

Working for better roads

Community Infrastructure Levy funding: an additional revenue stream for highway improvements

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Foreword



Crumbling, pothole-ridden roads are damaging vehicles, endangering lives and undermining our economic productivity and growth. Significant failures in how local roads are funded has led to a focus on short-term pothole fixes at the expense of long-term preventative and structural maintenance, with a growing multi-billion pound repair bill to put them right.

All road users deserve safe and well-maintained roads. It is an issue I am passionate about and I have campaigned for fairer funding for roads as both a local councillor and an MP for a number of years.

Meanwhile, there is an additional, underutilised area of funding that could help: the Community Infrastructure Levy (CIL). This Levy is charged by more than half of local planning authorities (LPAs) in England, all in London and a handful in Wales. CIL is intended to fund infrastructure improvements to support new development and, according to current rules, can also be used to repair and enhance existing infrastructure, including roads.

However, research carried out by the Home Builders Federation (HBF) has found that more than £2.2 billion in CIL contributions made by developers remains unspent by LPAs in England and Wales.

Both unspent CIL funds, and those collected on an ongoing basis, could be used to help fix our roads. This APPG calls on the Government to act to make it easier and more transparent for local authorities to invest CIL funds in resurfacing our roads at the right time and preventing potholes forming in the first place to the benefit of all road users.

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The All-Party Parliamentary Group for Better Roads aims to highlight the importance of the UK's highway network and advocate for its proper maintenance to support safety, economic growth, environmental sustainability and community wellbeing.

This report has been researched and funded by members of the Asphalt Industry Alliance (AIA) and the Institute of Highway Engineers (IHE), which support the APPG for Better Roads.

The AIA is a partnership between the Mineral Products Association (MPA) and Eurobitume and was established in 2000 to increase awareness of the asphalt industry and its activities, and the uses and benefits of asphalt. The AIA commissions the Annual Local Authority Road Maintenance (ALARM) survey, which has evolved since its inception in 1995 to highlight and track the connection between local road maintenance funding and conditions in England and Wales.

The IHE is the UK's leading institute for highway professionals. Its expertise extends to highway maintenance, traffic, transportation, road safety, highway design, traffic signal control, bridge maintenance, construction, development management and the public realm. It has been registering engineers and technicians under licence with the Engineering Council since 1972 and accrediting academic courses since 1989.

Overview

Road conditions are of key importance to members of the public. However, insufficient funding for local authority highway maintenance over many years has led to worsening conditions, with a 'patch and mend' approach to repairs and a rising backlog to put them right.

The Community Infrastructure Levy (CIL) is an additional funding source available to local authorities that could unlock significant extra resources to help tackle the backlog of repairs and improve carriageway conditions for all road users as well as boosting local economies and connectivity.

Only a small number of local authorities are currently using CIL funds for highway improvements. This report recommends that all those authorities which charge CIL, including those that have unspent CIL contributions, should maximise the effectiveness of this additional revenue stream by investing it in highway improvements.

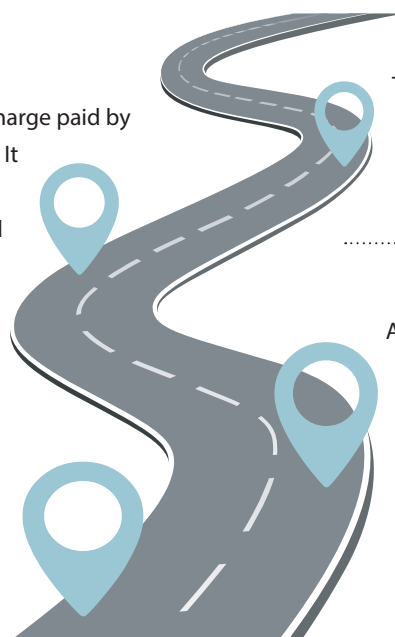
It also recommends that Government should assist in this aim by issuing enhanced guidance and broadening the scope of the current CIL legislation to make this easier to achieve.



