' and 'nearly always' sought obligations for. They found that the main use of obligations in major planning permissions was found to be securing on-site open space (56% of authorities used obligations to always or nearly always secure this), on-site highways provision (51%), on-site affordable housing (46%), and off-site highways provision (38%). For minor applications, the three most frequently cited obligations used were for provision of on-site parking (27%), on-site highways provision (25%), and on-site open space provision (12%). However, they did find evidence of the rise in obligations for uses other than physical planning with obligations to cover off-site school places (21% of authorities) and improved public transport services off-site. They believe that there is evidence that County Councils are formulating stronger strategies in their use of planning obligations to achieve benefits for educational services, particularly provision of new school facilities.

Research by Richards & Bentley (2001) surveyed local authorities and agents and found that the most common use of obligations (in terms of percentage of authorities) was to secure affordable housing and open space (over 80% of authorities achieved these in the past five years). A lesser number of authorities achieved transport infrastructure, road access and public access (60-70%) and even less managed to achieve schools, community buildings, sewers and land transfer (30-50%). This research showed the rise of affordable housing provision using obligations, with most authorities requiring provision through obligations, but clearly they still do not make up a high percentage of overall obligations, looking at the previous research figures.

Likewise, local authorities were asked to rank the most important use of obligations in their own eyes and it was found that delivering physical infrastructure, regulating

development, and delivering social infrastructure i.e. school places, crèches, community facilities were the main reasons given (Walker & Smith, 2002). The first two are in keeping with the findings of previous research and the research at the case study authority, but the third is not particularly prevalent in any of the research reported here and so may be more of an aspiration than an achievement.

Going back to look at the findings of the research at the study authority, we can see that the focus on highways and restricting the parameters of a planning permission by controlling use or activity is therefore similar to the findings of other research. The research by Ennis (1996b) where environmental and community facilities were more frequent appears to be unusual and my research did not show a significant increase in these activities. The interviews will be used to see if there are any reasons why the research authority was not more successful in achieving social and community aims.

Picking up on the point noted from the research by Campbell *et al.* (2001) regarding the use of obligations to require provision versus making a financial contribution, the findings at the case study authority are interesting. Overall, 52% of the obligations that could have offered a choice between provision or a contribution required the provision to be made in comparison to 43% that required the contribution and 5% that basically gave a choice (payment was required if the provision was not made). However, looking in more detail, it is interesting to note that the ratio between provision, contribution and choice was 59%, 38% and 3% under the Conservatives but 45%, 48% and 8% under New Labour, reflecting a move away from direct provision by the developer under New Labour and backing up the previous research.

Walker & Smith (2002) state that they found evidence that major developments receive an unequal proportion of obligations while the smaller developments tend to receive fewer requirements, if any. This neglects the cumulative impact of developments and is unfair as one developer building a scheme for thirty dwellings would have to pay considerable costs through an obligation, while another developer building thirty dwellings one by one on thirty different sites would not have any such obligation or its related costs. The study authority likewise favours the smaller developer as the 'triggers' for requiring provision of services was five or more dwellings for play space, ten or more for education, fifteen or more for affordable housing, with many others only

taking effect beyond this. The only standard requirement without a trigger was GTC but as it was only collected if the amount was over £250 (it was not cost-effective below this) it usually only took effect on schemes of three or more dwellings. Reasons for this can be further explored in the interviews (reported in section 7.5) and a summary sheet setting out requirements for developers' contributions at HBC during the research period is attached in appendix 4. It was sent to developers to set out the key 'heads of terms' expected to be covered by a planning application.

To conclude this section, it can be seen that the research data backs up the findings of previous research that the use of obligations and the clauses contained within are dominated by seeking to restrict the impact of new development and to ensure the necessary highway infrastructure is in place. It had been found in the previous section that positive obligations were on the increase and the evidence at HBC is that the sub-categories relating to negative obligations are still important, but decreasing, while the positive sub-categories, particularly those relating to provision of highway infrastructure, are on the increase. The research at the case study authority also found limited evidence of a growing use of obligations for social purposes compared to previous research. Analysis is now needed of the obligations that *were* used for social purposes in the research findings to see if there is an underlying trend and/or reason for their use to see if this is linked to a change in approach, brought about by changes under New Labour.

7.4 Findings – social issues

It was discussed earlier (see chapter 2) that social issues are notoriously difficult to define and within the planning field there has been little attempt to do this, with the result that researchers refer to different aims as being social. It was pointed out that the problem is exacerbated by the fact that many aims can be considered to have a social aspect as well as an economic or environmental one but that in terms of this research the main deciding factor would be to assess the aim of the policymaker. This meant using categories P5 and P7 of the Healey *et al.* (1995) categories.

Proceeding with this caveat about what exactly social aims are, we can compare the findings to other research. Grimley J.R. Eve *et al.* (1992) reported that 2.7% of

obligations contained a clause that either required full provision of, or part contribution towards, community facilities and services. Healey *et al.* (1995) compared their research to this previously published research and stated that they had found a higher usage of obligations for community facilities, such as community services, sport and recreational facilities, as well as an increase in the use to achieve social aims, such as child-care, employment training, housing obligations etc. If we add the two categories together, (P5 and P7), we find 5.9% of clauses in the research by Healey *et al.* (1995) had a social aim, which is considerably higher.

There is an important point to note at this stage regarding affordable housing provision. Healey *et al.* (1995) appear to split affordable housing clauses across negative (control after development) and positive (social policy) categories, while Grimley J.R. Eve *et al.* (1992) appear to have included all affordable housing clauses under their negative 'limitations on use' clause.

Therefore, the figure of 5.9% for Healey *et al.* (1995) is likely to be a little lower when comparing with the figures reported by Grimley J.R. Eve *et al.* (1992). Care also needs to be taken regarding the dates as this does not show an increase over time as although Grimley J.R. Eve *et al.* (1992) published their research three years earlier than Healey *et al.* (1995), the former analysed data reported over April 1987 to March 1990, while the latter looked at obligations negotiated between 1984 and 1991. As the research periods were broadly similar, it is likely that the reasons for the different findings lie elsewhere, possibly in the choice of case study authorities, and is not reflective of changes over time.

Healey *et al.* (1995) were optimistic that their research showed there was a more positive side to the use of obligations. They referred to a case in Harlow where the authority had argued that a new office development on the edge of town meant that a certain number of basic facilities would be required at the site as it would not be easy for staff to make use of the town centre. The authority also argued that as many of the jobs were office based, under equal opportunities legislation to encourage women back to work after childbirth, they should provide a nursery. They were successful in securing contributions towards on-site child-care facilities and Healey *et al.* (1995) hoped that this was a sign that obligations with a social aim would continue to increase.

In comparison, the research found that at HBC the percentage of all clauses used for social aims was 8.6%, which is considerably larger than the comparative figures from previous research. Given that this research is based over a timeframe that is broadly a decade later, on the face of it, it is arguably a sign that things are indeed moving towards an increase in the use of obligations to achieve social aims, albeit at only one authority. However, as always, further analysis is needed of these social obligations before any claims can be substantiated.

Figure 12 (see previous section) showed that the clauses falling within categories P5 and P7 (the social aims categories) have considerable variation across the two six-year political periods (summarised in table 9 below).

| <i>Category</i> | <i>Cons</i> | <i>NL</i> | <i>Total</i> |
|-----------------|-------------|-----------|--------------|
| AH£ | 10 | 1 | 11 |
| AHpr | 5 | 3 | 8 |
| CM£ | 2 | 5 | 7 |
| CMpr | 0 | 6 | 6 |
| cctv£ | 1 | 4 | 5 |
| PA£ | 0 | 2 | 2 |
| BE£ | 1 | 0 | 1 |
| PApr | 0 | 0 | 0 |
| CRC£ | 0 | 0 | 0 |
| Total | 19 | 21 | 40 |

Table 9: Total number of clauses in categories P5 and P7 for HBC and totals under each party in Government.

Looking at table 9, it is clear that under the Conservatives, affordable housing dominated the use of clauses within obligations for social aims (79% of clauses) compared with under New Labour, where there was a much wider spread of clauses. At first glance, it appears the number of obligations containing a clause requiring the provision of affordable housing is very low with only eight clauses across almost twelve

years of research. It was considered that this needed to be investigated further and it was found that there was a reason.

At the start of the research period, there were some planning applications submitted by Hampshire County Council and it appears they were trusted to build the affordable housing element of the schemes and so no clauses were inserted into the obligation to ensure this happened (there is no evidence it did not). Similarly, around the turn of the millennium, some RSLs appear to have changed tack and instead of waiting for the private sector to develop schemes that they would then expect to provide the social housing element of, they were progressing their own housing portfolios and developing themselves. In these instances, instead of the obligation having the usual clauses about the number of units to be provided, requiring the Council to be informed of who the RSL was, and when the units were to be transferred to them, it simply stated that the required number of affordable units had to be provided and retained for such purposes. The database constructed by the student had classified these as negative restrictions of use, rather than a positive provision of affordable housing (as noted above, Healey *et al.*, 1995 had split affordable housing in a similar way). It is worth noting that if the applications where the County Council and RSL were the applicants are included as positive clauses, then the new table would be as below (AHpr has now moved to the top).

| <i>Category</i> | <i>Cons</i> | <i>NL</i> | <i>Total</i> |
|-----------------|-------------|-----------|--------------|
| AHpr | 7 | 6 | 13 |
| AH£ | 10 | 1 | 11 |
| CM£ | 2 | 5 | 7 |
| CMpr | 0 | 6 | 6 |
| cctv£ | 1 | 4 | 5 |
| PA£ | 0 | 2 | 2 |
| BE£ | 1 | 0 | 1 |
| PApr | 0 | 0 | 0 |
| CRC£ | 0 | 0 | 0 |
| Total | 21 | 24 | 45 |

Table 10: Total number of clauses in categories P5 and P7 for HBC and totals under each party in Government (amended for affordable housing as positive clauses).

It is clear that within the social infrastructure provision, HBC has focused primarily on delivering affordable housing (whether by direct provision or financial contribution) with over half of the clauses relating to this requirement. The second area of focus was on the provision of community, sport and/or recreational facilities (either directly or by a contribution), and the third area was the taking of contributions towards CCTV. These three areas covered over 93% of social infrastructure.

The provision of financial contributions in lieu of community facilities is interesting when comparing the two political eras as only two schemes came forward under the Conservatives and they achieved an average of £6,470. Under New Labour, there were five schemes, but they averaged £80,625 by way of financial contribution. However, upon further analysis, it has to be accepted that this was probably a sign of the more prosperous times as the four largest schemes under New Labour included new extensions to the retail parks in the two main town centres plus a large scheme involving the local football club. These were all proposals that had been discussed for years but only when improving economic conditions came along did they progress.

It could also be argued that the actual provision of community facilities was because of improving economic circumstances. The six clauses under New Labour only related to

three schemes, which were two large retail schemes and a large urban redevelopment of 100 dwellings. However, whatever the reasons, they achieved new public toilets, a new household waste recycling centre, a new community centre, basketball court, play area and changing facilities between them, which cannot be dismissed.

The transfer of land for leisure purposes is straightforward and was usually at the developer's expense to set the land aside. The contributions towards CCTV have a public safety aspect, while the two public art contributions were for £10,000 from a major retail scheme and £1,500 from the football club development. The single financial contribution towards business enterprise training was an impressive £150,000 and arose from a new commercial development. Unfortunately, there were no examples of direct provision of public art or a contribution towards crèche facilities. The lack of crèche facilities is disappointing, given the hope that Healey *et al.* (1995) had raised, although they had noted it was unusual compared to the research by Grimley J.R. Eve *et al.* (1992), suggesting it was a more innovative case study authority rather than a trend. By using the article published by Ennis (1996b), which reports on the same research, we can cross-reference and see that three of the four child-care cases were in the London Borough of Wandsworth. This supports the view that it was more likely to be an innovative authority as many London authorities have more radical social policies due to having higher land values and social needs which can be combined to deliver more.

It is clear that several large applications produced a significant percentage of the clauses for social aims and that most of these were within the time when New Labour was in power and when economic conditions were improving. It is likely that if economic conditions had not improved and resulted in these few large applications then the social achievements may have been similar to those under the Conservatives, but this cannot be proven. It is disappointing to see that if the affordable housing requirements are momentarily ignored, the number of applications with an obligation that contains a social aim shows that only 10 of the 205 applications fall within this category. That is 4.9% of applications with a social aim, other than affordable housing. If affordable housing is included as a social aim the figure rises to 23 applications which is 11.2% of applications with an obligation containing a social clause. With 21 clauses within the social aims categories, (excluding affordable housing), and 40 clauses (including

affordable housing as a social aim) the figures are 4.5% and 8.6% respectively for percentage of clauses with a social aim.

In comparison, Grimley J.R. Eve *et al.* (1992) reported a figure of 2.7% of obligations contained a social aim, contrasted with the HBC figure of 4.9% (considering the affordable housing clauses as negative clauses), so there is evidence that the case study authority found more evidence of social aims. To compare HBC with Healey *et al.* (1995), who reported a figure of 5.9% of clauses were for social purposes, is more difficult and all that can be said is that the HBC comparison lies between the 4.5% and 8.6% as it is not clear exactly how many clauses Healey *et al.* logged as negative compared to positive, although by cross-referencing Ennis (1996b) it is likely to be closer to the 4.5% figure as there were only 2 affordable housing obligations included in the positive category.⁵⁰ Therefore, it follows that HBC found evidence of an increase in social clauses compared to Grimley J.R. Eve *et al.* (1992) but did not find a significant increase compared to Healey *et al.* (1995).

Case study results regarding social purposes

This research is primarily interested in whether New Labour brought in any significant change in the amount of provision of social infrastructure through obligations and so it is essential to try to investigate the comparison between the six years under the Conservatives and the six years under New Labour. Considering that in the research authority, there were 73 obligations with 171 clauses under the Conservatives and 132 obligations with 294 clauses under New Labour, the first question is how many of these were for social purposes as a percentage. Not only did more obligations contain a social clause under the Conservatives as a percentage of all clauses (19.2% as opposed to 6.8% under New Labour) but considering there were nearly twice as many obligations under New Labour, there were still more obligations with a social clause numerically under the Conservatives (14 compared to 9 under New Labour).

If we consider the percentage of clauses contained within the obligations now we find that the figures are 11.1% of clauses under the Conservatives were for a social purpose,

⁵⁰ There is no way of working out how many affordable housing clauses were included in the negative clauses as Ennis (1996b), who gives more detail of the clauses, only reports the positive clauses in his article.

compared to only 7.1% under New Labour. If we look at the figures again but exclude the GTC obligations, as they were found to have a significant impact on the statistics earlier, the figure for New Labour only increases to 9.4%.⁵¹ Lastly, if we amend the figures, considering the affordable housing clauses as positive clauses rather than being negative clauses, the percentages change to 12.3% and 8.2% respectively. Numerically speaking, even though there were significantly more obligations and clauses overall under New Labour, each of the numerical figures used for the above percentages was numerically little higher under New Labour for social purposes (19:21; 19:21 and 21:24 Conservative clauses to New Labour clauses numerically for the percentages just quoted).

