Department for Transport

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Sir Geoffrey Clifton-Brown FRICS MP
Chair of the Public Accounts Committee
House of Commons
London
SW1A 0AA

[Sent via email]

Dear Sir Geoffrey,

**Local roads in England – Follow up on Community infrastructure levy**

Thank you for the opportunity to provide evidence on what the Department is doing in relation to local roads in England alongside my colleagues David Buttery (Director of Roads Strategy) and Rupert Furness (Deputy Director, Local Highways and Active Travel). I am writing to the Committee to follow up on a point that was raised on the Community Infrastructure Levy (the 'levy'). The Committee was interested to know what, if any, work had been done to understand the level of unspent CIL funds across the country, and whether these could be used to help address local highway maintenance challenges.

I am grateful to the Committee for raising this point and have asked David and Rupert to raise it with local authority representatives as part of the Department's regular dialogue with organisations such as the Association of Directors of Environment, Economy, Planning and Transport.

Policy concerning the levy is the responsibility of Ministry of Housing, Communities and Local Government (MHCLG). Currently 162 (52%) local planning authorities in England charge the levy. The levy can be used to fund a wide range of infrastructure, including transport, flood defences, schools, hospitals, and other health and social care facilities (for further details, see section 216(2) of the Planning Act 2008[1], and regulation 59[2], as amended by the 2012[3] and 2013 Regulations[4]).

This flexibility gives local areas the opportunity to choose what infrastructure they need to deliver their relevant plan (the Development Plan and the London Plan in London) based on local needs and priorities. The levy can be used to increase the capacity of existing infrastructure or to repair failing existing infrastructure, if that is deemed necessary by the local authority to support development.

The wording of the legislation makes clear that CIL funding must be used by a local authority to support "the development of its area", and local authorities would therefore have to satisfy themselves that spending CIL funding on highway maintenance was "supporting development", as opposed to merely preserving the status quo.

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1 https://www.legislation.gov.uk/ukpga/2008/29/section/216
2 https://www.legislation.gov.uk/uksi/2010/948/regulation/59/made
3 https://www.legislation.gov.uk/uksi/2012/2975/regulation/7/made
4 https://www.legislation.gov.uk/uksi/2013/982/regulation/8/made

In London, the regulations restrict spending by the Mayor of London to funding roads or other transport facilities, including the Elizabeth Line, to ensure a balance between the spending priorities of the London boroughs and the Mayor of London.

All local planning authorities in England are required to publish an annual 'Infrastructure Funding Statement' (IFS) detailing their request, receipt, and use of developer contributions collected through the levy, if charged by the authority, and section 106 planning obligations. The IFS also records the total amount of unspent levy funds held by the authority at the end of the reported year. As CIL funding typically accrues slowly as developments are built, some IFSs do show significant amounts of CIL funds that remain unspent at the end of a reported year. There are several factors which can contribute to relatively high levels of unspent levy receipts being held by an authority. These include where sums received in earlier years have been allocated to specific projects but are yet to be spent, and where sums received in the reported year are still in the process of being allocated to a specific project. Some authorities will also seek to accumulate a significant levy funding pot for major projects yet to be fully agreed or confirmed.

MHCLG recognises that the effective use of developer contributions is an important issue. The Planning Advisory Service have undertaken a project, with the support of MHCLG, to help LPAs in improving the governance of developer contributions, called *Improving the governance of developer contributions | Local Government Association*[5]. The Government has committed to strengthening the system of developer contributions, and will make a further announcement on this in due course.

Recognising the Committee's interest in the matter, we shall continue to engage closely with MHCLG and local authorities to ensure opportunities for using CIL to support relevant transport investment are considered.

Yours sincerely,

**Dame Bernadette Kelly DCB**
**Permanent Secretary**

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[5] https://www.local.gov.uk/pas/topics/developer-contributions/improving-governance-developer-contributions