Unlocking CIL investment for better local roads

Community Infrastructure Levy (CIL) is a charge paid by developers on certain new developments. It can be used to fund projects and infrastructure that improve local areas and support sustainable growth.

CIL is currently charged by all London Boroughs, just over half of local authorities in England (52%) and just a handful in Wales (14%). Over £2.2 billion in CIL contributions remains unspent.



The local road network is under severe financial pressure, with a record £18.62 billion carriageway backlog of repairs.

Allocating CIL to highway improvements would help deliver lasting improvements, support connectivity and improve the experience of all users, including pedestrians, cyclists and car-users.

Defining the challenge

The condition of local roads is a key issue with the voting public in Great Britain, with YouGov research listing it as the number one concern¹.

Despite this, data from the Asphalt Industry Alliance's Annual Local Authority Road Maintenance (ALARM) survey 2026 reports that the backlog of carriageway repairs in England and Wales has reached a record £18.62 billion² (Figure 1 below).

The findings of the ALARM survey are based on information received directly from local authority highway teams and are further supported by various road user and consumer groups such as the RAC, AA and Motorcycle Action Group as well insurance companies.

The RAC, for example, cites that its patrols attend an ever increasing number of breakdowns related to poor road conditions³ and data from Tesco Insurance⁴ reports that there were 12% more pothole damage claims in January 2026 than the entire second half of 2025. Another insurance company, Aviva, also highlights the economic impact of poor road conditions, showing that 25% of claims for pothole damage result in vehicles being written off⁵.

In addition, in 2024 the Centre for Economics and Business Research (CEBR) calculated the overall cost to the economy of the potholes and defects on the road

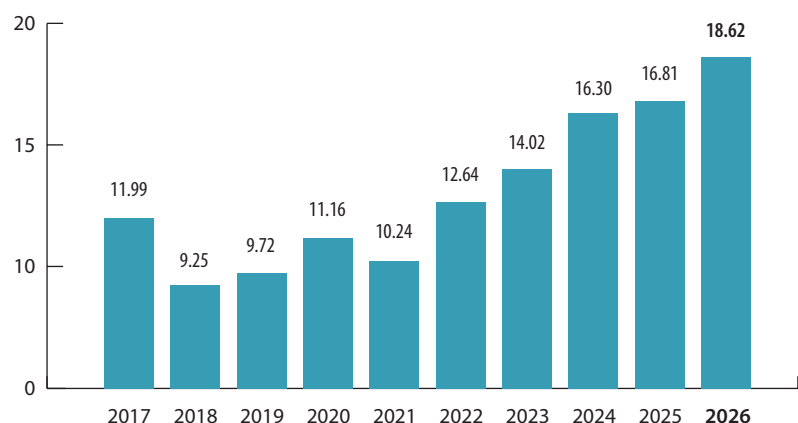


network in England to be £14.4 billion a year, which it cites "seems to be mainly caused by reduced spending on road maintenance"⁶.

The overall poor user-experienced condition of local roads has been driven by decades of inconsistent levels of funding, an ageing network and the increasing impact of extreme weather events.

Figure 1

Backlog of carriageway repairs in England & Wales (£bn)



Source: AIA ALARM Survey Report 2017-2026

Local roads funding

Local authorities have a legal obligation to maintain their road network in a ‘safe and suitable condition’⁷.

Funding sources

Research carried out by the AIA and included within the ALARM report highlights that local authorities receive the funding to do this from both central government and their own sources. The latter is raised from various income streams including Council Taxes, parking fines, car park fees, business rates and developer contributions, as well as through prudential borrowing and use of capital reserves.

Nevertheless, funding from central government and local sources is insufficient for local highway authorities to maintain their networks to their own current target conditions and prevent further decline. ALARM 2026 reported an average in-year (2025-26) budget shortfall of £8.1 million⁸ per authority in England and Wales – or a funding gap the equivalent of more than £6,700 per mile of road.

In England, the Government has pledged to allocate £7.3 billion of capital funding for local highway maintenance

from 2026/27 to 2029/30⁹. The annual allocation increases over time (Figure 2) and is made up of £5.2 billion in baseline funding and £2.1 billion in incentive funding tied to local authority transparency reporting and the implementation of best practice approaches.

