




Councils hoard millions from ‘extension tax’ as homeowners suffer

Families are facing financial ruin over wrongly applied community infrastructure levy charges, while funds raised from it sit idly in local government accounts



Melissa York, Assistant Property Editor


Wednesday September 17 2025, 12.00pm, The Sunday Times

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councils are earning millions in interest by sitting on the proceeds of a tax that is meant to pay for new schools, transport and community

 facilities.

Some of these funds are being wrongly collected from residents, who end up paying the property developer tax when they are, in fact, carrying out building work on their own home.

The community infrastructure levy (CIL), introduced in 2010, was designed to make housebuilders pay their share for the extra strain on local services.

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Self-builders and those adding home extensions can apply for an exemption, but the rules are rigid. Notice must be given before work begins, with every form completed correctly. Councils say their hands are tied by regulations, but people who trip up say they are being severely punished for making trivial mistakes.

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As a result, homeowners are facing bills of up to £180,000, often with no right of appeal. Families have been forced to [sell homes, raid pensions](#) or remortgage to meet the charges.

However, a Sunday Times investigation reveals that councils are sitting on vast

sums raised through the levy, leaving communities without promised improvements while ordinary residents extending their family homes are being aggressively pursued for tens of thousands of pounds over missed forms and unticked boxes.

In 2023-24, 157 councils collected £557 million from the levy, which can only be spent on community infrastructure. Yet £574 million, some of which was collected in previous years, remains unallocated for any projects.

Sitting on CIL

These are the local authorities with the largest amount of CIL funds as yet unallocated for community projects, according to annual council funding statements

	Local authority	CIL funds unallocated
1	Mid Suffolk district council	£38,014,381.78
2	London borough of Newham	£29,083,444.7
3	London borough of Southwark	£20,387,503.84
4	Shropshire council	£19,821,800
5	City of Westminster	£19,215,794
6	London borough of Lambeth	£18,790,330
7	Wealden district council	£16,263,685
8	London borough of Greenwich	£14,303,280
9	London borough of Croydon	£14,258,857.74
10	North Somerset council	£13,844,300

Table: The Times and The Sunday Times • Source: FOI by The Sunday Times

Unspent CIL funds can be deposited in interest-bearing accounts. Some councils reinvest this money in community projects and others channel it back into their general fund, where it can be used to plug financial black holes, depending on local financial rules.

The average interest rate on these accounts is 4.17 per cent, according to freedom of information requests, which means collectively local authorities could be earning up to £24 million a year from unspent funds.

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Steve Turner, executive director of the Home Builders Federation, which represents the house construction industry in England and Wales, says: “If contributions are not spent, local communities miss out on investment in their areas and the advantages new developments can bring. While appreciating the pressures and constraints on councils, we simply have to find a better way to ensure this money is spent promptly to benefit local communities, create jobs and drive growth.”

Only 39 per cent of councils have adopted CIL, creating a postcode lottery. On one side of a council border, a homeowner could pay nothing; across the road, they could face a demand of six figures.

- **'The council hit me with a £67,000 tax bill to build my extension'**

For those living under stricter regimes, the consequences can be devastating. In East Finchley, north London, Raman Thukral and his family are living under the shadow of a £46,700 bill from Barnet council after extending their basement. He says he was never told by his architect, who has since emigrated, that he needed to apply for an exemption.

Barnet initially demanded £61,917 in January 2020, but after Thukral contacted his MP, who helped query the demand, the council went silent for four years. Then in April 2024, officials wrote to demand payment, including £8,192 in backdated interest.

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“It’s rare to encounter a liability that cannot be handled retrospectively, even for something as minor as a parking ticket,” he says. “The way that they pursued me made me feel like they were very financially motivated for some reason. There must be a reason why they are hunting me down like this.”

Only after Thukral hired a solicitor did Barnet agree to waive the interest “in the interests of goodwill”, but the council continues to pursue him for the principal sum. He has already paid £25,000 “in dribs and drabs” and still owes £21,700.

He says a council planning manager told him that because he was “in property” (he builds co-working spaces) he “should know better”, but office blocks are not subject to CIL.

A Barnet council spokesman says: “While we are unable to comment on individual cases, the council considers that it has acted reasonably in this case, and that it is unfortunate for Mr Thukral that his professional advisers did not secure the exemption prior to commencement of the development.”

In west Berkshire, Roger McCabe, a former pub landlord, describes his ordeal with the levy as “bullying, plain and simple”. He bought an old pub and moved into the flat above to set up the business but, like so many others, it became financially unviable. “It cost £1,500 a day just to open the doors without even pouring a pint. The council was charging me £840 a week in business rates,” he says.