Therefore, the extremely surprising conclusion is that under New Labour there was a significant decrease in the percentage of obligations that contained any social requirements and a significant decrease in the percentage of all clauses being used that were for social purposes at HBC. There was a considerable increase in the overall number of obligations and clauses under New Labour and so looking as a percentage got behind the numerical increase to show there was a decrease in the percentage of obligations with a social purpose and an insignificant numerical increase in clauses with social requirements. It sounds peculiar and cannot be proven, but if the improved economic fortunes that followed in the late nineties and early part of the millennium had continued under the Conservatives, would *more* have been gained than under New Labour, socially speaking? Instead, all that can be done is to carry out interviews with representatives of the case study authority to see if reasons can be found for why things did not improve socially under New Labour when negotiating obligations.

7.5 Interviews with key officers

The interviews broadly focused around three areas; general issues around the purpose of the planning system, more direct questions about the purposes of obligations and planning gain in general, and then more focused questions on how all of these topics specifically applied to HBC.

⁵¹ The Conservative figure remains 11.1% as the GTC only took effect during the New Labour period

A key point of the research was to establish whether New Labour had improved social aims within the planning system so that economic, social, and environmental issues were all given equal weight. Therefore, it was important to be clear whether the case study authority had any particular local issues that could affect the balance of these issues, or was it a fair choice for analysis. When asked this question, all interviewees generally felt that HBC reflected Government aims with only one commenting that there was perhaps greater local pressure to promote social aims as a result of the deprivation in the large housing estate of Leigh Park. If anything, this could indicate that there should be slightly stronger signs of social aims in the results but as this was not evident in the findings, it appears the choice of case study authority was appropriate.

Turning to the purpose of the planning system, all six of those interviewed stated to some extent that the original aim of the planning system was to control bad development that led to public health problems and un-neighbourly development. Therefore, planning was seen to have a strong public interest role and all thought that was still an appropriate aim for the modern planning system.

When asked about the Conservative's aim for the planning system when they had been in power, all six commented that economic issues were paramount and encouraging development was a central message with the planning system seen as holding that back. One commented,

“Planning was not there to stand in the way of economic development; it was an obstacle that had to be solved. The planning system didn't have a lot of respect in those days, in the sense that planners were clearly told that they shouldn't influence design of development, other people knew better, we shouldn't challenge the economics of the development, we shouldn't challenge anything, the developer knew best and it was more a system that needed to be got round rather than facilitating development.”

They were then asked what immediate changes they noted when New Labour first came to power and how the planning system had developed since then. The answers were split with three saying there was no immediate change and the other three were further split between whether New Labour had introduced a greater focus on regional planning, enabling development and putting planning back on the agenda, or being more restrictive about where development goes with the whole brownfield debate. As a

result, it is fair to conclude there was no clear change of direction noted when New Labour came to power but all agreed that things had changed since they had been in power but there was a mixture as to whether the focus was now on regeneration, better design, or housing delivery. However, three also commented that the planning system was now more complicated.

When asked how the New Labour modernisation agenda had affected the planning system, it was noted that the use of money to encourage the LPA, rather than just criticising it, was a positive approach from the Government. However, it was pointed out that all authorities 'play games' to meet the targets and this did result in 'tension' with applicants and agents as a result and the pressure to hit targets "runs a risk of undermining well considered decision making" with the pressure to make a decision within the target date leading to the process being less in-depth. It was also pointed out that the process had 'front-loaded' the system so there is more pre-application discussion but with the drawback that these discussions do not involve the public. The problem was summed up by one interviewee as,

"It just becomes obsessive. I think you're losing quality over quantity. I think everything from dealing with applications so strictly within certain targets and rejecting applications, on sometimes grounds that are quite weak, in my view, where it would have been better to carry on and negotiate. OK, you've missed your target date by a couple of weeks but in the end of the day, what's going to be around to make more of an influence, a development you helped to create or if you missed a couple of weeks on your deadline?"

When asked where the pressure for change to the planning system on New Labour had come from, five commented they were responding to public pressure and the sixth thought changes to environmental issues had been due to Europe, while economic changes had been due to central Government pressure itself. One of the key questions was whether when the Government says the planning system balances economic, environmental, and social issues, does this actually happen in practice. Only one felt they were balanced, one commented that the "tools are in place to do that" but went on to say that "social and economic are being driven most strongly" and explained this by saying the push for housing in the south east was to the detriment of the environment. The other four were split between the order of importance being environmental, social

and economic; environmental, economic and social; economic, social and environmental; and economic, environmental and social.

When asked what social issues within the planning system were, all were very vague about what exactly the planning system could deliver with five stating affordable housing was the key one. It was commented that "...it's difficult to grasp because you understand the social issues in terms of a community but how you actually manifest that into planning is quite difficult" and they went on to state high crime, unemployment, and teenage pregnancies could all be examples but creating planning policies to tackle them is very difficult.

This complete lack of clarity about the purpose of the planning system under New Labour with a plethora of views on what the main aim was and little understanding about how social aims could be integrated into the planning system is illuminating. All were clear that the Conservatives had a simple message (whether they agreed with it or not) but under New Labour there appears to be a sense that policy is constantly changing focus and led by public pressure.

The use of obligations at HBC

The two managers stated that obligations were significant factors in the decision making process but all four practitioners were very clear that the absence of a signed obligation was a reason for refusing an application but their provision was nothing more than 'ticking the box' and the development has to be acceptable in principle with the obligation only one of the means of making it so. None of those interviewed were aware of any attempt by developers to 'buy planning permission' but four of the six still thought that obligations were not a transparent part of the planning system to the public with deals done confidentially and only 'heads of terms' reported to committee meetings, rather than the details.

All interviewees agreed that over time there had been more obligations and the amounts collected had increased. The reasons for this were mixed with some identifying 'best practice' as authorities copied each other, while others felt there was an increasing expectation that developers should pay for the impact of their development.

“The public are just so much more aware now and you know there is pressure for why isn’t that development paying for extra school places, or health facilities, or community facilities. Just increased pressure for development to pay for itself really.”

Four of those interviewed commented that obligations should be used to ensure developments paid their way and to overcome problems with a site before permission could be granted. There was general agreement that HBC is “a relatively cautious authority” and that most development control officers would only stick to what requirements were needed by the local plan and there was not a culture of “get what you can” from developers. However, one of the managers accepted that other local authorities had been “very inventive” in finding solutions to ensure obligations delivered more than practice allowed.

“If you have a willing applicant and a willing local authority, all that you then need is a good lawyer.”

The interviewees were asked about the three rationales put forward by Healey *et al.* (1993) (see section 4.5) for when obligations could be used and all were comfortable with their use to remove obstacles that could otherwise hinder the implementation of development. However, when asked about the use to mitigate the impact of development over a wider area there was a split in opinion with two rejecting this approach and the other four only comfortable as long as the new facilities were well related to the development and as close as possible. There was little support for a betterment tax, with the only positive point made that such a tax “would force local authorities to address what they are looking to gain out of new development” and it would make things more transparent and simplify the process.

In terms of whether they would be comfortable in negotiating an obligation to achieve a list of different suggested ideas, there was unanimous support for achieving recreational facilities, sports facilities, affordable housing, and for community services/ centres (two clarified only for capital infrastructure but not for revenue costs). Five of the six supported their use for provision of health facilities, educational facilities, and child-care/ crèche (again, several clarified only if related in scale and for the physical building, not on-going service costs). Three supported the use of obligations for employment training, two were not sure and one said it was not a proper use of

obligations. Only one person supported the use of obligations to cover the costs of social services (Citizens' Advice Bureau, meals on wheels etc.) and all rejected any attempt to contribute towards income support via obligations.

All interviewees supported the principle that small developers should contribute pro-rata payments in the same way that larger developers did and that having thresholds was wrong in principle but two did caveat this with it was impossible to do it in practice due to the additional work this would cause which would affect performance figures. All felt there was pressure from other departments to try to use obligations to fund new ideas and most felt this was putting them under undue pressure to use obligations for something they were not designed for.

There was a clear feeling that policy on obligations at HBC had not been developed coherently over the years with the GTC policy the first attempt to create a policy and that this had only come about due to traffic problems at one of the Borough's key employment areas. One officer admitted to being embarrassed in the early days of seeking obligations as the larger developers wanted to see approved documents, formulas, and costing for schemes that the contributions were paying towards but there was little information to pass on. The open space policy apparently followed on from the GTC policy due to concerns that the Council was adopting lots of small pieces of land left over by developers that had very high maintenance implications for the Council and so the policy was adopted to only seek significant pieces of land and to receive an accompanying maintenance payment. Therefore, obligations were developed in a reactionary way to resolve problems, rather than in a coherent and positive way. It was also considered by interviewees that once obligations were signed, they were not properly monitored to check the clauses were actioned (especially contributions paid), money spent when it was received, or that it was spent on the relevant scheme.

All agreed that planning officers in the LPA did not have a good enough understanding of commercial property markets to be able to negotiate successfully, although two of the practitioners commented that the amount of actual negotiation was limited as the Council relied on contributions that were set out in the local plan and had a formula. All were definite that obligations led to delays with issuing planning permission and that the source of this delay was primarily with the solicitors, although there seemed to

be acceptance that this was on both the LPA and developers' sides and that planning officers could also lead to delays. It was also noted though that 'clever' developers would play the system in pushing to get the resolution to grant planning permission by the committee but once they had it they would purposely slow down progressing the obligation to delay issuing of the planning permission as that would start the clock running when they had to implement the permission within three years. All agreed that delays with obligations were a problem in the target culture promoted by New Labour. Lastly, it was considered that Members were not particularly involved with obligations, did not really understand them, but that they should not get involved as obligations are a technical matter.

We can see that the officers at HBC are quite risk-adverse and seem comfortable in using obligations only when they have been clearly identified and justified up-front, preferably in the local plan. Although there appears to be an understanding that other authorities are using obligations more innovatively, there does not appear to be much support for this approach at HBC, with comfort derived from clear linkages between development and obligations and little support for wider betterment ideals. This is manifested in the support for physical and related infrastructure but little desire for revenue payments or support services and clear concern that other departments are applying pressure to use obligations in a way that officers are not comfortable with. It would appear there is a clear correlation between the reluctance to use obligations more 'creatively' and the fact that the research has not found much evidence of obligations used for social issues. Officers are clearly restricting the use of obligations to a 'safe' and structured approach, which is not a criticism, simply an observation at this stage.

The purpose of obligations at HBC

Turning to the purpose of obligations under the Conservatives and New Labour, the officers were first asked why they thought highways and restrictions of use and activity had dominated the use of obligations under the Conservatives. There was a mixed response with one of the managers commenting that

“...it's been one of the most significant impediments to getting development on the ground that we experience in Havant, because the system is over-complicated, over-bureaucratic, difficult to understand and to rationalise, both technically and politically, and by the community and as a result we

have had major development that the Borough actually needs in ... and ... held back by significant periods of time because of the attitude of the County Council and the Highway Authority” (name of two areas deleted due to sensitivity).

However, the other five saw the use of highway clauses as simply a practical factor that applicants need to address to unlock their sites for development. In terms of the restriction of use and activity clauses, this was considered to be a result of occupancy conditions that used to be routinely controlled by obligations but was now covered by conditions. This was because the borough had a high number of applications for old people’s homes, granny annexes and seasonal caravan use due to the coastal location.

To contrast the purpose of obligations under New Labour, the officers were then asked about the shift towards more positive clauses under New Labour. One of the managers stated that

“...this probably comes back to the 2000 Local Government Act, where this concept of wellbeing came about, in other words, local authorities were being asked to respond positively to wellbeing powers, that is social, economic and environmental wellbeing and ever since that period in time, there has been an approach by government to flex up and free up the powers of local authorities to be more proactive and I think that the use of 106 obligations goes in tandem with that higher level view or strategic view that local government should be more proactive and less defined by regulatory stringencies.”

While this is almost a textbook answer New Labour would be proud of, it is interesting to note that the other manager also talked about the change in emphasis of planning from being a restrictive process to taking on an enabling role but the practitioners were less clear. One thought it was the result of a shift towards a wider acceptance of obligations generally, one thought it was connected to the growing regeneration agenda, one did not profess to know and the other thought it was coincidence. So the managers felt it was a direct correlation but the practitioners were perhaps more cynical.

When asked if any changes were needed to give social aims more weight in planning, only one was keen on the idea, with three generally supportive but unclear about how this could be done (one worried we were at risk of social engineering), while the other two were not overly concerned. Four interviewees were in support of changing the

current obligation system, which was seen as complicated by three interviewees, but only one actively supported the proposed CIL.

It would appear that there is some support for improving social aims within the planning system but little understanding about what exactly social issues are that it can interact with or how this would take place. Obligations appear to have significant limitations in the eyes of those interviewed but none were clear about how to replace it.

Conclusions

The research at the case study authority found many similarities with previous research results, including residential applications still dominating the use of obligations and that the percentage of applications with an obligation was increasing over time. However, there were many other results that were different and it was found that the use of the GTC meant there were more applications within the office & light industrial class with an obligation at HBC (especially within the minor application category). The percentage of applications with an obligation was higher under New Labour than the Conservatives but significantly lower when the GTC was excluded. While there is no reason to dismiss the GTC, there is a concern that it is an example of a more routine contribution that is taken and there was evidence at HBC that this was at the expense of other obligations, including those with a social aim. There was a clear increase in the use of obligations for 'positive' purposes over time and the GTC was significant in this regard but there was also an increase in the use of financial contributions under New Labour generally, compared to direct provision of facilities. This reflects the focus from the modernisation agenda to speed up the process but the concern was expressed that this could be at the expense of better quality planning. The modernisation agenda appears to have led to simple formulas to generate financial contributions instead of negotiations around how to design out impacts or consider other ways of resolving them. The aim has been on quickly generating a figure and inserting it into a template to speed up the process but this has removed the focus from discussing other clauses, including social ones.

This research is primarily interested in the provision of social issues through obligations and it was pointed out in section 6.1 that the Community Strategy for Havant (HBC, 2001) had an ambitious set of social aspirations that the planning system could have

helped to deliver through the use of obligations. However, although the research found evidence of an increase in the use of obligations for social purposes overall (compared to previous research), it was found that there had been a clear backward step under New Labour. There was almost three times the percentage of obligations containing a social clause under the Conservatives compared to New Labour. This is a devastating finding to the claims of New Labour that they had ushered in a progressive era, albeit at only one authority.

Therefore, at HBC there was only limited success in achieving the social aims within the CS with some additional CCTV, community centres, and developing facilities for sporting and cultural purposes. There was little or no evidence of provision of playcourts, teenage shelters, funding for education in schools around drugs and health, improving training for local employees, increasing the quality and range of community based learning opportunities, Leigh Park Education Action Zone and Sure Start funding or funding needed to tackle deprivation and social exclusion. It appears that the more corporate push for developing social aims for the benefit of the local community was not being facilitated through the planning system due to a conventional approach to the use of obligations. Planning officers were concerned that obligations are not the correct delivery vehicle for bringing about change. The officers negotiating obligations believed that while the Conservatives had supported economic issues, New Labour had no clear message about what the planning system was trying to achieve. There was also confusion around what social issues were within the planning system and while officers supported the social principles of planning, the lack of support for achieving this in practice from the Government meant that officers were only happy negotiating obligations with a clear link to the development proposed. While they also accepted that the public expected developers to pay more towards infrastructure there appeared to be more comfort in using obligations to overcome the more physical aspects of development, such as highways issues and restricting the use of development. Affordable housing provision has been a long accepted requirement of new residential development and so it was no surprise that it dominated social obligations.