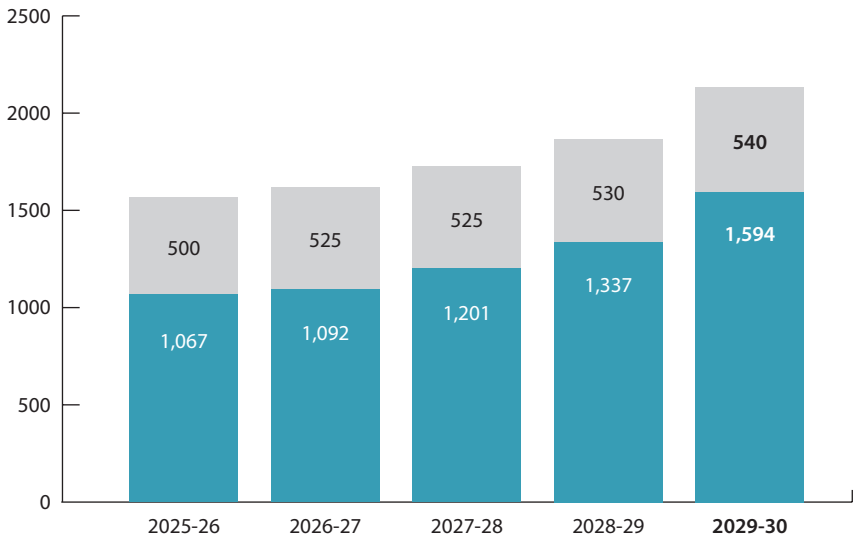
Developer contributions

Additional sources of funding available to local authorities from developer contributions, made as part of the planning process, fall into three categories:

- 1. **Section 278** highway agreements. Part of the Highways Act 1980¹⁰, these require developers to enter into a legal agreement with a local authority to make permanent changes or improvements to the existing road network as part of a planning application. This typically includes any off-site work needed to mitigate the impact of the development on the existing road network, for example, roundabouts, street lighting, traffic calming, improved access for pedestrians and cyclists¹¹.

Figure 2
DfT highway maintenance block funding allocations (£m)
2025/26-2029/30

■ Baseline
■ Incentive



Source: Department for Transport

Local roads funding continued

2. Section 106 planning obligations. Under the Town and Country Planning Act 1990¹² these are negotiated between developers and local authorities on a case-by-case basis. They are designed to mitigate the impact of a specific development and ensure it contributes to the infrastructure and services needed to support it.

3. Community Infrastructure Levy (CIL). Introduced through the Planning Act 2008¹³, the CIL is designed to help local authorities deliver the infrastructure needed to support development. It is not negotiated with developers but is based on each charging authority's

set schedule and levy rates. These must first be publicly consulted on, approved and published on a council's website before coming into effect.

Where a CIL schedule has been introduced by a local planning authority (LPA), the levy is compulsory on most new development which creates additional floor space of 100 square metres or more, or creates a new dwelling¹⁴. The funds raised are not used on the development itself but support the development by funding the provision, improvement, replacement, operation or maintenance of infrastructure, **which includes roads**¹⁵.



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Defining the opportunity

Section 278 funding is specifically earmarked for use on the road network and is, by its nature, a well understood and well used additional funding stream. Similarly, Section 106 funds are also well used for highway improvements, although they are specific to schemes that mitigate the impact of the new development.

Research carried out by the AIA within its 2026 ALARM survey found that 71% of those local authorities in England and Wales who responded¹⁶ are using S106 funds for highway improvements. Given the level of take-

up and specificity of S278 and S106 contributions, these revenue streams are excluded from this report.

However, only 30% of ALARM respondents reported they were using CIL funds for highway improvements and just 14% stated that any of this was spent specifically on improving the road surface and structure (carriageway maintenance). This suggests that many local highway authorities are missing out on applying an already available funding stream to much needed road improvements.

