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HOW DEVELOPER CONTRIBUTIONS CAN BE USED MORE QUICKLY AND EFFECTIVELY

Ben Cooper
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About the report

This report sets out the importance of developer contributions in creating great places to live, and the potential scale of unspent sums in England. It identifies several reasons why developer contributions go unspent and the consequences of this for communities across the country. It then goes on to make a series of recommendations to tackle the issue of existing unspent contributions, and to minimise future unspent contributions.

The report and its recommendations apply to England only. While Wales currently uses the same system of developer contributions as England, the Planning (Wales) Act 2026 establishes, for the first time, a distinct planning framework for the country.

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SUMMARY

Communities across England desperately need more homes to tackle the housing crisis and create great places to live. New homes must come with the infrastructure required to minimise pressures on services, ensure communities benefit directly from housebuilding, and maintain public consent for development.

Developer contributions are an important mechanism for delivering this. Hundreds of millions of pounds are provided by housebuilders to councils and other public bodies to invest in new and improved infrastructure. The two main mechanisms are:

- **Section 106 agreements:** These agreements must cover certain obligations to make the development acceptable in planning terms and mitigate its impact. The contributions are site specific and negotiable.
- **Community Infrastructure Levy:** This is a specific charge on new development. The amount payable is usually based on the additional chargeable floorspace created by a development. The levy must be used for infrastructure improvements that support the development of the local area.

Communities miss out when developer contributions are not spent quickly and effectively. Analysis of the Home Builders Federation data found £6.3bn of contributions are unspent across the 233 councils which provided data, with over half of this in London and the south-east.

There are many reasons why contributions go unspent, often outside the council's control. These include:

- Accurate data on developer contributions is lacking as fewer councils publish infrastructure funding statements on time – making it difficult to understand the scale of the problem.
- The public and the government struggle to hold councils to account because the data that does exist is not easily accessible.
- Local authorities often lack capacity to have a detailed understanding of contributions within their area and struggle to ensure they get spent effectively and quickly.

- Local plans are often out of date so it is unclear what infrastructure is needed to support new homes and what contributions should fund.
- Agreements aren't flexible enough to adapt to changing circumstances so if the specific project becomes unfeasible, then the contributions can go unspent for years.
- Staggered contributions make it difficult to deliver quickly because, in many cases, improvements can't start until all the funding has been received.
- Projects often require additional funding from other public bodies, which may not be forthcoming – preventing infrastructure improvements from happening.
- Other public bodies are responsible for delivery of the infrastructure, resulting in longer timescales and the contributions being allocated but unspent.

This affects existing communities and new residents. Unspent developer contributions make new homes harder to deliver or leaves communities without essential infrastructure. It also adds pressure on existing essential infrastructure or services, and it damages public trust as promises are perceived to have been broken.

The government must reform the system to ensure new homes are delivered with the infrastructure required. The government should:

Address existing unspent contributions

1. **Provide time-limited support for local authorities to unlock unspent contributions and improve accounting processes.** The government should provide assistance for councils to review historic agreements and levy accounts – and improve monitoring capacity.
2. **Require councils to pool existing long-term unspent developer contributions together.** The government should use primary legislation to enable groups of councils to pool their long-term unspent contributions through temporary regional infrastructure investment funds.

Minimise future unspent contributions

3. **Support all councils to have dedicated section 106 and community infrastructure levy monitoring officers, with ring-fenced national funding for training and recruitment.** The government should set out a roadmap to deliver at least one monitoring officer in smaller authorities and a team in most councils. Planning, housing, and

finance responsibilities relating to contributions should be brought together to provide greater oversight.

4. **Create clear and standardised infrastructure categories for section 106 agreements.** Agreements should provide clarity over the aims and objectives of section 106 contributions, with flexibility over the options to achieve required mitigations. Regulations must state that the pooling of contributions is allowed to deliver shared mitigations across multiple, nearby sites.
5. **Improve accountability through reforms to infrastructure funding statements.** Regulations should be amended to set out requirements as to how statements are presented, the information required, and the level of detail. These statements should be part of the mandatory return each year for councils.
6. **Introduce a new 'use it or lose it' rule for future section 106 and community infrastructure levy contributions.** Councils would be required to spend the contributions within five years after it was paid by the developer. Then it would be passed onto the strategic authority. There should be exemption for developer contributions that are reasonably unspent.
7. **Empower all mayoral strategic authorities to implement a mayoral community infrastructure levy.** The levy would provide additional funding for infrastructure that supports housing delivery and economic growth. Mayors would be required to prove that the levy would not negatively impact the viability of housing, including affordable housing provision – particularly through section 106 agreements. Mayors should be allowed to borrow against future levy income.

1. INTRODUCTION

England desperately needs more homes. As these are built, existing communities will expand and new ones will be created. This offers a significant opportunity to build great places to live in every part of the country.

But to deliver these great places to live, England needs more and better infrastructure. New homes need upgraded roads, more accessible public transport, and improved active travel provision. More GP surgeries, schools, community spaces, and play parks are needed. New infrastructure unlocks housebuilding in the places that need new homes or in places that are challenging to build on. The delivery of infrastructure can de-risk development, increase land values, reduce uncertainty, and improve market confidence. Infrastructure delivery encourages developers to invest in sites with or without planning permission.

Existing communities need to be reassured that new homes will deliver benefits for them, as well as those who will move into the new properties. Providing new and better infrastructure is the most effective way to do that – as well as maintaining consent for new housing in local communities.