Officers were generally supportive of the current obligation system being reformed as it was seen as complicated but there was no clear suggestion on how to improve it and little support for CIL. While New Labour was seen as more positive about the role of

planning overall, they were also said to have complicated the system. This leaves the conclusion from the case study authority that New Labour did not progress social issues and a key reason for this was a lack of clarity around the purpose of the planning system and that obligations could have a social purpose in particular. Given the deficiency of support for using obligations more creatively, planning officers have adopted a strict legal interpretation, which although understandable, has not delivered much in terms of social progress. The last chapter will look at this in more detail.

8 CONCLUSIONS

It has been stated that we should not always try to end with big conclusions and a dramatic climax as this usually leads to attempts to bridge the gap between the descriptive and the prescriptive by imposing considerable personal opinion, which often is not based on the research and ends up detracting from it (Wolcott, 2001). Instead, it is suggested that we should simply state what has been attempted, what has been learned, and what new questions have been raised with minimum personal opinion. This is considered good advice and therefore, this chapter will start with a section summarising what the research set out to investigate and what the results found. The second section will try to clarify, primarily through the qualitative research, what has been learned about the likely reasons for the results and the lack of progress on social issues under New Labour. The third section will then set out some suggested areas for future research and some suggestions on whether the current direction of travel under New Labour is likely to be successful, given the findings from this research. The last section will conclude with a little more personal opinion as to whether, considering everything that has proceeded in the research, a paradigm shift is ever likely to take place and if so, what is needed to make it happen. This should keep the personal opinion to a minimum and it will be clearly identified as opinion, rather than evidence.

It is recognised, but needs to be clearly stated again, that there are difficulties in taking evidence from only one case study and trying to extrapolate these findings into overarching statements and findings. However, research often starts with a small field of research that others then build upon and so as long as it is clear what the findings are based on, then it is still reasonable to draw out some results that others can further investigate.

8.1 Has New Labour brought in a paradigm shift?

It was stated (in section 1.4) that a 'paradigm shift' is "a fundamental change in approach or underlying assumptions." While the research found *some* changes in approach to the use of social issues at the case study authority with regard to the use of planning obligations, there was certainly nothing that was a clear and fundamental change. The literature review had shown there was a change in some assumptions in

what was said but it is perhaps the reference to *underlying* assumptions that best explains why there was not a deep-seated change when New Labour came to power. The research at HBC found evidence of an increase in the overall number of clauses contained within obligations that were used for social purposes compared to previous research. However, when broken down by political party, it was found that under New Labour, there was actually a significant decrease in the percentage of obligations, and to a lesser degree clauses, containing any social requirements compared to the Conservative Government. This was very surprising and an interesting conclusion to the research.

While the evidence from this research is only from one case study, it is considered that the results have shown that the authority did appear to have been a good case study to use and does not appear to have any local circumstances that would skew results significantly away from finding social aims. If anything, it was more likely to reflect a higher use of obligations for social purposes due to it being located in a prosperous part of the country but having pockets of relatively high social deprivation. Therefore, while the results are unlikely to be repeated at every authority, there appears to be some evidence from the research findings that New Labour has struggled to bring about a paradigm shift in progressing social aims within the planning system during their first six years in Government.

Looking at the wider research results, it was shown that the preliminary findings at HBC were similar to much of the previous research, with obligations only used on a small percentage of all planning applications and with a considerable focus on residential development. It also reflected that the number of obligations being used was on the increase both quantitatively and as a percentage of applications but it was surprising to find that while the number of clauses per obligation was increasing for major applications, it was actually decreasing for minor applications. Analysis found that this was due to an increasing percentage of obligations being used to collect the standardised GTC which would often be a single clause obligation. Nonetheless, it is very surprising that the use of obligations, when excluding the GTC obligations, was decreasing.

The case study authority illustrated a considerable decrease in the overall number of obligations with a negative clause in comparison to Healey *et al.* (1995) and that the period under New Labour was pronounced. This was attributable to the introduction of the GTC scheme and there was a corresponding increase in the percentage of obligations with a positive clause. While it needs to be recognised that the percentage of obligations with a positive clause, excluding the GTC, was similar to that found in previous research, the percentage for the case study authority did increase significantly under New Labour in comparison to the six years under the last Conservative Government. It is also accepted that the last period does show a falling away but the average across the two six year periods is significantly larger under New Labour and when including the GTC obligations, the percentage is almost double than under the Conservatives and considerably higher than previous research. Therefore, it must be concluded that while New Labour was in power, there was a shift towards a more positive use of obligations at HBC.

The research also backs up the findings of previous research that the use of obligations and the clauses contained within them are dominated by seeking to restrict the impact of new development and to ensure the necessary highway infrastructure is in place. Positive obligations were on the increase with particular emphasis on those relating to provision of highway infrastructure but the sub-categories relating to negative obligations are still important, even though they are decreasing.

The percentage of applications with an obligation was increasing in the majority of major and minor categories, while almost two thirds (64%) of obligations were attached to residential applications, which was similar to that found in other research. This is partly because residential applications are numerically greater but it was also found that residential applications also had the highest percentage of applications with an obligation by class of development (8.1%). The prominence of obligations connected to residential applications was found to be increasing under New Labour and this is important as it was explained that residential applications are much more likely to attract social infrastructure for communities than other types of applications. However, it was also noted that HBC had evidence of almost twice as many applications with an obligation within the offices/light industry category, compared to previous research; this was found to be due to the GTC. Major applications were found to have more clauses

per obligation under New Labour compared to under the Conservatives, but minor applications had less ('others' changed little).

It was interesting to see that the percentage of applications with an obligation was higher under New Labour than under the Conservatives (1.65% and 1.17% respectively) but that when GTC was excluded from the New Labour figure, it dropped significantly below the Conservative figure (to 0.76%). The dominance of GTC is a concern as it only achieves £334 on average per residential dwelling which is not substantial within the context of obligations. With reference to this research and the progress of social issues, the reason for this concern is that under New Labour, the case study authority was moving towards a more routine collection of obligations for highway issues to the exclusion of other issues. This was particularly within the minor category and it appears this reduced the amount of social issues being progressed.

There was an overall increase in requirements for social and community facilities compared to other research (with 11.2% of applications having an obligation that contained a social requirement; reduced to 4.9% if affordable housing was excluded). The percentage of clauses used for social purposes compared to all clauses was 8.6% (and 4.5% if affordable housing was excluded). A key finding from the research was that at the case study authority, a higher percentage of obligations contained a social clause under the Conservatives than under New Labour (19.2% and 6.8% respectively) and a higher percentage of all clauses were for social purposes under the Conservatives compared to New Labour (11.1% and 7.1% respectively). The unequivocal conclusion is that at the case study authority, the change from a Conservative to New Labour Government actually resulted in less being achieved for social aims through the obligations system.

The interviews sought to explore the reasons for the findings and found that the procedures for obligations was process driven. For example, there was no evidence that planning permission was granted because of the obligations on offer and instead decisions were taken solely on the principle of development and whether the scheme was acceptable. The obligation was seen as a 'tick box' exercise as to whether the developer had agreed to provide what was required or to pay the required amount in lieu of direct provision. However, it was not clear that this approach to obligations did not

simply lead to developers 'buying off' the impact of their development, rather than being forced to think about a more sustainable or low impact solution. This is a really important issue, especially with the increase in interest in using formulas to work out a roof tax approach, which means developers do not have to think about those issues as they simply pay the money instead. This could have a particular impact on the provision of social infrastructure as many social issues are more complicated to coordinate and to ensure provision takes place if money is taken and then a third party is responsible for delivering it. Social infrastructure is less tangible than highway infrastructure for example and does not have agencies involved with the same degree of awareness or understanding of planning obligations to ensure their needs are progressed. This approach of 'buying off' development impact and using formulas to the benefit of aims other than social ones, are areas that would benefit from further research by others.

It was found that the case study authority was relatively cautious when it came to seeking benefits through obligations and only those requirements set out in the local plan tended to have been asked for. However, all interviewees believed the Government had been opportunistic in using obligations to try to plug the gap in local authority finance and some interviewees felt that other departments within the Council were also putting pressure on them to use obligations for something they were not designed for.

In terms of practical issues, it was accepted that obligations should seek revenue payments towards ongoing maintenance costs, that all development should contribute on a pro-rata basis, but that monitoring of contributions once agreed was poor (although this was addressed in 2008 at HBC with the appointment of a Planning Obligations Monitoring Officer). There was also concern that planning officers lacked the skills needed to actually negotiate effectively with developers about commercial issues when the need arose (it is not often needed when a flat rate formulaic approach is used). This point has been underlined recently with growing concern that there is a lack of good independent professionals that are able to accurately work out viability assessments for urban extensions and how much the related infrastructure will cost (Ashworth & Demetrius, 2008). Lastly, it was agreed unanimously that obligations led to delays within the planning system, mainly due to the involvement of solicitors on both sides.

At HBC, New Labour clearly did not bring in any paradigm shift in improving the fortune of social issues within the planning obligation system and the focus on the formula approach (especially GTC) has arguably reduced the opportunities further as obligations have become more of a 'tick box' exercise with less interest in negotiating individual requirements. At HBC, social aims (beyond affordable housing and education) were not on the obligation checklist and so were likely to be 'out of scope' and not even considered by many officers who saw obligations as a clear cut requirement (it was either on the list of requirements or not). This lost the art of negotiating social benefits for the community and is very concerning as many authorities are turning more and more to using formulas and there is little evidence that social issues are included in those formulas. This is an area that would benefit from future research.

It is important before explaining in more detail why New Labour has failed to bring about a fundamental change in approach, to accept that they have brought in many positives that should not be dismissed. The interviews at HBC found that the use of money through PDG was a positive incentive and there can be little doubt that this has allowed many LPAs to invest in new computer systems and staff to provide a better service.

Secondly, Regeneration & Renewal magazine published a special report into the impact of the credit crisis on the regeneration industry in June 2008 (Ross, 2008) and it is interesting to note that the developers spoke of the importance of providing social infrastructure to make successful communities (even if they felt it was the role of the public sector rather than themselves to achieve this). This shows that the idea of social infrastructure has sunk into developers' consciousness as an important part of making balanced communities. Although this may be largely due to public pressure, the Government must take some of the credit as their rhetoric has given weight to the public voice so that developers take social infrastructure seriously, which did not happen under the Conservatives. While the evidence is that not much has been achieved in social terms, at least it is a legitimate topic for discussion, and progressing from rhetoric to reality is the next step.

Thirdly, the whole focus on requiring the LSP to produce a CS that must promote economic, social, and environmental issues and be connected to the development plan is a very significant step forward in allowing the planning system to take the initiative to push social issues. Although New Labour may not have pushed social issues onto the planning agenda, they have created the conditions where the public can push for them to be taken seriously and progressive LPAs can achieve them.

Fourthly, the introduction in the Local Government Act 2000 for each local authority to be required to have a code of conduct for elected Members means complaints are now referred to the Standards Board for England for independent investigation. This has helped to remove claims of corruption, with research carried out into complaints made to the Ombudsman about planning issues finding a lack of evidence of corruption (Allmendinger *et al.*, 2003b). This has helped to 'clean up' the image of planning to some degree, although as with many issues under New Labour, the message has probably not got through to the public to the full extent.

Lastly, the introduction of the CIL is a considerable achievement in principle and while it is arguable that the proof will only be when it is found how many authorities actually introduce CIL, it cannot be dismissed. New Labour may have taken a long time to get round to actually introducing something that sought to capture some of the land value and ironically it may have been unveiled just as land values have plummeted. However, they have stuck doggedly to the task of making sure something was introduced and were not put off by the construction industry prevaricating. Social issues and betterment are now discussed seriously and not dismissed the way they were under the Conservatives and while it can be argued the public has pushed the agenda, some recognition must be given to the Government embracing the principles, at least in theory and policy if not fully in practice. It could almost be argued that New Labour achieved a paradigm shift in some of their theoretical assumptions about social issues but these never pervaded across all areas and certainly did not translate into practice at the case study authority during the research period.

8.2 Reasons for the lack of progress

There are probably many reasons for the failure of New Labour to develop a coherent and meaningful progressive agenda but this research found three areas that were fundamental to the problems they faced. The first was a lack of ability to present a clear narrative to communities to explain what they were trying to do as they had no clear ideological position and the Third Way rationale they used lacked any depth. Secondly, their desire to control from the centre meant they did not trust local government to work efficiently and instead they got distracted into arguments about outsourcing public services, whether a public sector ethos existed, and if the planning system was to blame for the lack of national productivity. Lastly, they were so focused on trying to convince big business they were electable that they ended up embracing the neo-conservative agenda that was prevalent in business circles at the time, forgetting their own social roots.

These three problem areas were ubiquitous throughout the research as it became impossible to pin down any sensible strategy that New Labour was developing where obligations and social aims could be combined to deliver a step-change in achieving social aims. While I was aware of the constant denigration of local government by New Labour (as someone working in it), I was surprised through the research to see the scale and depth of attempts to bypass local government and the constant threats and lack of trust from the centre. It was probably only on reflection of these findings that I realised that so much of what local government was trying to do was centred on hitting targets to the exclusion of other policies. The interviews bore this out as officers felt there was no clarity about the purpose of the planning system since New Labour came to power with those negotiating obligations unclear as to whether it was legitimate to seek social aims beyond affordable housing.

It was shown that New Labour had come to adopt policies that focused very much on economic issues and so local government ended up chasing the demands of the centre which were more focused on economic issues and processes than social concerns.

“What damaged the public domain was the remorseless attack on professional autonomy and the equally remorseless marketisation that accompanied it. Both continue under Labour... We have to devise new forms of accountability – qualitative rather than quantitative, localist rather

than centralist, bottom-up rather than top-down and involving stakeholders along with professionals in a process of social learning. This is an extraordinarily difficult task, but we haven't a hope unless we abandon the bossy, centralist mindset that New Labour shares with Old Thatcherism" (Marquand, 2004: 26).

Create a narrative and work with communities and local government

The interviews showed that New Labour never managed to develop a clear narrative for what they were trying to achieve amongst officers at HBC and this was backed up by the literature review that found the focus on the Third Way was probably to blame. Blair had personally wanted to develop a new exciting political system for the new challenges that globalisation was producing but he was never able to articulate what it stood for, instead focusing on what it was not. Such was New Labour's desire to keep winning elections, whenever the Conservatives came up with a good idea, the Government simply moved to the Right and stole it, much as Clinton had done in America (Cohen, 2003). This approach had left the Party devoid of meaning or direction and when the tough times came, the support crumbled away and those who were left were caught up in the in-fighting between Blair and Brown.

