



City of
Westminster



Matthew Pennycook MP
Minister of State for Housing & Planning
Ministry of Housing, Communities & Local Government
House of Commons
London
SW1A 0AA

May 2025

Dear Minister,

Re: Providing flexibility in Community Infrastructure Levy (CIL) funding

Westminster City Council and [Westminster Property Association](#), the trade body representing central London's developers, supports the Government's mission to drive economic growth so it can generate social prosperity that is felt by all.

Like you, we are committed to addressing the housing crisis and we support the Government's aim to deliver 1.5 million homes during this Parliament. We welcome the Government's commitment to widening devolution, empowering communities and local authorities. As you know, local leaders are well equipped with the expertise to allocate resources in the best interests of their communities and are keen to look at how changes to the use of CIL can better deliver on this agenda.

It is with this in mind that we welcome ambitious reforms to the planning system to deliver new homes, critical infrastructure and commercial development that can power the country's economy. However, in doing so, we also understand that we must bring local communities with us, ensuring they see and feel the benefits of changes to their local area. By doing so, we can foster greater support, rather than opposition to development.

Community Infrastructure Levy (CIL) funds are an existing important tool to help alleviate pressure on local services, ensuring the benefits of new development are felt by residents through the provision of new public realm, transport connections and community facilities. However, the provision of housing is currently not permitted by Government regulation.

Whilst a proportion of CIL should continue to be allocated to deliver the local infrastructure required to support new development, where there is a surplus and critical housing need, such as in Westminster and other major economic centres, if local authorities were given a mechanism to unlock funds, it would enable a greater number of residents to benefit from the area's commercial activity, which could be transformative, without jeopardising development deliverability.

This is important, as securing affordable housing from commercial development through s106 is challenging legally and would add further pressure to development, which has faced increased cost pressures in recent years.



Indeed, Westminster is one of the most economically productive districts in the country, generating over £94bn in GVA annually¹ and £2bn in business rates (NNDR) in 2023/24 - the largest amount in the UK, 96% of which is distributed elsewhere by the Treasury².

However, homes in Westminster are among the most expensive in the country, and the shortage of affordable homes particularly acute. As a result, residents can too often feel locked out of its commercial success, particularly as its essential role as a major contributor to the national economy does not generate the funding required to address housing need.

Westminster City Council has delivered 227 affordable homes through its housebuilding programme in 2024/25, however, increased flexibility over the spend of CIL receipts, could help to deliver a greater volume of affordable homes for residents. Nationally, there is a significant reported underspend in CIL funds, which could also help the Government meets its ambitious housing targets if deployed effectively.

By updating CIL regulations and improving the process, the Government can provide councils with the tools to foster thriving, sustainable communities and address the housing crisis head-on, while helping to deliver on the nationally important mission to grow the economy. We believe our proposals align with the ambitions of the Planning and Infrastructure Bill and broader planning reforms, as well as supporting the Government's plans to boost housebuilding.

We look forward to your response.

Yours sincerely,

Leader of Westminster City Council, Cllr Adam Hug

leader@westminster.gov.uk

Chair of Westminster Property Association (WPA), James Raynor

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cc. Joanna Averley, Chief Planner. Ministry of Housing, Communities & Local Government

¹ [ONS Regional Gross Value Added by ITL1 Region, TLI London, April 2025](#)

² [Westminster City Council, 'Annual Accounts 2023/24'](#)