Developer contributions are a crucial funding source for delivering the new and improved infrastructure we need. Hundreds of millions of pounds are paid each year by housebuilders to councils and other public bodies. The main mechanisms to do this are through section 106 agreements and the community infrastructure levy (CIL), including the mayoral CIL (MCIL). With significant challenges around viability, the system needs to strike a balance between ensuring developers pay a fair contribution towards infrastructure and ensuring that developments remain sufficiently viable such that developers are incentivised to deliver.

At a time of acute fiscal pressures for central government and local authorities, these funding streams can help us to deliver the infrastructure improvements to make a development acceptable in planning terms. It can allow the government to invest public funds in its priorities such as council and social housing, rather than being required to invest in new roads, active travel, community centres and other critical infrastructure needed to support specific developments. Therefore, this funding should be spent quickly and effectively.

Too often, however, developer contributions go unspent. These may be allocated to a specific project that never get off the ground – or left entirely unallocated by public bodies despite an urgent need for the investment. This can lead to some understandable public frustration. Communities are often promised improved infrastructure that is not delivered, while being left to deal with the increased pressure generated by new homes. Developers are often criticised for failing to deliver infrastructure promised as part of a planning permission, even though they have paid their contributions.

This report explores developer contributions delivered through CIL and section 106 in England. It examines the current system, and the scale of unspent contributions. It identifies the main causes for this, as well as the impact it has on existing communities, and new housing developments. The report also makes a series of recommendations to reform the system, ensuring that we minimise the level of unspent contributions, and maximise the delivery of the new homes and infrastructure we need.

2. DEVELOPER CONTRIBUTIONS

Developer contributions are an important source of funding to improve infrastructure, create great places to live, and mitigate any negative consequences of housebuilding. These are fundamental to creating a system that people can trust, where existing communities benefit from infrastructure investment alongside new homes to accommodate future residents. This section sets out how councils use section 106 agreements and CIL to secure these contributions.

Section 106 agreements

Section 106 of the Town and County Planning Act 1990 enables local planning authorities to negotiate agreements with developers to cover certain 'planning obligations' that generally must be agreed before planning permission is granted.[1] Regulation 122 of the Community Infrastructure Levy Regulations 2010 is the statutory basis for the three tests for planning obligations. Obligations must be:

- Necessary to make the development acceptable in planning terms.
- Directly related to the development.
- Fairly and reasonably related in scale and kind to the development.[2]

There is no set minimum level or type of contributions required from developers. According to the government's planning practice guidance (PPG), planning authorities should set out policies for planning obligations in their local plans, which should be informed by evidence of infrastructure need and a proportionate assessment of viability. These will be subject to public examination. The PPG also states that infrastructure funding statements (IFSs) should set out future spending priorities on infrastructure, in line with up-to-date or emerging priorities in the local plan. IFSs should also set out the infrastructure projects or types of infrastructure that the authority intends to fund, either wholly or partly through planning contributions or through CIL.

Contributions are usually site specific and negotiable. Councils can use section 106 agreements to:

- Set out the proportion of homes to be delivered as affordable housing as defined in the National Planning Policy Framework, including those for social rent.
- Secure necessary new infrastructure for the development, covering its provision and maintenance.
- Mitigate the impact of the development on existing assets through increased public transport or public health provision, for example.
- Control or regulate how land is used or developed, including obligations relating to construction phase plans, operational travel plans, or local employment.
- Compensate for the loss or damage of existing assets due to the development, such as replacing council housing, open spaces and public parks. These are more rarely required than other uses of section 106 agreements.

Local planning authorities may decide to negotiate greater provision of affordable housing, while reducing the size of other contributions.

Developers may be required to deliver the obligations themselves, particularly to meet the affordable housing requirements negotiated. However, obligations can also take the form of financial payments, which councils or other public bodies can use to fund the mitigations and compensations required by the development. Once the authority and the developer agree to the specifics of these obligations and the section 106 agreement, these obligations cannot be unilaterally changed by either side.[3]

Where the developer has agreed to provide financial contributions, these are made at various trigger points in the development cycle – rather than full payment being required when an agreement is completed. These contributions are index linked to the payment date. Many local authorities agree that if contributions are not spent within the agreed timeframe (usually 10 years), the developers can reclaim the contributions.[4]

While section 106 contributions are often used for improvements to mitigate the impact of a specific development, local authorities can nonetheless pool section 106 contributions from different developments to deliver larger, more strategic infrastructure in their area (providing these remain compliant with the Community Infrastructure Levy Regulations 2010). Since 2019, there has been no limit on the number of contributions that can be pooled.[5]

Community infrastructure levy

Introduced in 2010, CIL is a specific charge on new development. Local planning authorities can decide whether to adopt the levy, with 52 per cent choosing to do so.[6] These are typically in London and the south-east where

land values are higher and there is more land value uplift from new development to be 'captured' by the levy and section 106 agreements.

Local planning authorities must also decide the rates that are charged, which geographical zones the levy applies to, and any developments that are exempt. Different rates can be charged on different developments, but the amount payable is based on the additional floorspace created by a development.[7] All of this is set out in a charging schedule, which must be consulted on and is subject to independent examination. However, this process is complicated and resource intensive, deterring many authorities from adopting a CIL.[8] Other local authorities have decided not to adopt a CIL due to challenges around viability, and the negative impacts that levying the charge could have on housebuilding. Furthermore, the emergency housing package for London, from October 2025, has allowed a 50 per cent relief from borough CIL if a qualifying development provides at least 20 per cent affordable housing to address viability challenges in the capital.