Reform of the public sector through the modernisation process was one area that managed to keep the focus of Blair but he appeared undecided whether the public sector could genuinely be reformed or whether it needed to be replaced by the third sector or the private sector. This led to the damaging arguments over the value of the public sector which resulted in attempts to try to bypass local government backfiring and to be replaced with an attempt to privatise public services and then to use the private sector to 'improve' the public services. The catalogue of embarrassing and very costly mistakes by the private sector meant this approach was also sure to fail but left considerable tension between the public services and central government.

The Government's own research shortly after they had come to power found that much of the successful local joint working is a result of local initiative, not central direction, and that external imposition of solutions does not work and instead personal initiative and creativity must be fostered (DETR, 2000). The interviews at HBC found that officers were concerned that they were under pressure to make a decision and that applications would benefit from further scrutiny if time allowed. There was also

genuine concern that the public were not properly involved in the planning system and that by the time planning applications were submitted, much of the detail had already been agreed between the developer and LPA. When applications were received, the focus was all on making a quick decision, due to the modernisation programme, but it only focused on speed, not the quality of decision or how it was reached (Carmona, 2007). The focus on speed led to an increase in pre-application discussions with the LPA to resolve problems before the application was submitted, but this excluded the public even more. This led to a process at HBC known as Development Consultation Forums to ensure the community and Members have an opportunity to influence planning applications before they are submitted where a public meeting is held at pre-application stage to discuss the proposals while they are still being formulated. This illustrates how local government has been innovative in involving their communities to counter central Government pressure for speed alone.

Public participation *per se* was considered out of scope for this research but some points were noted in passing that are of interest and one of these areas was that five of the six interviewees thought the pressure for change within the planning system was a result of public pressure. It would be useful if further research was able to consider this point in more detail to see if it is possible to track back changes in policy to see if public pressure *is* responsible for many of the progressive changes, rather than Government thinking. In fact, the whole area around public participation needs more research and debate about how to effectively involve the public (Jones, 2003).

It is accepted that there have been positive messages from the Government with efforts to join up thinking and get the LSP more involved with spatial planning so the Sustainable Community Strategy and LDF have shared aims and are aligned with the Local Area Agreements (DCLG, 2007a). This would give planners an additional source of finding out what local partners believe the issues are that need to be tackled and to have a co-ordinated approach that involves social infrastructure at the heart. There is potential for the planning system to help achieve and/or fund some of these requirements.

It is not just about the economy and big business

It is accepted that in modern society any new Government will need to have a positive relationship with the City and big business. However, the extent to which New Labour practically sold their principles to be elected and then adopted a right-of-centre agenda that at times appeared more authoritarian than the Conservatives was a shock to most. Even at the start of his second term when the jitters should have subsided, Blair (2001c) simply could not bring himself to criticise big business for the massive boardroom payouts that were enraging the public and simply dismissed it as not an issue for Government. Blair personally became seen to be untrustworthy and a liability to New Labour and while he spoke highly of social issues, the literature review found more focus on economic issues. The evidence from the research is that social aims did not progress under New Labour and so it was empty rhetoric with those interviewed not believing that New Labour was promoting social issues in the planning system. There was no clear message as far as they were concerned with pressure for developers to pay for their impacts coming from the public instead.

Blair's association with big business, sleaze, and spin (Enron, Andersen, Mittal, Ecclestone affairs, allegations around cash-for-peerages, Weapons of Mass Destruction) gave the New Labour government a smell of corruption and incompetence that they never really shook. The growing realisation that New Labour was actually a right-of-centre Government, focused on winning elections simply by improving the administration of the country, while paying lip service to social values meant the public grew very weary of Blair in particular. They also showed little stomach for public services being privatised and were much more sceptical about the role of big business in genuinely being interested in social issues.

The planning system needs a purpose that allows social aims to thrive

Probably one of the most important implications to arise from this research is the clarity that the modern planning system lacks a good understanding of social issues. The literature review found little had been written about the subject in recent years and the interviews discovered that the practitioners at HBC were not clear which social issues could, or even should, legitimately be part of the planning system. Part of the problem is that the modern planning system was invented to build consensus between many

disparate interests in the post-War rebuilding programme. Therefore, the aims and objectives are very vague and malleable and allow Westminster to make alterations without primary legislation and so the system has a 'mend and make do' approach with little proper thought about its aims and processes (Allmendinger, 2001; Healey & Shaw, 1994). While planners may have some idea of what they are trying to achieve, the public are still cynical and end up blaming the planning system for causing high land prices, the housing crisis, clone towns, not boosting economic growth, failing to tackle supermarket competition, and not dealing with climate change, amongst others (Alexander, 2007).

The interviews at the case study authority found that since New Labour came to power there have been mixed messages for the planning system with regeneration, better design, and housing delivery seen as the primary focus by different interviewees. There was no agreement at all on whether the Government was pushing economic, social, or environmental issues the most, although social concerns were not top of the list. The Conservatives were considered by the interviewees to have a clear view of the planning system (if not one they necessarily endorsed) whereas New Labour appeared to be blown about by public opinion and chasing headlines.

Dr Hugh Ellis, a Planning Advisor at Friends of the Earth and a member of the TCPA Policy Council, has commented that

“...planning reform now seems to be a ‘continuous revolution’ which leaves many who are trying to deliver change bewildered. There is a sense that the Treasury will go on demanding ‘reform’ of the planning system until it gets the ‘right answer’ – and that the ‘right answer’ is perfect free market competition in the use of land. It is becoming more and more evident that those who believe in planning as a social movement or that planning has intrinsic values which are worth protecting are in a declining minority” (Ellis, 2007: 18).

This is a damning indictment by a respected commentator of what the planning system has become as a result of the Government constantly tinkering with the system and wanting to make it subservient to business interests. A key New Labour mantra was ‘no rights without responsibilities’ but while the Government has been keen to protect businesses rights, it is not clear how they have pushed businesses to actually be responsible in practice. The planning system has some ability to require businesses to

have some social responsibilities for their local communities. However, it could be argued that the planning system is instead being turned into a component of a neo-conservative agenda that has little interest in social aims or to uphold the virtuous ideals it was founded upon.

The green lobby has successfully encouraged behavioural changes by appealing to people's sense of what is right and there may be mileage in this approach being applied to other areas, such as social aims, but for it to work there needs to be a careful philosophical foundation (Prowse, 2000). The planning system needs to articulate a clear vision of sustainable communities that balances the economic, social, and environmental issues communities are facing, within a regulatory framework. The Government has made some progress in recent years in articulating a vision for the planning system but it must become reality and not just a slogan on the front of documents. They also must allow local areas to develop their own solutions and if this includes a focus on social issues then they should be supported in practice and not 'educated' into thinking that economic issues must reign supreme.

"The nature of planning will be shaped by those interests which wield consistent and widespread influence within British society. Some have argued, persuasively, that this has meant that planning has never systematically threatened prevailing social and economic inequalities, but has, in general, served the purpose of managing land markets and the development process..." (Thomas, 1999: 27-28).

There appears to be little acceptance by economists that the planning system should lead development and shape society, instead believing it exists to respond to the economy⁵². There is a risk that just as the Government was seduced by big business, and economists continue to push for economic issues to stay at the fore, that the planning system could be subsumed by business issues and doing what commercial clients want, rather than what is in the best interests of the community. Concern has been raised that there is a decline within the planning movement of radical voices as it becomes more dominated by the private sector.

"Planning is and should remain the most radical form of social and environmental regulation ever introduced in the post-War period. It is

⁵² For a clear example, see the article by the Professor of Environmental Economics at Reading University (Evans, 2003).

strongly interventionist, strongly regulatory. It is positive and visionary, participative and democratic. It deals with the complexity of people and communities and can offer real hope as a powerful policy tool in the context of social and environmental justice. This is not the time to compromise with those whose real agenda is the deregulation of the planning process. We should renew and re-engage with the values that drove planning as a social movement, however challenging these ideas might be for the Treasury” (Ellis, 2007: 19).

The battle for the soul of the planning system should not be underestimated with the Government having to admit that the first draft PPS4 showed public bodies were concerned about the proposed competition between economic, social, and environmental aims, compared to business respondents who felt it did not go far enough in promoting economic issues (Planning, 2008d).

8.3 Should obligations be replaced or reformed?

So far, this chapter has set out what the findings were at the case study authority and sought to use the literature review and interviews to consider why New Labour did not achieve a paradigm shift in the use of obligations to achieve social aims. This leads to questions around what we can learn from the research with reference to obligations themselves and if they can actually be used to achieve more for social issues if they were used in a different way or are they not a suitable means to achieve social ends?

Considerable changes have already taken place with the new Circular 5/05 which has addressed many of the concerns outlined in the literature review but the main view of commentators regarding whether obligations are the best way to capture planning gain is split. Some have argued that the unsystematic approach of obligations between different authorities is unfair to developers and is not suitable for adequately mitigating development impacts, with impact fees a better solution (Walker & Smith, 2002). Indeed, impact fees and tariff systems of various sorts have received considerable support, including the RTPI and the TCPA, amongst others (Brock, 2002; Crow, 2002; Healey *et al.*, 1993; Richards & Bentley, 2001; TCPA, 2002b). The RTPI approach is to support a tariff that uses the development plan to set out the policy for the tariff, which SPD would then detail on an area-by-area basis, setting out requirements for physical and social infrastructure, and environmental mitigation etc. (Crow, 2002). The

policy would set out the cost on a unit or floorspace basis and unspent money would be refunded within a given time period, although they did allow for negotiations to take place on unusual cases.

The TCPA were more concerned that obligations were less efficient in less affluent areas, where investment was needed more, but they rejected nationalising contributions due to the loss of local decision-making and the relationship in mitigating the local impact (TCPA, 2002b). Therefore, as tariffs would achieve a percentage of development value, this was the closest to a betterment tax and so the TCPA preferred this approach. Like the RTPI, they supported a unit-cost based approach as acceptable, with commercial development worked out on a gross floorspace figure and housing on a cost per dwelling basis to ensure smaller developments would not be exempt.

The main alternative view when supporting the reform of obligations to that of a tariff based approach was to still seek some type of central taxation, as this would stop authorities competing with each other by raising or lowering their tariff, depending on whether they wanted to attract or stop development (Edwards & Martin, 2002). There is evidence that local authority development agencies in California ran into problems of offering incentives to attract companies to new projects only to have them leave within a short timeframe as another relocation offer came up at a new centre (Kotin & Peiser, 1997). Authorities in areas needing regeneration in Britain could similarly end up reducing the planning gain required in an attempt to attract in development and then seek to undercut each other, all the while reducing the money available for communities. Removing the option from local authorities would stop this. The risk is if the level is set too high, some less affluent areas will struggle to attract development as land values are not high enough to make schemes viable.

On a more positive theme, research by Campbell *et al.* (2001) demonstrated that while the cost to construct off-site infrastructure, facilities, and services are higher in the South East than in the Midlands and the North, it is to a lesser extent than the difference in land values and house prices. As a result, planning obligations will make up an average of 14% of the cost of a house in the South East compared to 18% in the North. By contrast, a betterment tax of 40% of the initial land value will be 19% of the house

price in the South East and only 13% in the North, meaning betterment is much better at dealing with depressed land values than obligations.

However, the biggest concern over betterment is that it loses the link between a development and the impact it has caused that needs to be mitigated against. The *Commission on Taxation and Citizenship* of 2000 found that people feel disconnected from the taxes they pay and the public services that the taxes are used on, as people are not clear where their money goes or that it is spent wisely (Regan, 2003). Any change from an obligation system to betterment taxation would further break this link and would be a retrograde step (Evans & Bate, 2000). There is also concern that any taxation approach would reduce flexibility and result in a loss of revenue for environmental and community benefits from development (Campbell *et al.*, 1999a).

The TCPA argued that the term 'tariff' should be replaced by 'community benefit contribution' to remove the idea that it is a penalty on development and argued that any payment would have to be identified in advance (preferably through the local plan) to ensure it comes out of the land value. This would still allow development to be profitable but if landowners sought to keep back land due to the reduced profit then compulsory purchase powers could be used (TCPA, 2002b).

It is perhaps surprising, given the often vitriolic attacks made on the obligation system along with the allegations made, that so many people prefer to stick with the current system, rather than opt for reform. In one survey of local authorities, they were almost evenly split on whether obligations should be retained or replaced with other financial instruments, although impact fees were generally rejected along with other more radical approaches (Walker & Smith, 2002). Another survey of local authorities had found the majority of respondents wanted a negotiated system based on obligations (just over half) compared to less than a quarter that wanted a more formalised tariff-based system with standard charges, betterment or impact fees (Campbell *et al.*, 1999b). The reason for this was said to be the flexibility of the system so each site can be assessed on its merits, developers can provide the works themselves more easily, and there is a clear link between the gain sought and the development site. It is important to realise that tariff systems and impact fees normally use obligations as the means to collecting the payment. However, this is not the same as a negotiated obligation system which assess

impact on a site-by-site basis rather than by using a previously worked out charge or fee.

Other bodies that have carried out research into the topic have also concluded that a more creative use of obligations is probably the best way forward, including the Countryside Agency (Elson, 1999) and the Joseph Rowntree Foundation (MacFarlane, 2000). Evans & Bate (2000) saw no alternative to obligations and felt the system should continue with some fairly minor changes and while Healey *et al.* (1993) had previously supported the principle of impact fees, they did not rule out the continued use of obligations but also with some amendments.

Evans & Bate (2000) report that many industry representatives interviewed in their research supported the current system as they value the fact it is levied locally and responds directly to the development. They also state that the RICS have commented that although the planning obligation system is flawed it is still the most practical way of ensuring developers pay to remedy the impact of their development. Others have stated that there is little consensus to change the system as most developers prefer to take their chances negotiating than being stuck in a rigid system (Campbell *et al.*, 2001; Ennis, 1994; Punter, 1999). Lastly, third party groups and Members apparently have found obligations a positive and creative way of securing tangible wider benefits (Campbell *et al.*, 2001).

Many local authorities had called for a more regularised obligations system that was a hybrid between obligations and impact fees (Walker & Smith, 2002). This would allow obligations to deal with the direct on-site mitigation while some impact fee or tariff approach would allow the betterment issue to be dealt with separately. This is basically what CIL has done by dealing with the broader infrastructural requirements that are more akin to a betterment tax, while the on-site issues will still be dealt with by obligations. It appears the Government has listened to the concerns raised and adopted an approach that appears to be supported by many. The real answer will be whether local authorities progress and actually make use of CIL or whether they simply do not bother and stick with using obligations on a site-by-site basis or as part of a tariff system. However, whatever approach is taken, a key issue is that social aims need to be clarified and this was pointed out as a problem over a decade ago.

“Planning obligations... are but a vehicle for achieving social goals. But the legislation is procedural, not substantive. Hence, identification of the social goals to be achieved by them remains opaque” (Grant, 1999).

Considering the research at HBC it is clear that the important point is that for social aims to be progressed, there needs to be clarity on *what* social issues the planning system should be expected to achieve and *how* they then should be delivered. Whether authorities use CIL or stick with obligations, the research from HBC has shown that planning officers are not comfortable with using obligations on an *ad hoc* basis to achieve social aims as they do not believe that is what they exist for. If obligations are to remain then the Government needs to clarify further that social issues are an acceptable aim for obligations.