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McCabe tried to convert the building into flats, which should have been exempt from CIL because he was making the site smaller by removing an old cellar, and it had been in lawful use within the past six months, which is one of the relief requirements.



The Malt Shovel, Roger McCabe's pub

LAMBOURN.ORG

But the council insisted that a form had been filled out incorrectly and slapped him with a £64,000 bill, on top of an £86,000 community contribution he had already paid under a Section 106 planning agreement. Interest mounted at £11.40 a day.

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McCabe alleges that council officers sent crucial emails to the wrong address, refused to revise his bill and threatened to take him to court.

McCabe says: “It was bizarre. They were saying, ‘pay up or else get in the slammer’, all for a bill I didn’t even owe.”

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The battle lasted seven years before the Conservative council was ousted in the 2023 local elections for a Liberal Democrat one, which stood partially on a platform to remedy CIL levies on homeowners.

But West Berkshire is the only council to operate a full discretionary review system, [refunding 18 residents a total of £350,000](#). Most local authorities are reluctant to adopt such a policy, citing conflicting legal advice on whether they have the power to waive liability.

McCabe's levy was finally lifted, but he says the damage is done. He believes the stress contributed to his diabetes and depression, and he had to borrow money from friends to make ends meet. "I made one of the worst decisions in my life buying that pub, and I was getting beaten to death trying to get out of it by renting it out."

Expensive places to build

The local authorities where community infrastructure levy rates are highest

	Local authority	Maximum CIL rate (per sq m)
1	Royal borough of Kensington & Chelsea	£750
2	London borough of Camden	£644
3	London borough of Wandsworth	£575
4	Wokingham council	£551
5	City of Westminster	£550
6	Bracknell Forest council	£526
7	London borough of Lambeth	£500
8	Waverley borough council	£452
9	Runnymede borough council	£446
10	London borough of Harrow	£442

Table: The Times and The Sunday Times • Source: FOI by The Sunday Times

Through freedom of information requests, campaigners have found that Worcester, Wakefield, Gloucester, Bournemouth and Torbay councils automatically set CIL rates for homeowners at zero.

Newark and Sherwood, East Hampshire, Islington, Lincoln, Winchester, Windsor and Maidenhead, and Cheltenham say they will withdraw liability notices if the mistake is genuine.

Hounslow, Cornwall, Stroud, Havant, South Oxfordshire and several Yorkshire and Humber authorities allow late filing of forms out of goodwill.

Meanwhile, some councils continue to sit on enormous sums. Mid Suffolk district council is holding nearly £38 million in unallocated CIL funds; Newham in east London has £29 million; Southwark council in south London has £20 million.

Brent in north London collected £35 million in a single year, more than any other council. Across England, the average amount collected through CIL in 2023-24 was £4.1 million, but councils are typically holding £4.3 million unallocated – money that is now quietly earning interest.

To residents like Thukral and McCabe, this feels like proof that some councils are using the levy less as a way to fund schools and roads and more as a cash cow.

Council leaders say they face huge pressures, with rising demand for social care and shrinking central government grants. CIL contributions from new developments come in unpredictably, which means some councils are holding on to large sums while waiting for the full amount to come through, or they are saving up to spend the cash on larger, long-term infrastructure projects like highways or transport hubs.

But campaigners are now calling for reform of the developer levy as they claim it is sweeping ordinary homeowners into financial ruin while failing to deliver

the benefits it promised.

The issue has reached Westminster. Jeremy Hunt MP, the former Conservative chancellor, whose constituents in Waverley, Surrey, have been hit by CIL bills, met Matthew Pennycook, the housing minister, in July, to discuss a change in the law that would automatically exclude primary residences from paying the levy.

Hunt told *The Sunday Times*: “[CIL] was meant for commercial developments. This is a drag on economic growth because it puts people off doing home extensions.”

A spokesman for the Ministry of Housing, Communities and Local Government says: “While councils can save up community infrastructure money so they can spend it on bigger long-term projects, they must make sure that they are delivering infrastructure their communities need, such as schools, hospitals and roads.

“That’s why there are rules in place for local people to hold councils accountable, and we are exploring how to improve the developer contributions system even further so that it is delivering for taxpayers.”

A spokesman for Mid Suffolk district council says: “While there has been a significant amount of CIL collected from housebuilding in our district in recent years, we invest every penny of this – including any interest earned on unallocated CIL – back into community infrastructure.”