The National Audit Office (NAO) has also published a report from the Ministry of Housing, Communities & Local Government (MHCLG) *Improving local areas through developer funding*¹⁷, which sets out the background to the funds available from developers through both Section 106 agreements and the Community Infrastructure Levy.

It highlights some of the barriers to implementing the CIL at a local planning authority (LPA) level and makes

recommendations on how to encourage take-up where appropriate, including working more proactively with the Planning Advisory Service.

As a result, this APPG report focuses on informing those that already charge CIL, including those with unspent CIL funds, of the opportunities for, and benefits of, directing these monies to improving local roads.



Local planning authority (LPA) versus local highway authority (LHA)

CIL is currently charged by local planning authorities (LPAs), also known as charging authorities. These can include district councils, London borough councils, unitary authorities, mayoral development corporations (where they have plan-making functions) and so on¹⁸. These are not necessarily always the same as the local authority with responsibility for local roads (the LHA).

The charging authority is responsible for setting out the CIL (in £ per square metre) via a clear charging schedule, which specifies which types of development are liable to pay it. It also adopts, administers and collects the funds, of which between 15% and 25%¹⁹ are allocated directly to the community where the development is taking place (neighbourhood CIL). The remainder is available for strategic projects – including highways – that support the growth and development of the wider area (strategic CIL).

In the majority of cases, responsibility for managing and maintaining the local highway network lies with the county council or unitary authority or, in London, with the London borough councils – the Local Highway Authority (LHA).

The move to restructure councils operating under a two-tier system via the English Devolution and Community Empowerment Act 2026 would have meant that from 2028 most LPAs would become the same as the local highway authority. However, following Angela Rayner's recent announcement that the local government reorganisation programme is under review, this change can no longer be treated as certain. Thus making the need for clarity from Government on CIL allocations even more important.

The case for investing in local roads

All journeys rely on local roads. They carry the goods and services to support a thriving, modern economy and help keep communities connected.

As a result, poor road conditions can impact on our everyday lives, from the cost and inconvenience of damage to vehicles to potentially causing accidents and injury, particularly to vulnerable road users such as those on two wheels or that use mobility aids.

Poor roads are also less energy-efficient to drive on, resulting in higher fuel usage and increased carbon emissions from vehicle exhausts. Research from Europe (published in 2015) suggests that ensuring road surfaces are smooth would lead to fuel reductions and lower CO₂ emissions – estimated at almost 28 million tonnes annually²⁰.

In spite of the vital role they play, the condition of local roads continues to deteriorate. Additional funding

injections are needed quickly to help local authorities address this and prevent our roads from reaching crisis point.

Investing in local roads maintenance is also proven to provide a good return on investment for tax payers. In 2024 the Department for Transport published its *Economic appraisal for investing in local highways maintenance*²¹ which reports: 'There are multiple sources that demonstrate funding for local road maintenance provides good to very good return on investment, with much lower risk than major projects to construct new infrastructure. For every additional £1 invested, there is an absolute minimum return of £2.20, with analyses identifying typical returns of up to £9.10 at national level.'²²



Maximising the benefit of CIL

The National Audit Office report states that, as of November 2024, just over half (52%)²³ of LPAs were operating a CIL yet research carried out through the ALARM survey suggests very few LHAs are accessing this to improve the condition of local roads.

In addition, analysis by the Home Builders Federation (HBF)²⁴ estimates that CIL developer contributions totalling £2.2 billion remain unspent by local authorities in England and Wales (see Appendix 1 for regional split).

This is considerably more than the £1.37 billion in-year carriageway budget shortfall reported in ALARM 2026 – the additional amount local authorities said they would have needed in the previous 12 months to maintain their network to current target conditions and prevent further decline²⁵.

Unlike sums agreed from Section 106 negotiations, CIL funds can be used anywhere there is a local need, providing they meet the criteria set by legislation. This gives local authority highway teams the potential scope to use them for proactive, planned maintenance that brings broader benefit to the area.