Social obligations

In August 2006, the Audit Commission produced a series of four documents to try to improve the performance of obligations and one of the issues they looked at was how Councils decide which community benefits to secure through s.106. However, it is interesting to note the list under ‘examples of community benefits’ included flood defence, recycling, crime and disorder prevention, archaeology and conservation, libraries, healthcare, fire and rescue, town centre improvements, and local environmental improvements (Audit Commission, 2006a). While there may be some benefit in money being available for a wide variety of causes, there is a fear that there is a finite amount of money to go round and so other causes benefiting could be at the expense of social aims.

“The sum is bound to be larger than at present, but if a significant proportion of it is devoted to affordable housing the amount available for other purposes, including infrastructure and social capital for areas of rapid growth, may not be much more than at present” (TCPA, 2002b: 107).

It is clear that there is growing interest in using planning gain to achieve social aims with even the right-of-centre Policy Exchange think-tank proposing a ‘social cost tariff’ to compensate communities affected by development and proposing a one-off payment of half a million pounds per hectare for greenfield housing sites (Early, 2006a). While the CPRE may have dismissed it as an attempt to ‘buy-off’ opposition to development, the fact a right-wing think-tank is even suggesting a social tariff, illustrates how

mainstream social issues have become within planning gain circles. Similarly, the Thames Gateway has introduced the concept of social infrastructure frameworks that will coordinate the provision of schools, health centres, gardens and green spaces for children (Kochan, 2006b).

The London Borough of Redbridge (LBR) was the first authority in the capital to adopt its Core Strategy after the Planning Inspectorate had declared it was 'sound' (Planning, 2008c). Therefore, its approach to obligations for social issues is relevant as it shows what the Inspector accepted as reasonable. The LBR produced a SPD on Planning Obligations (LBR, 2006) that breaks down the social and community facilities it expects developers to provide or fund for residential schemes of more than ten units. It worked out at £151 per habitable room and covered 'community care & children and families social services' which included assessment & disability, learning disability, mental health, community services, older people, HIV/ substance misuse, management/ support, youth offending team, children & family social services. This contribution is in addition to those for education, health, employment & training, libraries, sports facilities, open space, affordable housing, transport & traffic management, and percent for art, archaeology & conservation. This is a genuine opportunity to progress social issues through the planning obligation system at last.

From the interviews undertaken at HBC, it is considered that this type of approach should be supported as this gives a wide range of social aims that can be considered and the amount is not unrealistic. Having the list approved in the development plan means that the planning officer negotiating does not have to worry about the legitimacy of asking about the money in the same way, as it has already been approved as suitable. The fact a figure is also provided means there is little need for routine specialist input or complicated negotiations by planning officers. The developer knows what they have to pay and the officer simply ensures the figures are agreed as a head of term in the obligation before permission is issued. This ensures the link between the new development and the social costs so the process becomes clear and simple, and everyone is clear what is reasonable to be collected from the outset. The main drawback is that the obligations are arguably being used for a taxation purpose but as there is a clear link and the evidence from the research authority suggests this approach would actually

work and cumulatively it could add up to a significant amount of money, it should be supported.

Limitations of this research and areas for future study

As with all research, this thesis has limitations and it is accepted that it would have been useful if the research could have continued to cover all of Blair's years in power but the fieldwork was carried out years before it was realised his tenure would end while the writing up was taking place. The slower pace of studying part-time is also a drawback but does allow more to be understood in hindsight and any extension of the research database would have delayed the process extensively. It is considered that the first six years of the New Labour Government is a good start but it would be valuable if someone was to go back in the future and assess the next three year period (or until Blair resigned as Prime Minister) for comparative purposes to see if things have changed significantly.

It is considered that the research also may have benefited from further interviews by tracking down other officers who had worked at the authority during the research period to give a broader interview base before drawing conclusions from those interviewed. However, the reality is that there were only a few officers who actively negotiated obligations routinely during this time that were not interviewed and they either had only been at the authority for a short period or were not realistically available for interview. Perhaps one area that may have been useful in hindsight would have been to interview managers from other departments and Members about their perceptions around planning obligations at HBC, although this would have been more of a passing interest than fundamental to the research.

One of the key findings of this research was that it appears public opinion has driven much of the change in approach by the Government and this is an area that would benefit from future research. There are two aspects of this that would be interesting if they were investigated further. The first is to assess the extent to which the Government has been pushed into making policies that it did not initially want to, due to public pressure. The second aspect would be to tackle this point from a different angle and to see if it is possible to track back key changes in progressive policies to see what the

main pressure behind the change was i.e. public pressure, European laws, think-tanks, independent research, Government thinking etc.

It was also found that in the interviews, none of the planners seemed particularly sure what social policies were in terms of the planning system and the literature review also struggled to a surprising degree to find writings that discussed social aims in a planning context. There was support by those interviewed that social aims are important to varying degrees but quantifying social issues in a spatial planning system is difficult. The change in focus of the planning system towards place-making gives a clear opportunity for social issues to be driven forward but research needs to be carried out into the social aspects of communities that the planning system can genuinely interact with. This is an urgent area needing attention by the planning community.

The research mentioned in passing several times that public involvement in the planning system is a recurring problem that has raised many questions and problems over the years but appears to have progressed little. Questions over who speaks on behalf of the community, how to effectively involve these representatives, how they relate to the elected Members, etc. need to be resolved if communities are to have an effective voice that is involved from the start rather than consulted at the end. It is considered that HBC has made good progress on this point by setting up six local Community Boards where the Council facilitates the meetings but they are run by the public and elect their own chairperson. The Boards are then consulted on issues by the Council (it is a Borough Council so there are no Parish Councils) and is a good framework in theory but unfortunately they have struggled to capture public interest. Questions also remain around local authorities having housing and employment figures imposed on them as the public immediately feel disenfranchised. Likewise, the binding decisions of Inspectors in making decisions in line with national/regional policy with less interest in local concerns is demoralising for any true community view for shaping your own society. Alternatives to imposing solutions from above must be found that would remove the need for central dictats and arguably the Planning Inspectorate. Again, there is relatively little research on these topics.

It was noted that the approach of 'buying off' development impact by simply paying a financial contribution risks losing more imagination in the planning process itself and

could result in worse development than if impacts had been mitigated in the design in the first place. This needs to be investigated further to consider whether routinely using formulas may result in other aims being prioritised over social ones as economic and environmental issues are often more tangible and have more influential lobbying groups pressing for them to be included.

Lastly, it would be interesting to consider whether social issues are actually promoted more by local communities than by central Government and while there has been some research around this issue, it would be good to investigate further to see what issues local communities do prioritise when given the choice.

8.4 Is a paradigm shift possible?

This all brings us to the concluding section and the question of if New Labour was unable to bring about a paradigm shift in ensuring social aims were given parity with economic and environmental aims when decisions were made, was it too much to expect? Was the question an impossible dream or could more have been achieved that would have been considered a substantial change?

Issues around infrastructure are increasing in prominence with reports that the gap in public investment was around sixty-five billion pounds (Falk, 2004) and that was before the country entered recession at the end of the noughties. There is a growing demand for new housing but with this massive financial gap, social infrastructure runs a risk of being forgotten about as the private sector is unlikely to be able to fill this gap alone. The public will want to see that infrastructure is provided as there is little support for existing communities paying for new communities (even though in reality it is a displacement of the existing). If the link between taxes and what they are spent on is not clear or considered to be just, then people will be less likely to pay taxes in the first place and growing cynicism with government will result, making any more progressive use of obligations in the future more difficult (Nye, 2001).

It would appear there are many ways of capturing land value but the benefit of using obligations keeps a clear link between the development and the provision of whatever is being required. This is considered to be fundamentally important in ensuring that the

public continue to accept new development and that there is transparency between new development and new facilities that the new community will need. There is an obvious benefit in setting these charges clearly in advance so the value is taken from the land value rather than passed onto the new house buyers if it is raised late in the process. However, this is not considered to be as big a concern as it once was as developers are now very aware there will be infrastructure required, either to be provided or a financial contribution made, and so should be reflecting this in the price they offer for land. It is still the case though that the more certainty they have the better and so setting standard charges within a document will help. This would be best approved as a Development Plan Document, for example as a policy in the Core Strategy in the new LDF system so it can be publicly scrutinised and subject to Examination in Public, but this would considerably delay approval and will be quickly out of date. Therefore, it is considered that a published SPD that has gone through its own public consultation is the best way of achieving this. The SPD can more easily be updated as the economic climate changes and more importantly, as the needs of the area change i.e. if schools reach capacity then new development would need to provide new capacity for the new children.

The tools appear to be in place to progress social benefits and it is considered that New Labour actually came a lot closer than the practice suggests as they had ideologically broken the taboo subject of talking seriously about social issues, put debate about planning gain back on the agenda, and even got developers to agree they needed to pay for social infrastructure. The problem is that when it came to it, as we have seen, they could not bring themselves to follow through in practice, despite having considerable public support.

This research suggests that the planning system needs to develop a clear vision that gives social and environmental issues a comparable footing to economic concerns in practice, to engage properly with the public, and that obligations could easily be used for greater community good. Some clarity on the use of obligations and that social infrastructure is a legitimate aim would be useful and could be produced without the need for legislation, thereby meaning it could be produced quickly. The interviews at the case study authority suggest that planning officers relate well to the original social goals that the planning system was founded upon and would be willing to develop these

social concerns in their daily professional duties. The concern at present is more that the authority needs to be careful not to stretch the use of obligations as that could be found to be illegal but if the Government clarified that obligations could be used to collect more social benefits (until CIL is in place) then it would appear that officers would be happy with that approach.

Many of the practical concerns raised around the use of obligations appear to have been resolved over time as authorities have adopted stricter procedures and the main concern about obligations would be resolved if the Government officially widened the role of obligations to legitimise much of what is occurring in some authorities. Clear guidance could be drawn up and it is recommended that Councils should be required to adopt an SPD setting out the tariffs that will be required for new development and justifying how the amounts are arrived at.

The CIL could collect whatever is set out in the SPD and the SPD should be developed with the local community (not drawn up by the Council and then the community asked for views). This should also involve discussions with the LSP to make sure it reflects the aims of the CS, but could potentially be broken down further into smaller community areas. At HBC, this could use the six area Community Boards and while there may be some over-arching priorities common to all that need the economy of scale, one Board may wish to prioritise the secondary issues in a different order to another, depending on the needs of their community. This would involve the public more and they could see what the money was being spent on and see how they could influence that and may even increase attendance at the Community Board meetings.

Could a paradigm shift still be achieved?

Like most similar questions, the answer is of course it *could* happen but the real question is whether it *will* happen and that is not as clear. Some of the barriers to New Labour achieving what it set out to were shown as becoming distracted from the task in hand by focusing on economic concerns by the pressure they came under from big business, driving forward a neo-conservative modernisation agenda that dismissed the public sector, refusing to genuinely delegate power, and lacking a narrative.

Therefore, it is rather depressing to note the Confederation of British Industry is still arguing that too many LPAs fail to attach adequate weight to economic considerations when taking planning decisions, leading to “unbalanced and unfair outcomes for applicants” (Daubney, 2008). The fact they focus entirely on the applicants and do not comment on the outcomes for local communities or neighbours of sites is perhaps telling in itself but they are still pushing the argument to anyone who will listen that economic aims need to be raised in profile. Likewise, the Office of Fair Trading has recently raised the ‘old’ criticism that the planning system is acting as a block to land supply for house builders (Donatantonio, 2008a). It appears the planning system is still suffering from pressure to promote the economic interests and to ‘free up’ developers to develop as they please. Despite the evidence they are aware of, the Government has not moved to quash these points before they gather momentum and further distract attention. It was shown that the Government itself has investigated this claim and rejected it and that there is no evidence of a loss of the public sector ethos (Allmendinger *et al.*, 2003b), so it is concerning that the Government is not moving the debate forward.

There is some evidence that the Government is starting to slowly develop a narrative that contains social issues and to work more constructively with local government (the modernisation agenda appears to have been toned down significantly) and with the public. The debate around CIL and/or obligations needs to clarify the difference between recovering land value and making developers pay for the cost of their development and towards new infrastructure. The two issues should not be confused, and the first is not currently being seriously considered, despite CIL muddling the issues (Ashworth & Demetrius, 2008). It was shown that the principle of developers paying for infrastructure was accepted back in the early 1970s, while social, educational and community provision was added in the early 1990s. It is considered that attention now needs to move to the next stage by making betterment work and ensuring communities benefit equally from new development, rather than the landowner taking the majority of the increase in land value. There is a clear argument for betterment of some type to be paid for the good of society and it is not considered to be beyond the ability of the Government to design such a system, but the big business interests would need to be reduced in influence for this to realistically happen. In the meantime, it is considered that CIL, topped up with obligations, could deliver a considerable amount of social

benefit to local communities. If CIL was rejected by any new Government in the upcoming 2010 elections it is still believed that a revised obligations system could achieve a considerable amount for social aims.

There has been very recent research undertaken on behalf of the Scottish Government (McMaster *et al.*, 2008) which is encouraging, given that land values in Scotland are comparably quite low compared to large parts of England. The research found that the use of agreements⁵³ had almost doubled between 2003/04 and 2006/07 and recreational purposes numerically dominated the reason for the agreements but with increasing use for affordable housing, education, and public transport. The research also found that authorities with a dedicated officer working on agreements secured almost five times as many contributions as those without and for wider purposes. They also found a third of authorities had a formula for calculating the contribution and those with it are collecting around two million pounds per annum more than those without. It is my personal opinion from my experience that if someone was to go back and examine obligations at the case study authority since the end of my research period, that there would be some evidence of an increasing use of obligations, although limited increase for social aims.

However, there is a feeling that authorities are starting to get to grips with obligations and securing significantly more than they used to and this is causing many to be cautious about abandoning a system that is starting to deliver so much for a new untried system under CIL. Greater Manchester has announced that s.106 obligations work well and that CIL is not needed, leading to the question as to whether CIL will actually change much for many authorities (Lee, 2008a). However, whether an amended obligations system and/or CIL are used, they are but a means to an end of achieving social aims within the planning system. New Labour broke the arguments about social aims being an acceptable goal in theory and it is considered that if a more explicit statement was made by Government that obligations *could* be routinely used for achieving social aims, then a paradigm shift may well be achieved. It was shown earlier that David Cameron has talked of compassionate conservatism and so even if there was a change of Government, it is considered there is sufficient political and public support

⁵³ They are called agreements in Scotland and they are primarily secured under either s.69 of the Local Government (Scotland) Act, 1973 or s.75 of the Town and Country Planning (Scotland) Act, 1997.

to embolden local authorities to develop social infrastructure costs and charge for them through obligations and/or CIL.