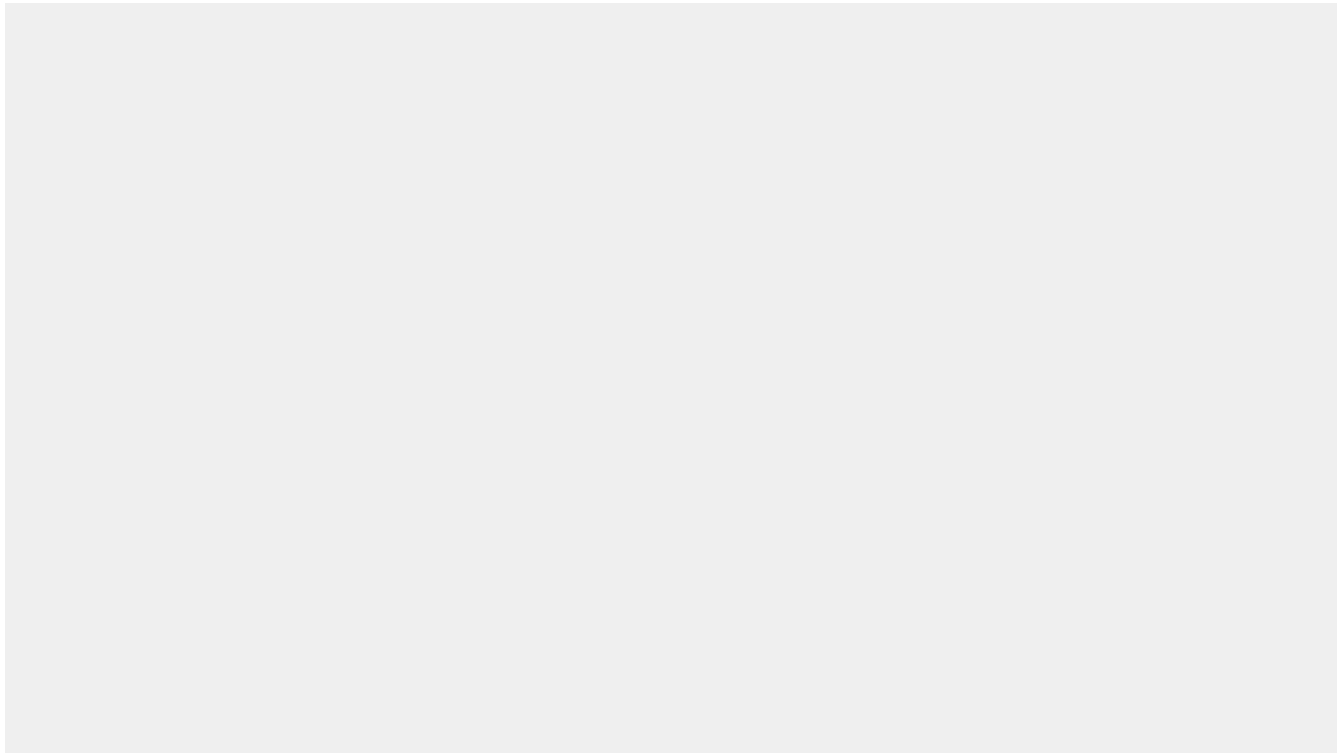
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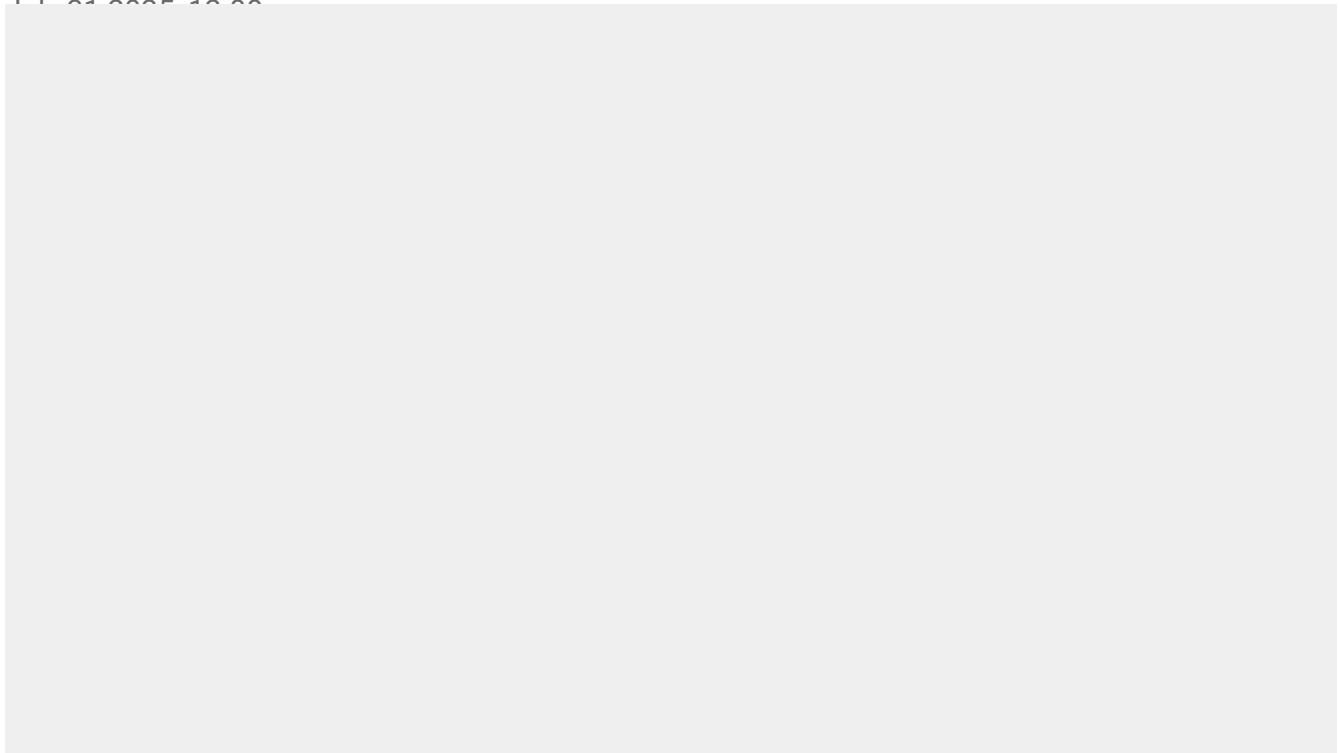
