

The rise of nudge - the unit helping politicians to fathom human behaviour

The government's behavioural insights team has won over sceptics in Whitehall and it is now 'nudging' behaviour across the world

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Who has signed up an extra 100,000 organ donors a year, persuaded 20% more people to consider switching energy provider, doubled the number of army applicants - and will certainly be consulted on the spending review that calls for £20bn cuts to Whitehall budgets?

Step forward David Halpern, chief executive of the behavioural insights team, which has quadrupled in size since it was spun out of government in February 2014. Now a private company jointly owned by the Cabinet Office, Nesta and its employees, the "nudge unit" (nicknamed after the best-selling book by economist Richard H Thaler) permeates almost every area of government policy.

Pensions, taxes, mobile phone theft, e-cigarettes, unemployment, foster care, army recruitment, police diversity, adult education, charitable giving - you name it, Halpern and his 60 employees have probably worked on it - or applied insights from behavioural psychology to it, to be more specific. A two-year update report on the unit's progress, published on Thursday, demonstrates that Halpern's new strain of policymaking is now in demand across the world.

Set up by David Cameron in 2010 to try to improve public services and save money, the nudge unit still gets most of its work from government, though it has expanded to take on a wider range of projects, including work for foreign governments, the World Bank and the UN. "Essentially we respond to the priorities of government," said Halpern, explaining how the unit chooses its projects. "The key point is that it has to be social purpose."

The team would refuse to help a major drinks company improve sales, for example, but might help with a project to reduce sugar consumption.

Most of the changes applied by the nudge unit are tiny: a text message, rewording a letter, a personalised email. One of Halpern's favourite projects was on improving police diversity. Although around 60% of applicants from a white British background were passing the situational judgment capability stage of Avon and Somerset constabulary's recruitment process, only 40% of black and minority ethnic (BME) applicants passed it. Halpern's team reworded the email sent to all candidates that congratulated them on passing the previous stage to include a request for them to "take some time to think about why you want to be a police constable" before moving on to the next test.

This change had no impact on white applicants' performance in the next stage, but 50% more BME candidates passed after the email was adjusted. Some BME candidates could previously have been trying to respond to the test in a way they thought a white applicant would, said Simon Ruda, the team's head of home affairs - but the new email encouraged them to trust their gut instincts.

Reducing fraud and debt is one of the team's longest-running and most successful projects; the unit previously claimed to have nudged forward the payment of £30m a year in income tax by introducing new reminder letters that informed recipients that most of their neighbours had already paid.

But these letters had little impact on the 1% to 5% of people who owed the most tax. Interestingly, the team has discovered the message that works best for this group: "Not paying tax means we all lose out on vital public services like the NHS, roads and schools". This could be because their money could credibly make a big difference to these services, the report says.

A similar project in Guatemala was also successful, despite the country's deeply entrenched tendency towards tax avoidance and mistrust of its government. Letters sent by the nudge unit more than tripled tax receipts.

Many nudge techniques play on reciprocity and a personal touch. Another project cut the high dropout rate on government-subsidised adult literacy classes by 36%, simply by sending students a personalised text message every Sunday night that read: "I hope you had a good break, we look forward to seeing you next week. Remember to plan how you will get to your class. Manchester College."

Not all of the team's experiments work. One or two in every 10 trials fail, according to Halpern. But consider the alternative. "Think about what we normally do in government: get an idea we think is a good idea, do it everywhere, and it doesn't work," he said. "We have huge areas of legacy spend in government, which if we are honest, we don't know is effective."

Even nudge unit failures - such as advertising a stop-smoking helpline on pregnancy tests or training boiler engineers to show social housing tenants how to reduce their energy bills by using heating controls (neither of which had any positive impact) - are seen as a success for evidence-based policymaking as they help the team learn what works.

Back in 2010, its launch was greeted with a great deal of scepticism. It influences the p a Lords select committee called for more evaluation of its successes and failures. Bu department you have seen lots of ideas come and go. New governments come in on a wave of new shiny ideas," said Halpern. "But permanent secretaries can read a graph pretty well, even if they don't see enough of them."

That HMRC now has its own behavioural insights team, and that nudge teams are being established in Australia, Singapore, Germany and the US, is a testament to the team's impact. The unit has teamed up with Bloomberg Philanthropies for a \$42m (£27m) project to help solve some of the biggest problems facing US cities, such as violent crime, homelessness and joblessness.

If the nudge unit has discovered anything, it's that an understanding of human behaviour is vital for almost all public policy. Halpern's ambition is large. "We have a sharp sense that we are still just scratching the surface," he said. "There's so much more we can do."

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