APPENDIX 1

LIST OF ACRONYMS

| | |
|-----------------|---|
| BPF | British Property Foundation |
| CDP | Community Development Projects |
| CIL | Community Infrastructure Levy |
| CS | Community Strategy |
| DCLG | Department for Communities and Local Government (replaced ODPM on 5th May 2006) |
| EHDC | East Hampshire District Council |
| EP | English Partnerships |
| GTC | Green Transport Contribution |
| HBC | Havant Borough Council – the case study authority |
| HBF | House Builders Federation |
| HMRC | HM Revenue & Customs |
| LGA | Local Government Association |
| LPA | Local Planning Authority |
| LVT | Land Value Tax |
| MKP | Milton Keynes Partnership |
| ODPM | Office of the Deputy Prime Minister |
| OPC | Optional Planning Charge |
| PAG | Property Advisory Group |
| PD | Permitted Development |
| PFI | Private Finance Initiative |
| P&CA | Planning and Compensation Act, 1991 (the 1991 Act) |
| PGS | Planning Gain Supplement |
| PPP | Public Private Partnership |
| RICS | Royal Institute of Chartered Surveyors |
| RSL | Registered Social Landlord |
| RTPI | Royal Town Planning Institute |
| SEU | Social Exclusion Unit |
| TCPA | Town & Country Planning Association |

T&CPA Town and Country Planning Act (with the year of the Act to clarify)

UDC Urban Development Corporation

UP Urban Programme

UTF Urban Task Force

Often the Planning Acts are just referred to as the year and the Act i.e. the 1990 Act is the 1990 T&CPA. (The Planning Acts are 1932, 1943, 1947, 1954, 1959, 1968, and 1990).

APPENDIX 2

STATISTICS AND CHARTS

| | Cons | N L | Cons | N L | % change |
|------------|------|------|------|------|----------|
| 00 App | 676 | 1111 | | | |
| 00 Obl | 0 | 0 | 0 | 0 | |
| 00 Clauses | 0 | 0 | | | |
| 01 App | 101 | 69 | | | |
| 01 Obl | 13 | 23 | 12.9 | 33.3 | 20.4 |
| 01 Clauses | 40 | 70 | | | |
| 02 App | 10 | 11 | | | |
| 02 Obl | 1 | 2 | 10 | 18.2 | 8.2 |
| 02 Clauses | 1 | 3 | | | |
| 03 App | 14 | 21 | | | |
| 03 Obl | 0 | 2 | 0 | 9.5 | 9.5 |
| 03 Clauses | 0 | 18 | | | |
| 04 App | 24 | 25 | | | |
| 04 Obl | 3 | 4 | 12.5 | 16 | 3.5 |
| 04 Clauses | 12 | 54 | | | |
| 05 App | 59 | 44 | | | |
| 05 Obl | 4 | 3 | 6.8 | 6.8 | 0 |
| 05 Clauses | 20 | 4 | | | |
| 06 App | 533 | 594 | | | |
| 06 Obl | 19 | 50 | 3.6 | 8.4 | 4.8 |
| 06 Clauses | 43 | 81 | | | |
| 07 App | 64 | 92 | | | |
| 07 Obl | 1 | 8 | 1.6 | 8.7 | 7.1 |
| 07 Clauses | 1 | 8 | | | |
| 08 App | 109 | 51 | | | |
| 08 Obl | 3 | 1 | 2.8 | 2 | -0.8 |
| 08 Clauses | 8 | 4 | | | |
| 09 App | 166 | 141 | | | |

| | | | | | |
|------------|------|------|-----|-----|------|
| 09 Obl | 2 | 4 | 1.2 | 2.8 | 1.6 |
| 09 Clauses | 2 | 5 | | | |
| 10 App | 607 | 765 | | | |
| 10 Obl | 8 | 14 | 1.3 | 1.8 | 0.5 |
| 10 Clauses | 20 | 18 | | | |
| 11 App | 0 | 0 | | | |
| 11 Obl | 0 | 0 | 0 | 0 | 0 |
| 11 Clauses | 0 | 0 | | | |
| 12 App | 577 | 501 | | | |
| 12 Obl | 9 | 14 | 1.6 | 2.8 | 1.2 |
| 12 Clauses | 14 | 15 | | | |
| 13 App | 2485 | 3992 | | | |
| 13 Obl | 6 | 4 | 0.2 | 0.1 | -0.1 |
| 13 Clauses | 6 | 4 | | | |
| 14 App | 376 | 323 | | | |
| 14 Obl | 0 | 0 | 0 | 0 | 0 |
| 14 Clauses | 0 | 0 | | | |
| 15 App | 133 | 153 | | | |
| 15 Obl | 0 | 0 | 0 | 0 | 0 |
| 15 Clauses | 0 | 0 | | | |
| 16 App | 30 | 15 | | | |
| 16 Obl | 0 | 0 | 0 | 0 | 0 |
| 16 Clauses | 0 | 0 | | | |
| 17 App | 67 | 21 | | | |
| 17 Obl | 0 | 0 | 0 | 0 | 0 |
| 17 Clauses | 0 | 0 | | | |
| 18 App | 223 | 93 | | | |
| 18 Obl | 4 | 3 | 1.8 | 3.2 | 1.4 |
| 18 Clauses | 4 | 10 | | | |

Table 1: Number of applications, obligations, and clauses by class of development for the six years of each Government.

- 00 Not included on return i.e. Tree Preservation Order applications
- 01 Major dwellings – schemes with 10 or more dwellings or where number of dwellings not specified but site area exceeds 0.5ha
- 02 Major offices/R&D/light industry – proposals within use class A2 and B1 which have floorspace of 1,000 sq. m. or more, or a site area over 1ha
- 03 Major heavy industry/storage/warehousing – proposals within use class B2 and B8 which have floorspace of 1,000 sq. m. or more, or a site area over 1ha
- 04 Major retail distribution and services – proposals within use class A1 and A3 which have floorspace of 1,000 sq. m. or more, or a site area over 1ha
- 05 All other major development – proposals with floorspace of 1,000 sq. m. or more, or a site area over 1ha, where the proposed use does not fall into use classes C3, A2, B1, B2, B8, A1 or A3.
- 06 Minor dwellings – schemes with 1-9 dwellings or where number of dwellings is not specified but site area is equal to or less than 0.5ha
- 07 Minor offices/R&D/light industry – as class 02 but less than size criteria
- 08 Minor heavy industry/storage/warehousing – as class 03 but less than size criteria
- 09 Minor retail distribution and services – as class 04 but less than size criteria
- 10 All other minor developments – as class 05 but less than size criteria
- 11 Minerals – non county matters only – both major and minor schemes, mineral handling installations etc.
- 12 Change of use – where no building or engineering operation is taking place or is permitted development
- 13 Householder development – extensions, garages etc. within the curtilage of a residential property
- 14 Advertisements
- 15 Listed building consent – alteration, extension or partial demolition of a listed building
- 16 Listed building consent – full or substantial demolition of a listed building
- 17 Conservation area consent – full or substantial demolition of a non-listed building within a Conservation Area
- 18 Other – applications not included in any of above i.e. certificate of lawfulness

Table 2: Government codes for class of development (as produced originally by DTLR)

| Year (A) | App (B) | Obl (C) | Obl exc GTC (D) | % with obl (E) | % with obl exc GTC (F) |
|---------------------|--------------------|--------------------|--------------------------------|-------------------------------|---------------------------------------|
| 1991/92 | 1079 | 19 | 19 | 1.76 | 1.76 |
| 1992/93 | 944 | 8 | 8 | 0.85 | 0.85 |
| 1993/94 | 1021 | 16 | 16 | 1.57 | 1.57 |
| 1994/95 | 1042 | 12 | 12 | 1.15 | 1.15 |
| 1995/96 | 1065 | 9 | 9 | 0.85 | 0.85 |
| 1996/97 | 1103 | 9 | 9 | 0.82 | 0.82 |
| 1997/98 | 1243 | 9 | 9 | 0.72 | 0.72 |
| 1998/99 | 1222 | 16 | 15 | 1.31 | 1.23 |
| 1999/00 | 1244 | 35 | 8 | 2.81 | 0.64 |
| 2000/01 | 1370 | 23 | 9 | 1.68 | 0.66 |
| 2001/02 | 1417 | 25 | 9 | 1.76 | 0.64 |
| 2002/03 | 1526 | 24 | 11 | 1.57 | 0.72 |
| | 14276 | 205 | 134 | 1.44 | 0.94 |

Table 3: Number of applications, obligations per application and percentages per year.

This table shows the number of valid applications (B) received each year (A), the number of applications from that year subsequently with an obligation (C) and then by excluding those with a GTC payment (D). It then states these figures as percentages of applications, first including those with a GTC payment (E) and then excluding them (F).

APPENDIX 3

INTERVIEW TEMPLATE

Aim of the planning system

1. What do you see as the aim of the planning system when it was first created?
 - Do you share that view?

2. Do you think the Conservatives had a distinct aim with the planning system when they were in power and if so, what was it?
 - Do you think the Labour Government had a distinct aim for the planning system when they first came to power, and if so, what was it?
 - Has that changed since they have been in power, and if so, in what way?

3. If there were changes in the aim of planning across both periods, where did the pressure for change come from? (Globalisation, Government policy, public pressure etc.)

4. The current Government says there is a balance between economic, environmental and social aims in the planning system. Do you think Government policy actually seeks a balance within the planning system in practice?
 - If not, which aim is primary?
 - How is this seen/ can you give examples

- Any ideas why this would be?
5. My research is particularly interested in considering social aims in the planning system. What do you see as social issues within the planning system?
6. Has the aim of the planning system in HBC reflected Government aims since the nineties or has it had other pressures?
- If so, what was the aim and why?
7. How has the modernisation agenda affected the planning system?
- What about at HBC?

Obligations

8. What does Government policy allow obligations to be used for?
- Any difference in practice?
9. Is there any conflict between policy, case law, and 'get what you can'?
10. Do you think obligations used be used for the following three rationales & why:
- To directly support the implementation of planned development by removing obstacles i.e. highway contribution to upgrade a junction

- Mitigating the impact of development over a wider area i.e. replacing lost facilities elsewhere in the borough
- Betterment i.e. tax on developer

11. Do you think obligations should be used to provide (or take a financial contribution towards):

- Health facilities
- Education facilities
- Sport facilities
- Recreational – countryside access etc.
- Income support
- Affordable housing
- Social services – CAB, meals on wheels etc.
- Community services/ centres
- Child-care/ crèche
- Employment training
- Any others

12. Do you think that small developers should pay the same pro-rata contributions as larger developers to cover the cumulative impact of small developments, and why?
13. Do you think obligations have increased or decreased in volume and size of contributions over the past decade? If so, why?
- It has been said that the Government has opportunistically used obligations to partly plug a reduction in local government finance – do you think that's true, and if so, to what extent?
 - Do you think Councils are now trying to use obligations to achieve funding for 'new' ideas? If so, which areas in particular?
 - Does this place you under pressure to try to use obligations for something they weren't primarily planned for?

Specific HBC questions

14. How has HBC policy on obligations developed over the years and in what way?
15. Where has the pressure for any change come?
16. What was driver for open space and GTC obligations policy?
- Could these have been developed sooner?
 - Could these have been better developed or are they suitable?

17. Have any other obligations been considered?
 - Should they have been?

18. Highways and restriction of use and activity dominate clauses within obligations at HBC over the research period – any comment on why?

19. My research found a shift towards more positive use of clauses under New Labour government – any reason why this would be?

20. What weight does the Council give to obligations when granting permission?

21. Are you aware of any attempt by developer to ‘buy planning permission’?

22. Any issues over transparency with public and deals being done behind closed doors so by the time the obligation is public it’s too late?

23. Are contributions well monitored to check money received, spent and linked to correct scheme?

24. Is there sufficient knowledge within the Council to negotiate with developers?
Any issues?

25. Do obligations lead to delays with planning permission?
 - If so, who by?

- Is there any conflict with the target culture?
26. Is there much consideration given to obligations simply buying off the impact of development rather than seeking a lower impact development?
27. Does the Council seek revenue payments for maintenance?
- If so, is it successful
28. Do Members get involved with discussions on obligations?
- Should they?
 - Do they understand the context of obligations?

Other questions

29. What system should the Government introduce for obligations or leave as it is?
30. Any changes needed to give social aims in planning more weight?
31. Anything else you would like to add?

APPENDIX 4

SUMMARY GUIDE TO DEVELOPERS CONTRIBUTIONS IN HAVANT BOROUGH

Summary Guide to Developers Contributions in Havant Borough

1.0 Introduction

1.1 The principle of developers making financial contributions to provide additional infrastructure because of their developments is well established. The Council needs to ensure that all new development doesn't increase the pressure on existing services and this could require a financial contribution to cover the additional costs. Council officers will therefore negotiate with developers to seek the required contribution to cover the costs so that both the new and existing community will not be disadvantaged. It is important to discuss the likely level of contributions with Council officers at an early stage in the development process so the costs can be built into developers' and landowners' financial appraisals before property transactions are completed. With all developer contributions the Council will negotiate the level of contribution in order to balance the needs of the community with the viability of the development.

1.2 In order to seek contributions from developers there must be a clear planning policy justification. The Havant Borough District Wide Local Plan (HBDWLP) sets out the policy background for the Council to seek developer's contributions for the following:

2.0 Provision and Improvement of Playing Space (Policy R17 of HBDWLP)

2.1 Supplementary Planning Guidance (SPG) was adopted by the Council on the 26th October, 2004 and seeks to implement the requirements of Policy R17 of the HBDWLP. The principle of the policy is that most residential development

isn't large enough to enable viable on-site provision of playspace. Therefore contributions will be collected in area based financial 'pots' that will be spent on either creating new facilities or improving existing facilities when sufficient funds have been accumulated.

2.2 In general, contributions will be sought towards equipped children's playspace, casual children's playspace and playing fields, pitches and courts on all new permanent residential developments of more than 5 dwellings, excluding supported housing and care/nursing homes. The playspace calculation is undertaken on the **net number of dwellings** being proposed in a development. This means that if 10 new dwellings are proposed on a site where 5 dwellings will be demolished to make way for the new ones, then the net development is only 5 and the policy does not apply.

2.3 On sites that fall within the threshold for applying the policy, the amount of money that will be sought will be calculated on the number of **bedrooms** being proposed in the overall development. The sum that will be sought per bedroom is currently £543.50, which includes a sum for maintenance over a 20-year period.

2.4 Where there is sufficient land to allow the playing space to be provided on-site, then the Council will normally expect the land to be transferred to its ownership along with a financial contribution to cover maintenance for 20 years (based on the calculation in paragraphs 2.2-2.3 above).

3.0 **Green Transport Contributions (Policy T11 of HBDWLP)**

3.1 Contributions will be sought in respect of all development in the Borough where additional private trips will be generated on the transportation network. In these cases a contribution will be required to make a proposal acceptable in terms of providing greater opportunities for those living, working on or visiting the site to use alternative modes of transport to the private car. The basis for assessing contributions is a formula that links floorspace to trip generation activity. The formula is relatively complex and officers can provide further advice. There is

also SPG available.

4.0 Affordable Housing (Policy H8 of HBDWLP)

4.1 Affordable Housing is housing that is available for people who cannot afford to buy or rent from the open market in Havant. It includes social rented and shared ownership housing, intermediate housing, key workers' housing and low cost market housing.