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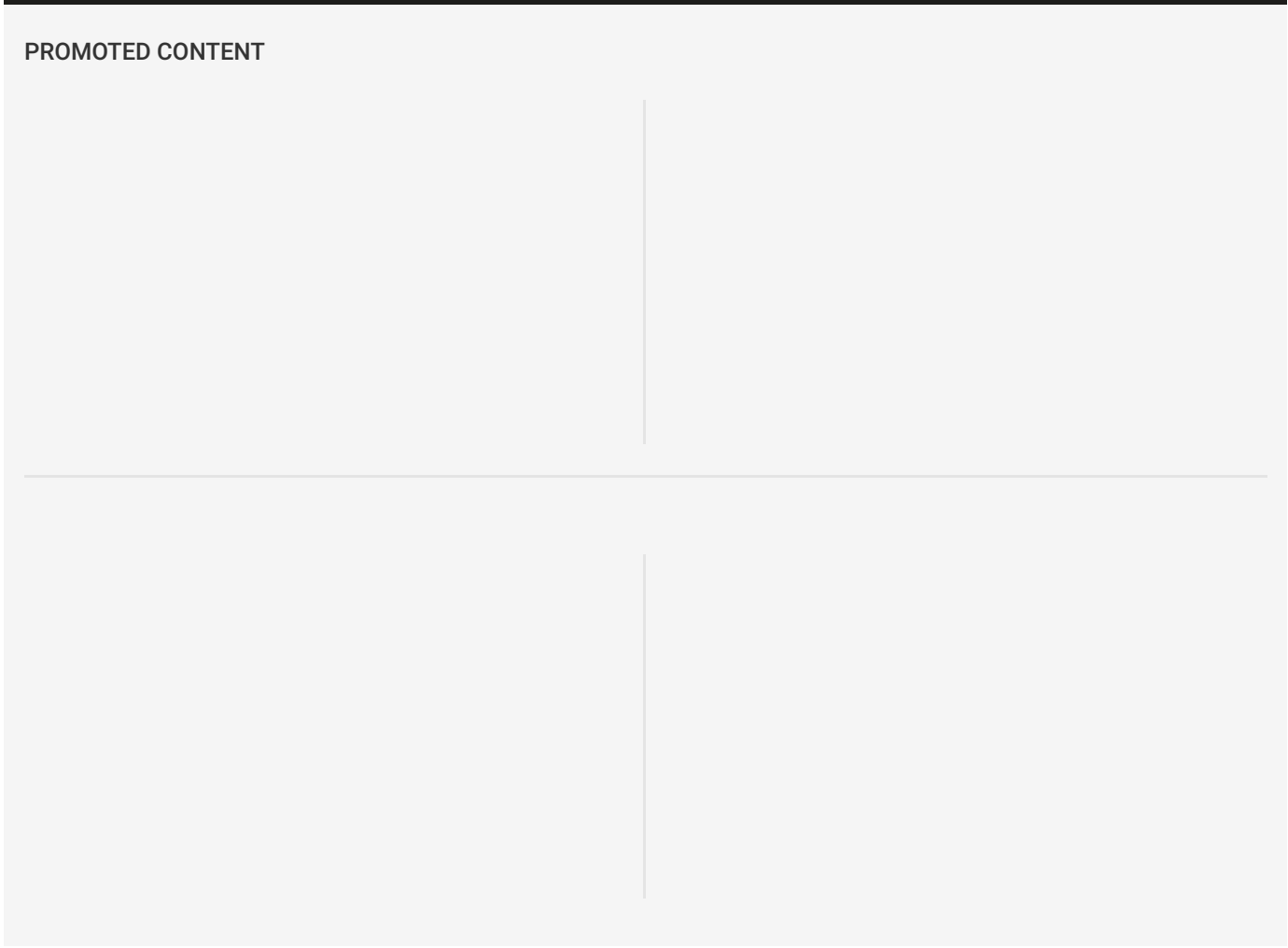