Compared to section 106 agreements, CIL:

- Is relatively easy to collect once the charging schedule is adopted, with low collection costs. Payment is often made of commencement of development, with the possibility of instalments, and is not tied to the progress of the development site. Receipts can be predictable as these are not subject to negotiation.[9]
- Contributions can be spent flexibly. The levy must be used for the provision, replacement, improvement, operation and maintenance of infrastructure that supports the development of the local area. IFSs must set out what CIL receipts are proposed to be spent on and what these have been spent on. Receipts cannot be used to provide affordable housing.[10]
- Does not need to be spent to mitigate site-specific consequences of development. This means past receipts can be used to unlock future sites through the improvement of infrastructure.[11] Authority-wide receipts can be combined with specific section 106 contributions to fund the same infrastructure.[12] Levy receipts can also be combined with those from other CIL-charging authorities.

A proportion of the CIL must be used for neighbourhood funding. A town or parish council will receive up to 15 per cent of receipts if part of the development is in their area. If a neighbourhood plan is in place, that will increase to a quarter of receipts. Where there is no town or parish council, the local planning authority must engage with the community where the development has taken place on what the neighbourhood funding should be spent on.[13]

The mayor of London introduced a MCIL to help pay for the Elizabeth line. This is collected by local authorities. The mayor borrowed against predicted levy receipts, and is using it to pay off loans used to build the line.[14] No other mayor or strategic authority currently has the power to introduce a levy in their area, but the Devolution and Community Empowerment Act 2026 does provide for the power to charge CIL in the strategic-authority framework. The implementation of these provisions was consulted on between 24 August and 5 October 2026, with the government expected to respond shortly.

No local authority can currently borrow against their CIL receipts. The regulatory framework to do so requires the Secretary of State to set a percentage of CIL receipts that can be used to pay back borrowing. The percentage is currently zero, as no Secretary of State has used their powers to set the percentage. However, a local authority can potentially borrow to forward-fund infrastructure and then apply later CIL receipts to repay it, subject to ordinary local government borrowing and prudential finance powers.

The infrastructure levy

There have been numerous calls for the replacement of section 106 and CIL with a single cash payment on developments.[15]

The previous Conservative government sought to introduce a new levy to replace the current system of developer contributions. It was a levy based on value, rather than principally on floorspace as the current CIL is. Payment would be based on a percentage of development value above a threshold, and it allowed affordable housing to be delivered in kind as part of the arrangement. The Conservative government argued that it would streamline developer contributions, speed up delivery, and deliver at least as much affordable housing as the existing system.

The proposed infrastructure levy attracted significant criticism. A coalition of 30 organisations, including the Home Builders Federation, Federation of Master Builders, National Housing Federation and Local Government Association urged the government not to introduce the levy as proposed. They warned that it risked leaving communities with fewer social and affordable homes and less of the infrastructure needed to support development, while creating additional complexity, financial risk and uncertainty for local authorities. They also questioned whether the proposed rates and thresholds would adequately protect development viability. The coalition argued that the proposals could make it "harder, not easier, for local leaders and communities to secure the benefits of new development".[16] Communities risked being left with fewer social and affordable homes as well as less investment in the infrastructure needed, without increasing the

viability of sites. Plans to introduce the levy were abandoned by the Labour government in August 2024.

At the 2026 Conservative party conference, the shadow chancellor announced their plans to scrap section 106 and CIL, and replace it with a new 'one-stop' infrastructure levy. While the Conservative party claims it will speed up planning approval and reduce the costs of building new homes, questions have been raised about whether the new proposal has adequately considered the concerns raised when the infrastructure levy was previously suggested.

3. UNSPENT DEVELOPER CONTRIBUTIONS

For local communities to feel the benefit of new homes being built, developer contributions need to be spent quickly and effectively to deliver new infrastructure. As this section shows, it is not clear whether this is the case.

The amount that goes unspent

There is a lack of accessible official government data on developer contributions, particularly those that have been unspent for a long time.

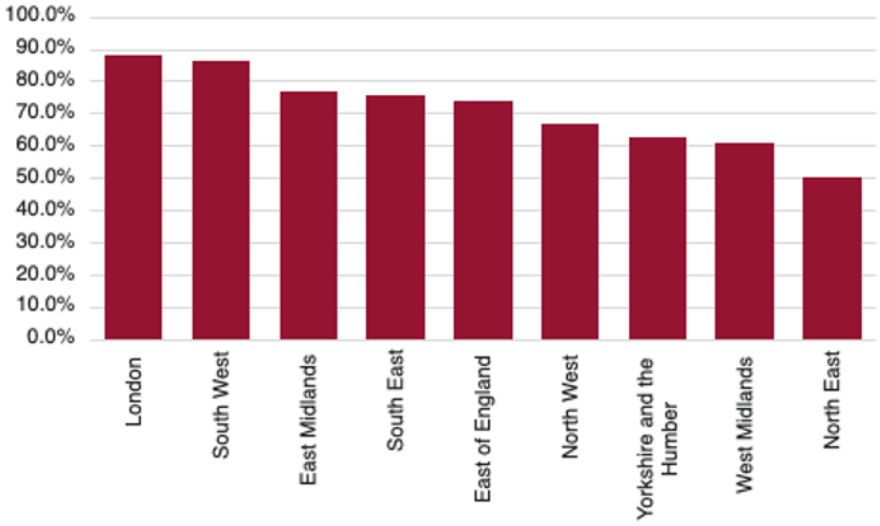
Several assessments have been made:

- The **Competition and Markets Authority** estimated developer contributions could be equivalent to 46 per cent of expenditure in 2021-22 by councils on housing and community development – or roughly the same amount spent on infrastructure.[17]
- The **Ministry of Housing, Communities and Local Government** (MHCLG) estimated that developer contributions held by councils to be approximately £5.5bn in 2022-23. Around £1.3bn was collected in cash payments through section 106 and CIL, with the remaining amount for direct affordable housing delivery on site. However, this is based on published infrastructure funding statements (IFSs) and 17 per cent of authorities that may have received developer contributions did not publish a statement in that financial year.[18]
- The **Department of Land Economy at the University of Cambridge** found English local authorities and the mayor of London collected around £6.6 bn in CIL receipts between April 2010 and March 2025. They suggest 77 per cent of receipts have been collected in urban areas, while the 56 rural charging authorities have collected around £1.2bn in total.[19]
- The **Home Builders Federation** suggested £9bn was unspent across England and Wales in 2025, an estimated 9 per cent higher than the previous estimate. There is a suggestion that around a third of the total is unspent for more than five years.[20]

- The **Urban Mobility Partnership** suggests £5.3bn was unspent across England and Wales in March 2024 from section 106 agreements alone. At least £700m for transport projects has been accumulated but not spent by councils through section 106 agreements.[21]
- The **University of Liverpool, University of Cambridge, University of Sheffield and London School of Economics** research team estimated that there are significant geographical variations in the level of developer contributions. In 2018-19, they estimated that the majority (53 per cent) was raised in London and the south-east.[22] This compared to just 3 per cent for the north-east and 5 per cent for Yorkshire and Humber.

In 2025, the Home Builders Federation conducted a freedom of information request exercise to identify the scale of unspent contributions. Nearly three-quarters (74 per cent) of English local authorities provided data either through a Freedom of Information Act 2000 response or through their IFSs for 2024-25 financial year. Response rates ranged from 88 per cent of councils in London to 50 per cent in the north-east (see figure 1).

FIGURE 1: NEARLY THREE-QUARTERS (74 PER CENT) OF LOCAL PLANNING AUTHORITIES PROVIDED DATA ON THE LEVEL OF UNSPENT DEVELOPER CONTRIBUTIONS IN THEIR AREA.



Source: Fabian Housing Centre analysis of data provided by Home Builders Federation in 2026.

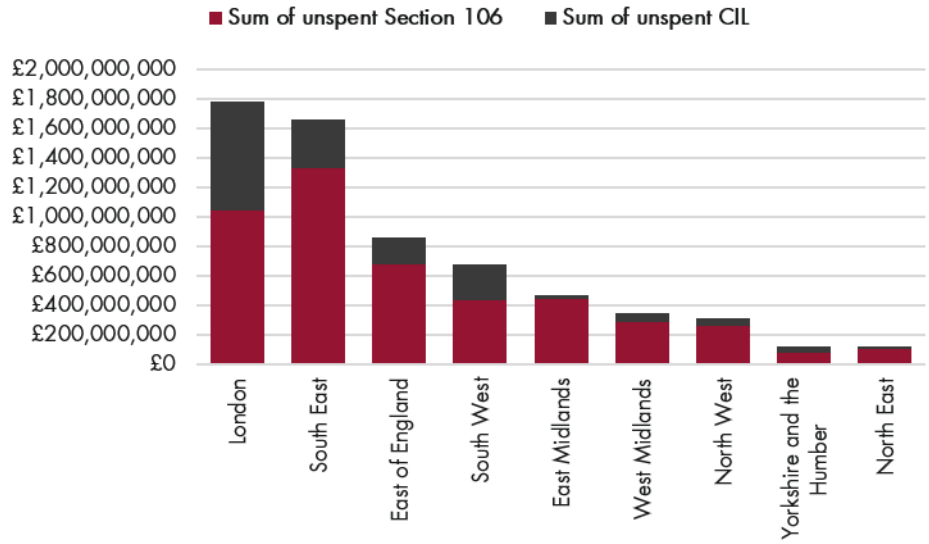
Across the 233 local authorities, £6.3bn in developer contributions was identified as unspent. According to the data:

- There is around £4.6bn in unspent section 106 receipts, and £1.7bn from CIL. The Home Builders Federation extrapolated from this data

to reach the above estimate of £9bn to cover planning authorities that did not provide data.

- Councils in both London and the south-east have the largest level of reported unspent developer contributions (£1.8bn and £1.7bn respectively) – compared to £115m in the north-east (see figure 2).[1]
- Councils classified as 'village or smaller' and those classified as 'large towns' have the largest level of reported unspent contributions (£1.7bn and £1.2bn) – compared to £200m in core city councils outside of London. This analysis excludes London boroughs.
- £1.1bn of unspent section 106 contributions is for schools and education, followed by £900m for 'other' (libraries, arts, active travel etc) and £530m for highways and roads. Around £400m is available for affordable housing.[2]
- Around £435m in unspent developer contributions was received 2020-21 or before, effectively leaving it unspent for more than five years. However, this data is from just 93 English local authorities – or 29 per cent of councils.

FIGURE 2: LONDON AND SOUTH-EAST COUNCILS HAVE THE LARGEST LEVEL OF UNSPENT DEVELOPER CONTRIBUTIONS IN ENGLAND.



Source: Fabian Housing Centre analysis of data provided by Home Builders Federation in 2026.