4.2 The site size threshold that the Council applies through Policy H8 of the HBDWLP is that affordable housing will be sought on development proposals of 15 or more dwellings or on sites of 0.5 hectares or more. The Council will apply a **gross calculation method** to assessing the number of dwellings being proposed. This means that if 15 dwellings are proposed on a site where 4 dwellings are to be demolished the net increase is only 11, the gross figures is 15, therefore the proposal would fall within the site size threshold. On schemes that fall within the site size threshold the Council will seek a 30% proportion of the dwellings proposed as affordable. Affordable housing is usually required to be provided on-site but exceptionally financial contributions may be accepted to be spent on other sites within the Borough. It is intended to produce a more detailed Supplementary Planning Document in the near future.

5.0 Broadmarsh Transportation Strategy (Policy EMP2 of HBDWLP)

5.1 The Broadmarsh Transportation strategy seeks transport contributions to largely meet highway deficiencies arising from development proposals in the Broadmarsh area. Officers will advise you when this contribution will be required.

6.0 Nature Conservation (Policies NC2, NC3, NC4 & NC5 of HBDWLP)

6.1 In exceptional circumstances development may be permitted which would adversely affect interests of nature conservation as identified in Policies NC2 – NC5 of the HBDWLP. In such cases the Council will seek mitigation and

compensatory measures which may involve financial contributions as well as works on site. On such proposals the developer must take full and detailed account of its critical environmental importance.

7.0 Percent for Art (Policy D3 of HBDWLP)

7.1 Public art aims to enhance the quality of the environment and make places better through providing identity, character and sense of place through community engagement and responses to specific sites. Policy D3 requires a contribution of 1 per cent of the capital cost of the development for all major development proposals. Further guidance will be produced on this policy.

8.0 A3 Bus Priority Route (Policies T10 & IMP1 of HBDWLP)

8.1 This infrastructure initiative is currently being implemented from Portsmouth to Clanfield. Hampshire County Council (HCC) is seeking to secure funding for the works through developers contributions. No specific details are available from HCC in respect of the level of contributions that will be sought and applications will have to be judged individually on their merits. All developers whose schemes have a direct link to the A3 need to contact Hampshire County Council for further details.

9.0 Education (Policy IMP1 of HBDWLP)

9.1 HCC is the education authority and contributions may be needed to meet any capacity deficits in number of places available or sufficiency deficits in facilities that would be needed due to a development. HCC will be consulted on all residential development of 10 dwellings or more.

10.0 Collecting Contributions

10.1 Developer contributions are normally secured under the provisions of Section 106 of the Planning Act. This means that a legal agreement must be signed. Due to the increasing pressure to meet planning application deadlines the Council

will encourage the use of fastrack unilateral legal agreements and/or the payment of any financial sums prior to the granting of planning permission. If applicants have not resolved the financial contributions by the time the application reaches the deadline **then it is likely that the application will be refused**. On more complex applications a bilateral legal agreement is more usual. In order to meet application targets it is essential that applicants are fully aware of their obligations and have sorted them out prior to formal submission. For further information please contact the Development Control team.

APPENDIX 5

OTHER WAYS OF CAPTURING LAND VALUE

The TCPA (1999, 2002b) have long argued that any reform of the planning system must involve a better way of 'capturing betterment' for the benefit of the whole community and this principle underlined setting up the Garden City ideal and was accepted in the New Towns Act of 1946.

“The point is one of profound philosophy: the demand for development arises from the activities of society at large and not from the activities of the landowner, and since the nationalisation of development rights under the Town and Country Planning Act 1947 the opportunity for individual landowners to profit from consent to develop is at the discretion of governments” (TCPA, 2002b: 105).

While previous attempts at betterment may have failed, the current understanding of direct and indirect impact from development on the environment and on communities is better understood and profits from development have increased. There is growing confidence that some form of betterment is actually possible, which in itself is a major achievement as it would have been inconceivable to think such a discussion was possible a decade ago. Mainstream journals are now even suggesting that Councils decide the housing numbers for their area, buy the land needed, grant permission and then sell the land at the inflated value so the community benefits from the increase in land value (Leunig, 2004). However, the TCPA (1999, 2002b) recognise that the 'devil is in the detail' and betterment will only work once the development impacts have been fully assessed, if it is flexible enough to not stifle building, and is disbursed according to agreed principles.

One of the key issues in support of betterment is that it purposely split tax collection and planning whereas using obligations to achieve fiscal objectives is not what the planning system was designed for (Crow, 2002). There has also been considerable debate in recent years around the fear that any increase in obligations would simply be passed on to house buyers in the form of higher prices, thereby making housing less affordable (Butt, 2003). The betterment system would yield a substantial amount of

revenue but was much more likely to take the contribution from the landowner's profit than the developer, who just passes it on to the house buyer.

The TCPA (1999) accepts that betterment has been difficult to implement in the past, but point out that five other options exist and that they could operate jointly at national, regional or local levels. The five options are:

- A general land development tax
- A hypothecated land tax to be used for affordable housing or infrastructure investment
- Waiving charges or using charges to cross-subsidise on development that is agreed as sustainable i.e. environmentally beneficial or priority housing
- A charge collected by partnership trusts for regeneration or conservation
- A charge collected by local authorities and placed in community chests to be used for projects generated by the local community.

Consideration of reintroducing a betterment system has also raised concern that any taxation would be national which would make local betterment more difficult through instruments such as planning obligations and this loss of connection between the tax and the benefit would be retrograde for local communities who want to see new development contributing something (Butt, 2003). There is also the risk that the Treasury sees it as a national tax that did not have to be used for mitigation of development impact and so the money would not even be spent on integrating new development to old. The main problem though remains the political opposition which has hindered previous attempts as cross-party support remains highly unlikely (Butt, 2003).

There are a host of other suggestions that go beyond the simple betterment versus obligations debate and some of these are outlined here.

Auctions/ VAT/ stamp duty/ business rate

In the pre-1990s Netherlands, the municipalities themselves carried out most greenfield housing schemes by acquiring the land to be developed by buying it from the existing

landowners, putting in the primary services and then disposing of the building plots. The price retained a contribution towards the secondary services and the plan making process. Thus, the development gain was taken from the initial landowner as the gain was worked into the purchase price from the original owner. The local authority could ensure that all gains required were therefore calculated and reflected in the site (Verhage & Needham, 1997). This is probably the best way of ensuring the cost goes into the start of the development process rather than added onto the end but is highly unlikely to be supported by any political party currently in existence in England.

Another option that has been considered is to alter VAT rates. The UTF and the Empty Homes Agency have both advocated harmonisation of VAT rates for new dwellings, conversion of existing buildings to residential use along with repairs and maintenance (new build and conversion to residential is currently zero rated while refurbishment is now 15%). While the Task Force had hoped for zero rating, they accepted that the Empty Homes Agency's proposition of 5% was more practical. However, harmonisation at zero rate is against EU law and so will not happen (Evans & Bate, 2000).

Evans & Bate (2000) also supported the introduction of VAT on greenfield housing as this would raise over £1 billion annually. They recognised that in areas of low land value the VAT could be reduced (or forsaken) and that similar arrangements could be made for housing associations and charities.

Another option has proposed to increase brownfield development by taxing greenfield development at 17.5% (now 15%) which KPMG have suggested would work, although they held it to be politically unacceptable. Evans & Bate (2000) believe it has some potential as France, Austria, Finland, and Sweden all charge tax on new houses at over 20% and it could be introduced after a time lag to allow existing sites with permission to be built that would not have had the cost built into the purchase price.

Adjusting stamp duty has been rejected by the RICS as unacceptable due to the fact that it would lead to a more volatile and unstable macro-economy due to the impact upon capital values (Evans & Bate, 2000). KPMG have suggested tax holidays for

brownfield sites and three-year windows before Capital Gains Tax rates are raised (Evans & Bate, 2000).

The *Pre-Budget Report 2002: Steering a steady course: Delivering stability, enterprise and fairness in an uncertain world* was published by HM Treasury (November 2002) and sets out the Government's intention to allow local authorities more financial freedom. The primary legislation was then set out in the Local Government Bill in February 2003 and was to become operational following the next business rate revaluation on 1 April 2005. The Treasury then produced a consultation paper *Local Authority Business Growth Incentives – A Consultation Paper* in July 2003 (ODPM, 2003a) and stated that the Government was seeking to address the mismatch between the costs of economic development (congestion on transport, impact on environment, housing, education and community safety etc.) which occur on local authorities and the benefits of economic growth which are reaped nationally through more jobs and those of better quality which are collected through national taxes. Currently, all business rate revenue is collected by local authorities and passed into a central pool but this proposal is to allow local authorities to retain some of the business rate revenues associated with growing the business rate tax base as a local level.

Other legislation

Historically there has been a plethora of other powers that exist to collect payments or have works done, with section 33 of the Local Government (Miscellaneous Provisions) Act, 1982; section 111 of the Local Government Act, 1972; section 278 of the Highways Act (now amended by the New Roads and Street Works Act, 1991) the ones mostly used (Healey *et al.*, 1993). The RTPI (2000) underlines the use of section 278 agreements as substantial in number and scope and also points out that in addition to these powers many local authorities also have local acts which they can rely upon, although many of these ceased to have power by the end of 1984. The Government also continues to constantly tinker with the local government funding process, with the Local Authority Business Growth Incentive the latest idea at potentially giving local authorities a little more of the central funding pot (Falk, 2005).

Section 33 of the Local Government (Miscellaneous Provisions) Act, 1982 provided for positive undertakings to carry out works and was a main provision before the 1990 Act. However, the 1991 Act removed the ability of section 33 to be used in conjunction with the granting of planning permission and so is no longer of importance.

Section 111 of the Local Government Act, 1972 allows a local authority to enter into any contract that facilitates them discharging any of their functions and so can be very wide ranging in scope. As public authorities, they are open to scrutiny of public law as well as the private law of contract. This means that the courts will consider judicial values of fairness, human rights and the public interest and not just consider their efficiency and morality. It is important to realise that this section of the Act means powers can be very wide ranging and although there is a perceived legal check over their use, the simple fact is that if the agreements go beyond the scope of legal powers it is not always relevant.

“...it is important to realize that even where there may be doubts over the legal validity of an agreement or a grant of permission, there is normally no incentive for the immediate parties to test the matter in the courts. Most challenges in the courts have been mounted by aggrieved third parties such as rival developers” (Healey *et al.*, 1995: 72).

Any judicial review of a decision to grant planning permission has to be made to the High Court and within six weeks of the decision date. The consideration in the High Court means very few individuals will be able to challenge a decision for financial reasons and for time consumption reasons. The six-week cut off means that unless another developer (the only likely source with sufficient finance to challenge the decision) is actively monitoring the site and ongoing application, by the time they find out the development is going ahead (usually when work starts on site) it is too late to challenge the decision.

The other main provision for agreements that was noted above was under the Highways Act, 1980 where the developer seeks to ensure the roads for the development are adopted for maintenance by the highway authority. Section 38 of the Highways Act, 1980 (as modified by the New Roads and Street Works Act, 1991) is used when the developers construct the road themselves and then seeks the highway authority to adopt it. Section 278 of the Highways Act, 1980 is used where the highway authority carries

out the work and the developer pays for the works. The developer can also be charged for the later maintenance of the scheme. The former (s.38) is normally used for on-site works and the latter (s.278) for off-site works (Healey *et al.*, 1995).

One of the problems with different options being available to statutory bodies to achieve the same aims is that it can be very difficult for developers as they not only face different scales and types of demands for the 'regular' obligations under section 106, but they also face different powers and interpretations of them. Developers are always keen to know in advance the likely costs of the proposed development and timescales for implementation but this is made more difficult where they are not familiar with the processes used. Different legal powers require their solicitors to investigate legislation they would not be as familiar with and can cause further delays.

Authorities also use obligations in very different ways and seek very different returns for their communities as will be considered later. However, the use of different legislation and variation in the use of obligations is not restricted to Britain. Tomalty & Skaburskis (1997) report different uses of legislation to collect planning gain across authorities in the same city of Ontario in Canada with some authorities collecting development charges through by-laws while others negotiate on a site-by-site basis.

SVR/ CGT/ Sales Tax/ TIF/ Crossrail

There has also been consideration given to site value rating (SVR) which is an annual tax on the assessed value of all land rather than one-off taxation (Butt, 2003; Hall, 2004). It gives an incentive to land owners to maximise the use of their land as sites are taxed on the basis of their potential value rather than on current-use value. It is meant to be a replacement of uniform business rate (UBR) and council tax and would apply to all land including residential. However, administration would be very difficult due to the lack of a satisfactory land database and the UK planning system is not predictable on potential uses as it is not based on zoning. In addition, the memory of the Poll Tax riots will probably stop changes to the rating system for many years.

Butt (2003) considers capital gains tax (CGT), which the TCPA proposed in 1997 that a higher level of CGT should be levied on profits from land as an alternative to

betterment tax. They have backed away from this position somewhat as it appears it would be very difficult to implement and runs the danger of withholding land if the tax is too high and CGT is a national tax so it is unlikely it would be linked to the development that generated it.

Another option is illustrated by Kotin & Peiser (1997). In California, the city authority is allowed to retain 1% of all sale taxes from retail; this is an increasingly important revenue stream as government funding has been cut back. However, while it seems a relatively simple solution it has strong drawbacks for planning as the redevelopment agencies in the USA have aggressively sought to attract large volume retailers for the revenue stream that will follow. This can seriously alter land-use patterns as retail becomes more attractive and important to cash strapped authorities.

Redevelopment schemes in the USA are often negotiated on a partnership basis where a scheme will be considered over a certain life span. The public revenue from the scheme is then paid back into the partnership with the first part (say ten years of a thirty five year scheme) seeing forty percent of revenue paying for public infrastructure, thirty five percent going to the city, twenty percent to the developer and five percent to the retailer. Then, during years eleven to thirty five, the developer receives around forty five percent, the city forty, the retailer two percent, and public infrastructure thirteen percent. The methodology considers the percentage of benefits to be received by each party starting from the city's 'eligible revenues' (total revenues minus total expenditure and any exclusion). The formula is complicated and the city expenditure includes street maintenance, ambulance services, fire protection, traffic enforcement, law enforcement and administration (Kotin & Peiser, 1997).

The use of Tax Incremental Financing (TIF) in USA is another possibility. It empowers Councils to raise finance to invest in the local infrastructure and then the Council repays the debt from contributions raised from developers attracted by the improvements and future increases in property tax revenue (Adair *et al.*, 2003; Hall, 2004; Lambert, 2000). However, this is a very risky process as the authority could be left with infrastructure that has been built but any downturn in the economic climate would mean the developers do not come forward. Nevertheless, it has been considered for London and

has received some support (Butt, 2003) but is unlikely to be a viable option for many of the smaller authorities.

A levy of two pence in the pound is to be supplemented onto business rates in London for major companies to help fund Crossrail (see Walker, 2007a). The proposal required primary legislation⁵⁴ and will provide £5 billion in addition to the Government contributing £5 billion, a further £5 billion will be borrowed by the state against future fares, and £1 billion from the cities top firms. The levy will apply to firms with a rateable value over £50,000 and will stop once the £5 billion has been repaid. However, as it required a hybrid bill, due to the public and private elements, it took a considerable time to implement and so is only realistic for major schemes.

