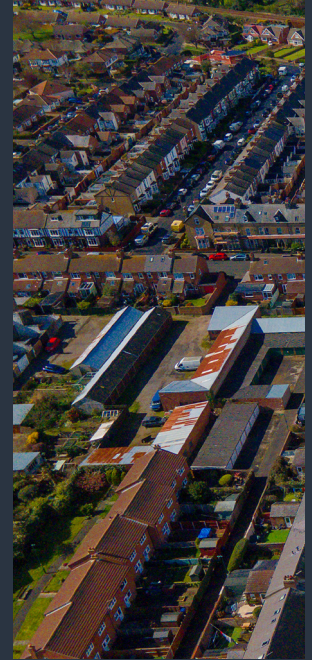


Key takeaways: 'Is Section 106 still fit for purpose?' roundtable

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Introduction

This roundtable brought together practitioners from across planning, development and housing delivery to examine whether Section 106 remains fit for purpose in addressing the UK's housing and infrastructure challenges. The discussion was grounded in practical experience, using, as a case study, the Croydon Area Remodelling Scheme, which is a vital component of infrastructure development currently unviable without fresh ideas for funding mechanisms. Whilst there was broad agreement that Section 106 retains value as a mechanism for securing contributions from development, there was also a strong sense that its current operation is increasingly misaligned with market realities, funding structures and delivery capacity.

A recurring theme was the growing complexity of the system, driven by layers of policy, competing objectives and evolving funding mechanisms. This complexity is contributing to stalled sites and delayed delivery, particularly from SMEs. At the same time, tensions between affordable housing requirements, grant funding rules and viability constraints are creating situations where all parties are seeking similar outcomes but are unable to align within existing frameworks.

The discussion ultimately pointed to a system under strain: one that requires targeted reform to restore confidence, improve delivery, and ensure it contributes effectively to meeting housing need.

Key Takeaways

- **Integrate grant funding into decision-making frameworks**

A key barrier to delivery is the inability to account for grant-funded affordable housing within planning decisions. Allowing grant funding to be recognised alongside Section 106 contributions would unlock stalled sites and enable schemes that are currently refused on technical grounds to proceed. This would align incentives across developers, councils and housing providers without undermining the principle of developer contributions.
- **Introduce greater flexibility in tenure requirements**

Current policy frameworks are often too rigid in prescribing tenure mixes, particularly where local plans are outdated (and thus rooted into viability and macroeconomic contexts long out of date). Allowing more flexibility would enable schemes to reflect contemporary market conditions and funding availability, while still delivering meaningful levels of affordable housing. This is especially important where different tenures can meet different types of housing need.
- **Simplify Section 106 agreements for smaller schemes**

The increasing length and complexity of agreements is disproportionately affecting SMEs. Standardised or template agreements for small and medium-sized developments would reduce delays, lower costs and improve accessibility.
- **Reform triggers and delivery mechanisms to avoid site stalling**

Current trigger points, particularly around affordable housing delivery, can halt entire developments if partners are not secured in time. Greater flexibility in triggers or alternative delivery routes would reduce the risk of both affordable and market housing being stalled.
- **Improve transparency and accountability in spending**

Public trust in Section 106 is undermined by limited visibility on how contributions are used. Clearer reporting and stronger expectations that funds are spent on agreed purposes, within defined timeframes, would strengthen confidence and demonstrate tangible community benefits.
- **Accelerate the use of unspent contributions**

Significant sums of Section 106 funding remain unspent. Mechanisms to encourage or require timely deployment would ensure that infrastructure and community benefits are delivered alongside development, rather than lagging behind it.
- **Support viability throughout the planning process**

Viability is not static and should be considered dynamically rather than only at the plan-making stage. Allowing for ongoing reassessment would help ensure that schemes remain deliverable in changing market conditions.
- **Enable more strategic use of pooled contributions**

Greater flexibility in how contributions are pooled and deployed could allow councils to address larger infrastructure needs or unlock delivery across multiple sites, rather than being constrained by highly localised requirements.
- **Encourage collaboration between stakeholders**

Many barriers arise from misaligned incentives rather than fundamental disagreement. Structured collaboration between developers, councils and housing providers would help resolve issues earlier and reduce friction in the system.

- **Maintain Section 106 as part of a broader delivery mix**
Section 106 should not be expected to meet all housing and infrastructure needs. Its role should be clearly defined within a wider system that includes grant funding and direct public sector delivery.

Issues Raised

- **Disconnect between grant funding and planning policy**
The inability to align grant funding with Section 106 requirements creates unintended outcomes, where schemes delivering substantial affordable housing are refused due to technical non-compliance. This reflects a structural mismatch between funding regimes and planning rules.
- **Collapse of SME participation in housing delivery**
SMEs are increasingly unable to operate within the current system due to cost, complexity and risk. This represents a significant loss of capacity, particularly for smaller and infill sites and reduces overall housing supply.
- **Excessive complexity and administrative burden**
Planning applications and associated agreements have become overly complex, requiring extensive documentation and specialist input. This slows down decision-making and creates barriers to entry.
- **Unspent Section 106 funds and delivery delays**
Large volumes of contributions remain unused, undermining the purpose of the system. Delays in spending reduce the visibility of benefits to local communities and weaken the case for development.
- **Misalignment between policy requirements and market realities**
Rigid adherence to policy, particularly in areas with outdated local plans, can prevent viable schemes from proceeding. This results in fewer homes being delivered overall, including affordable housing.
- **Challenges in affordable housing delivery mechanisms**
Difficulties in securing registered providers, particularly for small or dispersed units, are leading to stalled sites and reduced delivery. Preferences for clustered provision often conflict with policy requirements such as pepper-potting.
- **Uncertainty around payment triggers and cash flow**
The timing of contributions does not always align with development cash flow, creating financial strain and uncertainty. This can affect both developers and local authorities attempting to plan infrastructure delivery.
- **Erosion of public trust in the system**
Lack of transparency, perceived misuse of funds, and delays in delivery contribute to scepticism among communities. This weakens support for development and the planning system more broadly.

Conclusion

The discussion highlighted that Section 106 remains a valuable tool in principle, but its effectiveness is increasingly constrained by structural misalignments, growing complexity, and changing market conditions. While some participants argued that the system is fundamentally no longer fit for purpose, there was broader consensus that many of its challenges stem from how it is implemented rather than its core design. Incremental but targeted reforms could therefore deliver significant improvements without requiring wholesale replacement.

At the same time, it is clear that Section 106 cannot carry the weight of the housing crisis alone. Expecting market-led development to fund large-scale affordable housing provision is placing strain on the system and limiting overall delivery. A more balanced approach combining a reformed Section 106 framework with increased public sector intervention and clearer strategic direction is likely to be necessary.

We would like to thank the members of our Advisory Board for their contributions and continuing support.



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