[1] This regional difference will likely reflect higher property values in London and the south-east which means more is raised in these two regions relative to other places, and higher reporting rates in those two regions.

[2] Not all local authorities who reported an overall figure on unspent section 106 receipts provided a breakdown of how much was in each infrastructure category.

Why contributions go unspent

There are several reasons why developer contributions go unspent. These include:

- **There is a lack of accurate data on developer contributions.** Every local authority is legally required to publish an IFS, setting out how much in developer contributions has been collected and spent in the previous financial year. However, a significant proportion fail to do so (see above). The percentage of councils across England and Wales who met the reporting deadline fell from 90 per cent in 2020 to 75 per cent in 2025.[23] Existing official data often underestimates the amount of CIL receipts collected, with the Office for National Statistics reporting just 48 per cent of the likely total collected.[24] Without a comprehensive and accurate picture of the developer contributions, it is difficult to understand the scale of the problem across England, why contributions remain unspent, and which councils need the greatest support to spend these more effectively.
- **It is difficult for the public and the government to scrutinise, even where data exists.** Even where councils do publish data, there is no standardised template, and statements do not always include contributions collected in previous years that remain unspent. Residents can find it incredibly difficult to understand what contributions in their area have been spent on – or to hold policymakers to account. MHCLG currently struggle to provide oversight and accountability over the system. [25] The department previously planned to create a national database of statements to make scrutiny easier, but this work was suspended under the previous government. While work has restarted on this with MHCLG's planning data service having a live Infrastructure Funding dataset, it does not cover all of England – or provide the data in an easily accessible manner.
- **A significant lack of capacity within local authorities.** Monitoring CIL and section 106 contributions is a role broader than planning, including finance and accounting, data, and project management skills. The 2025 skills and capacity survey found nearly half (44 per cent) of local planning authorities reported a skills gap in CIL, section 106 and viability.[26] Around 14 per cent of planning departments have struggled to recruit people for monitoring and CIL officers. Councils struggle to compete against the private sector for planners, creating a lack of capacity and an overstretched workforce.[27] Many local authorities lack specialist officers or teams that have a detailed understanding of developer contributions within local authorities or have responsibility for ensuring these get spent effectively and quickly. Indeed, detailed knowledge about millions of

pounds of developer contributions tied to a complex agreement can rest with just a few people in a planning authority with little institutional memory.[28] This is despite the ability of councils to charge proportionate monitoring fees for section 106 agreements to cover costs.[29]

- **A lack of up-to-date local plans setting out what developer contributions need to be raised and why.** Every local planning authority is required to set out in their local plans what infrastructure is needed to support new developments and the requirements for developer contributions to fund this. This must be informed by evidence of need and proportionate assessment of viability. The local plan, including the level of developer contributions, is examined by an independent planning inspector before being approved. However, just 31 per cent of councils have an up-to-date local plan.[30] This means that in many areas the development plan may not provide an up-to-date framework identifying infrastructure requirements and the contributions expected from new development, potentially creating greater uncertainty for both councils and developers when negotiating section 106 obligations.
- **Insufficient flexibility prevents funding from adapting to changing circumstances.** There is some flexibility as to how developer contributions from Section 106 agreements can be spent, through pooling of contributions for example. Where the terms of an agreement allow, contributions can be used to fund a range of projects within an agreed purpose. However, this flexibility is not always realised in practice. Many agreements tie contributions to specific projects or interventions.[31] This can cause problems when a project is delayed or can no longer go ahead, and when circumstances change. In these instances, the local authority's ability to redirect funding towards other infrastructure needs depends on the wording of the original agreement, or the agreement of the developer. Limited capacity within local planning authorities can make redirecting this funding even harder.
- **Staggered contributions make it difficult to deliver quickly.** Section 106 uses payment trigger points where financial contributions are required for specific infrastructure.[32] This can often be linked to the commencement of development, the proportion of homes built or to when people occupy their homes. Payments are nearly always index-linked to either maintain the value of the contribution over time or to reflect when the infrastructure delivery is required. In certain cases, the whole contribution needs to be received by the local planning authority before improvements can start – unless it has been pooled with other developments or has already been forward-funded through borrowing. If housebuilding is

delayed or stalled, not all the developer contributions may be received. The infrastructure may not be built, unless alternative sources of funding are found. Even if no problems arise, developments can often take years to complete. As a result, contributions raised in the early years of the site may not be spent for a long time, despite the additional pressure the occupied new homes place on infrastructure. In phased developments, infrastructure needed for each phase can be delivered before the next phase starts – reducing unspent contributions and mitigating pressures.

- **Additional funding from other public bodies is often required.** England has some of the highest infrastructure costs in the world, with roads and rail often costing far more to build than in overseas countries.[33] For strategic scale infrastructure, most local authorities will be unable to secure sufficient funding from section 106 and CIL to cover the full costs of the improvements in a single year or development. While pooled section 106 contributions and CIL receipts can be used, top-up funding may be required from other public bodies. This may not be forthcoming as quickly as local authorities want, or may have never been agreed at all. If this happens, the developer contributions can go unspent – particularly if the section 106 agreement has insufficient flexibility.
- **Other public bodies are responsible for delivery of the infrastructure.** While the local planning authority will often be in receipt of the contributions, they may not always be responsible for the delivery of the infrastructure. For example, contributions for GP surgeries will be passed onto the NHS and integrated care boards for expenditure rather than the council. Other public bodies have priorities and timescales to deliver infrastructure that may be longer than local authorities would like, meaning that the contributions appear unspent despite having been allocated.