Land value taxation

A land value taxation approach involves the local authority increasing and decreasing the amount sought according to their opinion of how much of a contribution can be achieved which comes from the expected profitability of the site. A problem with the user fee approach is that while the hypothecation towards an impact is intended, the local authority usually has to pool money to provide the services and so a general taxation fee is more useful (Grant, 1999).

The benefits of the planning gain system over a national taxation system include that it is outside the control of the Treasury, raises local revenue or provides specific public goods, is flexible and can be tied into land policy objectives. In operational terms it is beyond the courts who have washed their hands of it and is not in the hands of officials with little understanding of land markets, as happens with the taxation system (Grant, 1999).

User charge

A user charge is opposite to a general tax and is appropriate for the situation where only one person (or organisation) benefits from an action by a public body. It is a market

⁵⁴ Crossrail Act, 2008 which received Royal Assent on 22nd July 2008

transaction and should be assessed thus. An example would be when a highway authority constructs a road to link a private building site to a public highway. It is not a tax and is not mandatory - the developer can take it or leave it. However, the problem comes from the fact that few services are provided to a single user and usually neighbouring landowners also benefit from the service i.e. landowners that adjoin a new road will also benefit from the new infrastructure. This is usually more about recovering costs and is apportioned via some formula to reflect who gains the most, rather than about establishing a fund to meet future liabilities. User charges need to be able to demonstrate that the money received is put towards the purpose for which it was required in a way that broader economic instruments do not require (Grant, 1999).

Bailey (1994) states that in America, substantial user-charge revenues are generated from utility-type, non-discretionary services such as water and sewerage and the growth of separate capital property-related charges, such as infrastructure, has also been substantial. It needs to be remembered that in contrast to the USA, the UK local government does not provide electricity, gas, hospital, higher education, water or sewerage services and these accounted for half of user-charge revenue in USA during the 1980s and were the areas of most growth. Bailey (1994) shows research results that place the UK only 7th (out of 10) for increase in user-charge revenues during 1980 to 1989 with Australia 1st and Norway 2nd. However, planning gain is not strictly a user-charge in many cases as it is levied at the construction stage rather than at the point of use.

It has been concluded that the international experience of developed countries is that user-charges are *not* being used as part of a fiscal substitution strategy to replace intergovernmental grants (Bailey, 1994). However, in the UK, user-charges are still widespread and numerous with the highest cost-recovery rates in property-related services, including planning which is in part through the increase in planning gain, but were still relatively small compared with people-based services such as education.

Social infrastructure framework

The Thames Gateway has introduced the concept of social infrastructure frameworks that will coordinate the provision of schools, health centres, gardens and green spaces

for children (Kochan, 2006b). Early (2006a) reports that the right-of-centre Policy Exchange think-tank proposed a 'social cost tariff' to compensate communities affected by development and would be a one off payment of £500,000 per hectare for greenfield housing sites and would replace obligations. The CPRE said it was an attempt to 'buy-off' opposition to development by local communities. However, the Conservatives were said to be interested in it as they did not want to be seen to support the PGS.

Tariffs

The use of formulas is supported by feedback from participants reported by Evans and Bate (2000) and also by Healey *et al.* (1993). The RTPI (2000) also supports the development of a tariff or scale based approach where a balanced and well-planned development can be organised by contributions to infrastructure. The support is generally found in quarters where local authorities are seen as 'chancing their arm' in trying to extract inflated amounts of money from developers rather than what can be justified.

The fact that Campbell *et al* (2001) are surprised that a fifth of SPG on obligations was in the form of informal scales of charges suggests that the use of formula approaches is not widely known and has possibly increased in use recently. They report that the most usual approach is a standard charge per dwelling (usually towards open space, educational facilities, or car parking charges). Windsor & Maidenhead go so far as to advise that 28 primary school places are required per 100 dwellings.

Perhaps the most successful scheme of differential land taxation is that of Singapore under the Planning Act 1998 which specifically seeks to apply betterment. The base point is the entitlement for the plot under the 1958 Master Plan and the charge is payable on the difference between the entitlement then and the permission sought. The charge is calculated on two multipliers. The first is the use where the cost is calculated in accordance with a schedule based on the volume of development according to the change of use from the 1958 Master Plan. The second charge is based on any increase in density. There is a rarely exercised right of appeal, which allows a valuation approach instead of 50% of the increase in value attributable to the planning permission but there is rarely much difference between the two. The process works like an impact

fee but the objective remains taxing a convenient source of revenues and not to offset development impacts. There is no hypothecation of revenues. One of the reasons it remains successful is the political stability that underlies it, that it is reviewed annually and adjusted to take account of the national economy (Grant, 1999).

It is considered that the current system of using obligations has many drawbacks but in principle is preferable to any national taxation system that has the likelihood of being controlled by the Treasury, as that would undoubtedly end up in money being siphoned off to other causes and break the link with development contributing towards dealing with the impact it causes. However, there is a variation on obligations that also needs to be considered as it has probably gained ground in recent years as the most likely viable alternative and is known as impact fees (Walker & Smith, 2002).

Impact fees

Five different types of impact fee are possible, although subdivision is also possible (Goodchild *et al.*, 1996):

- A flat-rate charge, varied by land use type and fixed throughout the area
- A site-specific charge levied in accordance with general principles
- A site-specific charge levied case-by-case
- A project-based charge levied on a fixed basis within a programmed development area
- A project-based charge levied on a negotiated basis across a coordinated development area

The first has historically been used the most in Britain, the second is characterised by the American rational nexus test, and the third includes some of the s.106 charging in Britain, while the last two are derived mostly from France (Goodchild *et al.*, 1996). Things have certainly moved on since the framework was developed but it is a good starting point.

There can be a considerable problem when it is claimed that new development causes damage that is used to justify the collection of a fee but then the local authority does not

spend the money mitigating the impact but instead spends it on something else entirely. This lack of transparency is not so much of a problem in the USA with the required 'rational nexus' test set out in the second option where it must be demonstrated that there is a need for the new public facility, the money provided is proportionate to that need, and it is used for that aim. The impact fee is worked out in stages by projecting needs based on a service area and a level of service i.e. for open space it is 5 acres per 1,000 residents in the USA so a projected increase of 10,000 residents would require 50 acres. Then an assessment is made of existing capacity and the difference is the 'capital improvement programme.' Revenues then have to be assessed with contributions from the federal government, state government and local taxes with the shortfall the basis for assessing development impact fees.

Impact fees have gone through four stages with the first stage focusing on essential ingredients, such as water and waste. The second generation broadened to include roads, parks, fire facilities, police facilities, libraries, schools etc. while the third generation was more tenuous with publicly-assisted housing, day care centres, public art, employment training centres etc. The fourth generation added revenue costs to the capital projects and included operation and maintenance costs. The fee per dwelling for water and waste are usually between \$1,000 and \$20,000, drainage and roads \$600 - \$25,000, fire and police services \$100-\$2,000, libraries and school \$550 - \$6,000, leaving an overall bill of between \$1,000 - \$60,000 (Grant, 1999).

The UTF (1999) recommended two types of impact fee. The first was a standardised impact fee that should be required for small urban development schemes to contribute towards local environmental improvements and community facilities that reflect the priorities of local people. The second was for larger schemes where environmental impact fees were to recompense for the negative net environmental impact. However, they were criticised for failing to spell out how the fees would be calculated, how the scheme would work, and because they advocated the majority of money collected should go to the RDA for regional regeneration rather than to off-set local impacts (Grant, 1999).

The rational nexus test is similar to tests three and four of Circular 1/97 (ensuring a link between the requirement and the development) but they are considered to be more

prescriptive, certain in application, transparent in how costs are calculated and apportioned, and more accountable as all information is published and updated annually in published plans (Walker & Smith, 2002). Impact fees would overcome many of the criticisms of obligations as a result and have found favour in many quarters with the added transparency of being able to publish the predicted cost of new development in the local plan (meaning a developer can quickly work out the cost in advance and reflect this in the purchase negotiation) a key selling point (Evans & Bate, 2000; Healey *et al.*, 1996). Similar systems operate in Greece, Portugal, Sweden and France (Crow, 1998) and charging for individual items of infrastructure is not unprecedented in Britain.⁵⁵

Impact fees have the advantage of being able to be levied at the same flat rate regionally or even nationally which would be easy to collect, open, predictable, consistent and would cover all developments (not just the large ones) as they can be worked out on a unit or floorspace basis. The disadvantage is that it would not reflect the actual cost of the impact as costs would be averaged, and it could stifle development where it is most needed but land prices are lower.

Healey *et al.* (1995) suggest that impact fees should be developed through the local plan process with policies setting out the impacts of development that would be required to be alleviated and the costs associated with doing so. An impact-driven approach to development obligations that is grounded in the development plan is considered to combine the value of systematic argumentation about impacts with the flexibility to recognise the specifics of individual projects and places. The local plan can be used to justify the relationships between projects, their impacts, their mitigations, what is a sufficient relationship, and material considerations. In Ontario, Canada, the planners provide the forecasts and models for predicting future growth in the municipality but the finance department work out the cost of providing for the new people and co-ordinate the administration and implementation of the by-law through the negotiations (Tomalty & Skaburskis, 1997). Separating the payment clarifies that the contribution is to cover the costs related to growth rather than an attempt to influence development patterns. There may be some mileage in the separation of the functions in terms of transparency, but it is hard to see many local authority finance officials being up to negotiations with

⁵⁵ The Public Health Act, 1875, the Private Street Works Act, 1892, and more recently the Water Act, 1989 and the Water Industries Act, 1991 all allow for payment for infrastructure

developers, statutory bodies and the public. Evidence has also found that this approach has led to an increase in staff, as negotiations are extensive and developers tend to prefer the use of site-specific schemes so they can track where their contribution has gone, rather than it going into a large non-specific pot (Tomalty & Skaburskis, 1997).

Impact fees have other problems, not least how to assess the actual cost of the impact, how to decide when and if any fees should be waived, and how to account for regional or local variations. Perhaps one of the biggest problems is the danger that authorities wanting to stifle development could deliberately set targets too high and effectively make development unprofitable. Having a policy in the local plan would mean it was subject to the Inspector reviewing the evidence base but it would be impractical to set out the costs in the local plan due to the time lag from production to it being adopted. Therefore it is more likely the costs would be set out in a separate Supplementary Planning Document and any appeal against refusal for not paying the charges would invite and Inspector to comment on the suitability of the levels proposed.

It is considered that the bigger problem with using impact fees is the philosophical argument that we should not give into the idea that it is acceptable to cause environmental damage as this damage can be 'bought' and paid off. It simply is not possible to keep on allowing pollution as eventually the cumulative impact will lead to irreversible events that cannot be paid off. Additionally, other development impacts cannot be bought i.e. you cannot pay for the loss of open space, bat roosts, historic buildings etc. as their loss is more than financial (Evans & Bate, 2000).

Lastly, the other problem of the impact fee approach is that a formula makes general assumptions and requires the same amount to be paid for each impact but this is an overly simplistic view of the development process. Sites have individual characteristics and costs associated with them which a formula will not take account off, such as existing buildings to be demolished, listed building to be restored as part of the scheme, contaminated land, etc. If no allowance is made for the costs already involved with developing a site the proposal could rapidly become financially unviable. Crow (1998: 369) criticised impact fees for not relating well to the real cost that new housing places on infrastructure, although he felt they could be adapted and used with imagination.

The use of formulas is supported by feedback from many participants (Crow, 1998; Evans & Bate (2000; Healey *et al.*, 1993; RTPI, 2000).

“Where the situation permits it, it is manifest that only through some sort of formula approach can that arbitrariness which is often raised as a criticism of current practice be avoided. It is also the case that the sooner in the development process that a charge on a development is known the better” (Crow, 1998: 367).

Perhaps the most successful scheme of differential land taxation is that of Singapore which specifically seeks to apply betterment (see Grant, 1999). The base point is the entitlement for the plot under the 1958 Master Plan and the charge is payable on the difference between the entitlement then and the permission sought and is calculated using two multipliers. The first is the use where the cost is calculated in accordance with a schedule based on the volume of development according to the change of use from the 1958 Master Plan. The second charge is based on any increase in density. There is a rarely exercised right of appeal, which allows a valuation approach instead of half of the increase in value attributable to the planning permission but there is rarely much difference between the two. The process works like an impact fee but the objective remains taxing a convenient source of revenues and not to offset development impacts. There is no hypothecation of revenues. One of the reasons it remains successful is the political stability that underlies it and it is reviewed annually and adjusted to take account of the national economy.

Impact fees have now been developed into a roof tax, with Milton Keynes the largest and best know example. However, the Milton Keynes Partnership (undated) explains how the set up is very specific as it is forward funded by the Partnership, through English Partnerships (EP) and with HM Treasury approval, so money can be provided in advance for the infrastructure. The tariff contributions of £18,500 per dwelling and £260,000 per hectare of employment space will then be used to pay back EP in the future and is expected to achieve approximately twice the ‘standard’ s.106 contribution secured by Milton Keynes Council. Despite this, the contributions will only cover three quarters of the local infrastructure costs and other funding sources are required to make up the rest. Paying the contribution itself is not straightforward with, for residential units for example, ten percent of the contribution paid upon gaining an implementable consent, a further fifteen percent before work starts on site, and the balance on a

quarterly basis after the first completion is sold or rented. There are also 'longstop' dates of ten or fifteen years for any outstanding payments if development is not completed within the timeframe.

Walker (2007c) explains that the Milton Keynes roof tax approach required public services to plan in the long term but that many do not do this without considerable high level pressure. The example is given of the Housing Corporation that took three years to develop a system that allowed them to plan for longer-term strategic allocations. He also points out that Milton Keynes was relatively straight forward as the land involved was fairly uniform in character and potential value and advises that other authorities may need multiple tariff levels where land/site conditions vary. The ability of EP to act as 'banker' to cover the cash flow gap between investment in infrastructure and income from the tariffs is unlikely to be repeated elsewhere. Gwilliam (2007) also agrees that the Milton Keynes 'roof tax' approach is only workable in that location due to the 'special circumstances that apply in that area' and doesn't think it can be rolled out as a model.

The Ashford growth area was another massive Government led regeneration project and so was able to use the Milton Keynes roof tax model with an estimated infrastructure funding gap of £14,000 per residential unit required (industrial and commercial development is exempt to encourage such uses and brownfield development will be discounted) and EP is acting as the banker again (Hayman, 2007). This cash flow that EP is acting to resolve is a major problem for other Councils to copy but Nigel Smith, chair of the RICS, has been reported (see Hayman, 2007) that the answer could be through council bonds.

Other smaller schemes have operated, such as that by Reigate & Banstead Borough Council, who developed a tariff approach to address the infrastructure needs for two major urban extensions around Horley and this worked out at a cost of £13,000 per dwelling (no charge for affordable housing) and is updated through a SPD (Ashworth & Demetrius, 2008).

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