CIL in practice – Reading Borough Council

Reading Borough Council has recognised highway improvements as an



appropriate and effective use of CIL. The council's Infrastructure Funding Statement for the 2024/25 financial year demonstrates that the majority (Figure 3) of strategic CIL was spent in its Highway Infrastructure Programme²⁶.

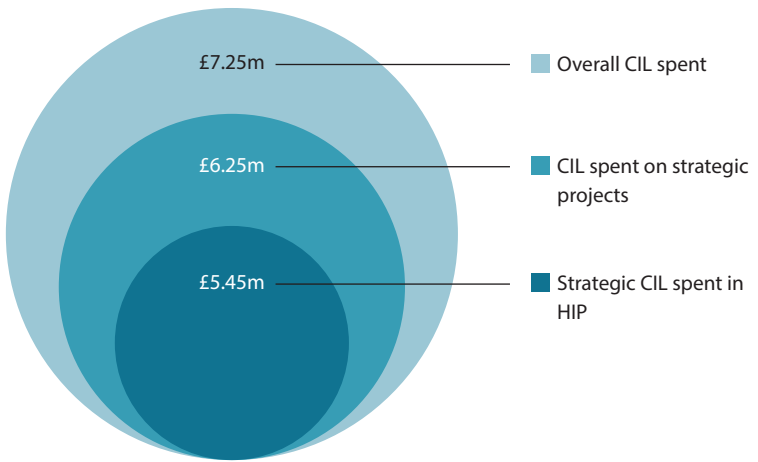
CIL in practice – Royal Borough of Greenwich

In its 2024/25 Infrastructure Funding Statement, the Royal Borough of Greenwich in London lists a commitment to allocate £3,990,947 of CIL funding to highway resurfacing works up to 31 March 2028. Of this £809,649 was spent in the reporting financial year – 19.6% of the borough strategic CIL income in 2024/25 (£4,120,822).²⁷



This additional income in 2024/25 forms part of the borough's five-year capital road renewal programme, which aligns with its Get Things Done campaign²⁸ to address key issues and improve its infrastructure and community services.

Figure 3
Reading Borough Council:
Allocation of CIL to
Highway Infrastructure
Programme (HIP) (£m)



Source: Reading Borough Council
Infrastructure Funding Statement 2024/25

Recommendations

Local highway authorities need more funding immediately in order to halt the further decline in the condition of local roads.

For those authorities (LPAs) that charge the Community Infrastructure Levy (CIL), it provides an additional source of funding that can successfully be invested in addressing the backlog of repairs and delivering smoother, safer journeys, including for cyclists and other road users, while boosting productivity and supporting economic growth. Importantly, better utilisation of both

existing and future CIL would support the Government's aims of improving local roads and addressing the backlog of repairs – without the need to secure any additional funding.

To increase the use of CIL funds spent on improving our local roads, **this APPG calls on Government to:**

- ➔ **Issue enhanced guidance to local authorities** on how to lawfully charge and allocate CIL to make these funds available for LHAs to best use for improving the condition of local roads.
- ➔ **Consider amending current CIL legislation** to broaden the scope for funding from this source to be used to supplement ongoing road maintenance budgets.
- ➔ **Encourage local authorities charging CIL** to identify, publish and protect a defined proportion of strategic CIL for local road improvements supported by greater collaboration between local highway and planning teams.
- ➔ **Act on the guidance published** in the NAO's *Improving local areas through developer funding* recommendations to encourage more LPA's to charge the CIL.

Appendix 1

Unspent CIL funds held in England and Wales by region: percentage of total*

*Figures based on a sample of 75% of councils in England and Wales that operates a CIL.

	%
East Midlands	1.39
East of England	10.81
London	44.11
North East	0.85
North West	2.80
South East	19.55
South West	14.46
Wales	0.03
West Midlands	3.54
Yorkshire & Humberside	2.46
	100.00

(Source: Home Builders Federation 2026)

Appendix 2

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This report has been researched and funded by the members of the Asphalt Industry Alliance (AIA) and Institute of Highway Engineers (IHE) which jointly support the APPG for Better Roads.

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