The consequences of unspent contributions

Failing to spend developer contributions has several significant consequences:

- **New homes are harder to deliver.** The timely delivery of infrastructure is critical to unlocking land for development. Delays can constrain development, increase costs and uncertainty, undermine viability and slow the delivery of new homes and development.[34] New roads, railway lines and power capacity improvements are often needed before homes can be delivered – particularly on large strategic sites. In parts of England, lack of infrastructure capacity is constraining development in areas where substantial housing growth is planned. Timely investment in enabling infrastructure can help remove these constraints and may

also increase the long-term attractiveness and value of development, including by making new homes and places more attractive to future occupiers.[35] Without this, it can be harder for developers to sell properties at the rate they need.

- **Pressure increases on existing infrastructure and services.** New homes can create additional pressure on infrastructure, transport and public services making these harder to access for those who already live in a community, particularly if there is no investment to expand capacity. For example, new housing can increase demand for local education infrastructure. The Department for Education estimates in pupil-yield data and guidance that new homes typically attract younger families than average, resulting in higher numbers of pre-school and primary school children which can add pressure onto local services.[36]
- **New homes lack essential infrastructure.** Increased housebuilding should result in great places to live, well-connected to jobs, public services and accessible green spaces. However, where supporting infrastructure is delivered late or not at all, there is a risk of creating housing estates rather than well-connected communities. The All Party Parliamentary Group for Excellence in the Built Environment heard that infrastructure supporting new homes is delivered late or not at all.[37] Transport for New Homes suggests that the failure to build modern and easy-to-use public transport or active travel provision is resulting in 'hundreds of thousands of new homes…being built around the car, anticipating an almost North American lifestyle' with limited public transport or opportunities for cycling – particularly in rural areas.[38] The causes of delayed infrastructure delivery extend well beyond the operation of developer contributions, but ensuring that available CIL and section 106 funding is deployed effectively and promptly forms part of addressing that challenge.
- **Lower public trust in future housebuilding and new developments**. Voters want new housing to come with infrastructure. Polling in 2025 found just 18 per cent would support a new development in the local area if it did not come with any 'supporting infrastructure' like schools, bus routes and GP surgeries. If new or improved infrastructure is promised, voters rightly expect it to be delivered quickly, either by the developer themselves or through developer contributions. When new infrastructure does not materialise, the public perceive this as either a broken promise from the developer or the consequences of a failure at local government level that cannot deliver. Local communities become understandably frustrated as a result, and become more likely to oppose future

4. RECOMMENDATIONS

Developer contributions help deliver much-needed infrastructure that unlocks homes and creates great places to live. However, it can take too long to spend these contributions, with billions currently left unspent. This places pressure on existing infrastructure and services, undermines public trust in the system, and makes it harder to secure consent for future development.

There are often perfectly understandable reasons why developer contributions go unspent, particularly in the short-term. Nevertheless, the public may not see this as understandable or reasonable if they are left to deal with the disruption caused by new homes being built locally, without the infrastructure improvements required to accommodate this.

The system should ensure, as far as possible, that infrastructure improvements are delivered quickly and effectively rather than allowing significant contributions to go unspent over the long-term. The government must improve data, capacity, accountability, and flexibility within the system to ensure developer contributions are spent quickly and effectively.

The government should:

Address existing unspent contributions

1. Provide time-limited support for local authorities to unlock unspent contributions and improve accounting processes

Unspent contributions are a significant challenge facing many local planning authorities. There is significant variation in the knowledge of historic agreements or monitoring processes to ensure that contributions are spent. Some councils have been able to assign dedicated staff to review agreements and improve accounting processes, unlocking millions of pounds as a result.[39] Yet many still lack the capacity to do so, missing out on valuable infrastructure investment.

The government should provide time-limited support for local authorities to unlock unspent contributions and improve accounting processes. The government should provide external assistance to help councils review historic section 106 agreements and CIL accounts, with specialist staff that

identify what needs to be spent or allocated. The priority for this support should be those with the largest long-term unspent developer contributions. For relatively modest staffing costs, local authorities could recoup millions of pounds in infrastructure improvements that otherwise would go unspent or returned to developers.[40] This support would be funded by central government.

Additional capacity would also help councils to improve their accounting and monitoring processes – particularly of section 106 agreements. Existing staff in struggling councils should be supported to upskill and learn from existing best practice, so they can more effectively monitor the use of developer contributions once the temporary support has ended. This assistance would ensure that all local authorities start from a consistent baseline before transitioning to any new framework. This temporary assistance should be responsible for cleaning existing data and standardising data collection.

The government could provide this assistance:

- Through a national scheme like the Council Housing Support Service provided by the Local Government Association.
- Regionally, with teams located within the MHCLG or the Planning Advisory Service.
- At a mayoral strategic authority level where they exist or soon will exist.

2. Require councils to pool existing long-term unspent developer contributions together

Unspent contributions are often due to challenges concerning the provision of specific mitigation measures, either on-site through section 106 or across an area through CIL. With £435m held for longer than five years across the 29 per cent of local authorities that provided data, there is a need for an emergency one-off change to ensure that this investment delivers improvements for communities – rather than being returned to developers.

The government should require councils to pool existing long-term unspent developer contributions together. Primary legislation would be needed to alter existing section 106 agreements and the Community Infrastructure Levy Regulations 2010 to allow funding to be moved away from site-specific mitigation measures as a temporary measure. These reforms would only apply to funding that is unspent for more than five years from collection by the planning authority. Legislation would not alter the ability of developers to claim back their contributions at the appropriate moment as set out in the agreement (ie usually after 10 years). For any

existing funding that has not been spent in the negotiated timeframe, the government should provide a limited timeframe to claim the contributions back.

Councils would be required to pool their contributions across the strategic authority where one exists. Where no such authority exists, councils should be encouraged to pool their contributions across the county council geography or according to their proposed strategic authority geographies.

These partnerships would establish a one-off regional infrastructure investment fund, which would use unspent contributions for projects that meet defined needs, address pressures caused by development in the region, and unlock future growth. As far as possible, decisions should invest developer contributions in the broad infrastructure category and geographies for which these were paid. Indeed, funding should be maintained for the specific projects that have funding allocated and taken longer than originally planned to deliver, if work is close to starting. However, this should not be required if the funding is used for a different scheme to unlock further development and meet existing pressures on infrastructure.

The partnership body would report how the pooled income has been spent across the combined administrative organisations – and why any decisions were taken to reallocate funding away from specific geographies or categories. They would be required to inform the communities affected, so developers are not blamed for infrastructure not being delivered as agreed. This joint pooling, decision-making and accountability model would be modelled on the Greater Norwich Development Partnership, where three district councils voluntarily combine their CIL receipts to support cross-boundary projects that improves infrastructure across districts.[41]

In areas where there is a strategic authority, the constituent councils should be able to pass up the regional infrastructure investment fund to that body if desired. This would enable existing capacity to be harnessed and effectively combined with other sources of funding.

While these are only one-off partnerships to solve a specific problem, the government should support their evolution into the permanent arrangements for pooling of developer contributions like the Greater Norwich Development Partnership.

Minimise future unspent contributions

3. Support all councils to have dedicated section 106 and community infrastructure monitoring officers, with ring-fenced national funding for training and recruitment

There is a significant lack of capacity in local authorities to ensure that developer contributions are spent quickly and effectively. Nearly half (44 per cent) of local planning authorities in 2025 reported a skills gap in their CIL, section 106 and viability teams.[42] Around 14 per cent of planning departments have struggled to recruit people for monitoring and CIL officers.

The government should support all councils to have dedicated section 106 and community infrastructure levy monitoring officers, with ring-fenced national funding for training and recruitment. The government should set out a roadmap to achieving significantly and sustainably expanded capacity, with at least one officer in the smallest authorities and a team in most.

These officers would bring together the planning, housing, finance responsibilities into one specific role or team – and have oversight over the entire developer contribution system in their council. They would be supported by additional finance and legal expertise where required. To fund this increased investment, councils should use their ability to charge proportionate monitoring fees that cover these costs. The government should set out best practice for setting monitoring fees that are transparent, on a cost-recovery basis, and do not harm development viability. The secretary of state should be prepared to use its powers to intervene and direct a planning authority to amend their monitoring fees when it is above the level of cost recovery.[43]

As part of this roadmap, the government should announce specific funding to train and recruit hundreds of additional monitoring officers. This funding should be similar to the 2025 budget announcement of £48m to recruit 350 extra planners into graduate or experienced roles.[44] There should be a specific version of Pathways to Planning for monitoring officers, building on the successful initiative that trains graduate planners for the public sector. Consideration should be given to creating new apprenticeship routes to train more staff responsible for monitoring the developer contribution system.

4. Create clear and standardised infrastructure categories for section 106 agreements

Too often, councils negotiate section 106 agreements that are prescriptive to comply with the Community Infrastructure Levy Regulations 2010. Compliance can minimise flexibility when a specific project is identified, unless developers agree to enable contributions to be used for alternative purposes through a variation of the section 106 agreement. As a result, authorities are unable to adapt to changing circumstances such as stalled sites or unfeasible improvements, due to no fault of either developers or councils.

The government should create clear and standardised infrastructure categories for section 106 agreements. As part of wider work to standardise agreements, the government should work with the sector to develop template infrastructure categories for local authorities to use in clauses and section 106 agreements. These agreements should clarify the aims and objectives of investment through section 106 in mitigating the consequences of development, while allowing flexibility over the options to achieve these. These should replace overly prescriptive agreements. It is critical that the aims and objectives agreed are easily understood by communities, so they have confidence that their concerns are being addressed and are certain that developments will be accompanied by infrastructure improvements.

The government should amend the Community Infrastructure Levy Regulations 2010 to state explicitly that the pooling of section 106 contributions is allowed to deliver mitigations across multiple, nearby sites – providing it complies with the existing tests set out in regulations. Infrastructure delivered by pooling should be set out in the IFS. Guidance should be issued to support councils to encourage consideration of infrastructure that might benefit from pooled delivery, and to draft flexibility into agreements so that these do not require renegotiating or amending in the future.

5. Improve accountability through reforms to infrastructure funding statements

There is a significant lack of data and transparency around unspent developer contributions. This limits the ability of local communities to hold the local authorities to account for the investment of developer contributions, and for delivery of the infrastructure required by new housebuilding.

This is despite the existence of IFSs since 2020. These statements can be unclear, hard to scrutinise, and difficult to access. There is no single

depository of good quality data, making it extremely difficult for policymakers to understand the scale of the challenge.

The government should improve accountability through reforms to infrastructure funding statements. Schedule 2 of the Community Infrastructure Levy Regulations 2010 should be amended to:

- Set out requirements as to how IFSs should be presented, the type of information that is required, and the level of detail that should be published. These statements should be transparent about what has been raised through developer contributions, infrastructure funding priorities, and funds yet to be spent – alongside the reasons why. It should highlight what developer contributions have helped to deliver in the local area, drawing from best practice that has already been collected by MHCLG.
- Make IFSs part of the councils' mandatory return, which they must complete alongside the annual governance statement and statement of accounts. As part of this, councils would be required to publish the statements clearly – and be subject to penalties if they failed to do so. This could include a requirement to publish a formal explanation why it missed the deadline, placing the council on the audit non-compliance list or, in the case of repeat offences, financial penalties.
- Require councils to share statements with the MHCLG to create a national database, allowing campaigners to scrutinise the data more effectively and compare councils on their performance.

These reforms will make it easier for campaigners to hold local planning authorities to account, while also helping councils explain to residents what investment has been received and where it has been spent, or proposed to be spent, to mitigate the impacts of development.

Introduce a new 'use it or lose it' rule for future section 106 and community infrastructure levy contributions

Once a developer has made their contributions, local planning authorities have a number of years to use these, or they risk developers claiming these back if a section 106 agreement provides for repayment. If it does, this is often set at 10 years. As developers want their contributions to be spent and rarely claim the money back, there is a need for a stronger incentive for councils to use this investment quickly and effectively.

The government should introduce a new 'use it or lose it' rule for future section 106 and community infrastructure levy contributions. These would require councils to spend the contributions within five years of receiving

payment by the developer, before passing these on to the strategic authority. There should be exemption for developer contributions that are reasonably unspent (ie where the project requires the participation of another public body or where additional contributions are expected from the development). This would balance the need to give councils sufficient of time to spend the contributions, with the need to give another public body the opportunity to spend the funding before it can be claimed back by developers.

Strategic authorities would be required to use the developer contributions for the infrastructure categories required but would have flexibility over the specific projects – particularly if the clear and standardised templates for section 106 are used. The expectation should be for expenditure to be used to deliver on spatial and infrastructure strategies already agreed by the constituent authorities.

This new rule would be introduced into future section 106 agreements, alongside the existing requirement to pay back developer contributions if these remain unspent after a certain period. It would also apply to any CIL receipts raised after the rule was introduced through an amendment to the Community Infrastructure Levy Regulations 2010. Where a council isn't currently covered by a strategic authority, they would still be required to introduce such a rule within section 106 agreements and their levy. The expectation would be that by the time the 'use it or lose it' rule kicks in after five years, every council will be covered by a strategic authority, as the government is seeking to achieve.[45]

6. Empower all mayoral strategic authorities to implement a community infrastructure levy

Since 2012, the mayor of London has been able to use a MCIL to fund the delivery of the Elizabeth line, a major new transport project which has transformed connectivity in the capital and unlocked growth. Transport for London estimated the Elizabeth line had a direct impact on the development of 55,000 new homes within 1km of a station in greater London.[46]

No other mayor of a strategic authority in England is currently able to do so. However, the government introduced the power in the English Devolution and Community Empowerment Act 2026 – and consulted on the implementation of it as part of wider planning reforms. The government has yet to release their consultation response.

The government should provide all mayoral strategic authorities with the power to implement a community infrastructure levy. The purpose of this levy would be to provide the additional funding for infrastructure that supports the development of communities, housing delivery, and economic

growth. This would require an amendment to the Community Infrastructure Levy Regulations 2010 to expand the current powers of the mayor of London to all strategic authorities.

Mayors of strategic authorities would be able to decide whether to introduce a MCIL. They would not be required to do so – and only if there is a clear case for supporting infrastructure improvements that unlock growth and housebuilding. For example, a mayor could use the MCIL to fund improvements to utilities, energy networks and transport such as highways or tram networks.

Mayors would set the charging schedule that covers the amount paid and which types of development are liable. There would be a requirement, as under the current legislation, to strike a balance between using the levy to fund required infrastructure and the potential impacts on the viability of development across the area. The expectation should be that this levy would be broad, covering most developments but with a low financial charge. The schedule would need to be examined in public, as currently happens for the existing CIL, to ensure that charging authorities prove the proposed levy supports development across their area and helps deliver on the spatial development strategy, without harming viability. As part of this, mayoral strategic authorities would be required to prove that the levy would not have a negative consequence on the viability of affordable housing supply in their area, particularly through section 106 agreements.

This levy would either be charged in addition to the CIL of constituent authorities or charged on its own in places where the council does not have one. Irrespective of whether a council charges a CIL, they would be responsible for collecting the revenue raised for the mayoral levy. Councils would also be required to consider the strategic authority levy when setting their own levy to ensure development remains viable. This would mirror the same arrangement as the mayoral CIL introduced by the mayor of London.[3] The government should consider going further, requiring constituent authorities to reassess the viability of their council-level CIL, once the strategic authorities have introduced their own charge. Effectively, councils would be required to subject their levying of a CIL to public examination and approval by an independent examiner again, who could reject it.

At the same time, the regulations should be amended to allow all mayoral strategic authorities to borrow against future MCIL income for projects that are covered by the area of competencies set out in the English Devolution and Community Empowerment Act 2026. This would include the mayor of London, as his current powers to borrow against the MCIL are limited to delivering Crossrail. These projects would likely need to improve growth,

[3] For example, Ealing council collected the mayor of London's CIL despite not charging its own levy until March 2026.

speed up the delivery of homes, or to increase the viability of sites to generate enough MCIL receipts to cover borrowing costs, which are likely to continue to remain higher than in recent years.

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