‘The council hit me with a £67,000 tax bill to build my extension’

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R Wong



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E**E Mitchell**

...

1W AGO

Why do our government bodies actively work against us? CIL was never intended to catch householder works. There should be no argument where it is clear that there has been a failure to tick a box or fill a form out correctly.

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I**I Christopher**

...

1W AGO

Anything to fill their bloated pension coffers is fair game, disgusting but bugg er all we can do about it is.

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C**Christopher Greaves**

...

1W AGO

This has echoes of the Rayner issue, by which I mean the rules are so complex it is easy to get caught out. The tax code in the U.K. is more than 17,000 pages long. It may not be possible to get down to the 276 page Hong Kong code, but sim...

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S**S Adams**

...

1W AGO

Absolutely insane. This is why AI will replace lawyers very soon, as nothing done by government is designed for humans. It's just designed for lawyers.

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E**E Bell**

1W AGO

...

I drove into North East London recently to drop a couple of pieces of furniture to a family member and I was slapped with two fines and a possible for LTN. Parking ticket -£60, rear wheels in yellow box - £80 and a LTN - awaiting fine. ...

See more[Reply](#) · [☆ Recommend \(39\)](#) · [↑](#)**A****A Hall**

1W AGO

...

Always carry a tape measure . If the yellow lines /parking bay lines etc are not the right distance apart / thickness ... (& format) they can't make the charge stick .

[Reply](#) · [☆ Recommend \(7\)](#) · [↑](#)[↩ 2 replies](#)

E**E Clarke**

1W AGO

...

This seems at odds with the constant message of “cash strapped councils”...

[Reply](#) · [☆ Recommend \(29\)](#) · [↑](#)**S****S Adams**

1W AGO

...

What's worse is you know that eventually it will just go to deal with their huge debts, and none will go on building new reservoirs, new power stations, new schools etc

[Reply](#) · [☆ Recommend \(13\)](#) · [↑](#)[↩ 1 reply](#)



N Shaw

1W AGO



What an obscenity.

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P Norton

1W AGO



Just another way for Government to make our lives worse. The Tories were almost as bad as Labour.

Someone needs to get into the tax code and our laws, highlight whole sections and then press delete.

[Reply](#) · [☆ Recommend \(17\)](#) · [↑](#)



Mark Turner

4D AGO



Of course it's that simple. How much better of we would be if you, with your simplistic view of the world, were in charge - or perhaps not.

[Reply](#) · [☆ Recommended \(0\)](#) · [↑](#)

M**M Winbow**

...

1W AGO

“councils are earning millions in interest by sitting on the proceeds of a tax that is meant to pay for new schools, transport and community facilities.”

Have to pay for all those 6 figure executive salaries and gold-plated, unfunded pensio...

See more[Reply](#) · [☆ Recommend \(17\)](#) · [↑](#)**G****Glenn Gregory**

...

1W AGO

But not this way. That's not how it works,

[Reply](#) · [☆ Recommend \(6\)](#) · [↑](#)[↩ 1 reply](#)[↩ Show 3 more replies](#)**M****Mr D Sugden**

...

1W AGO

Whole point of these funds was to expand GPs, Schools etc., but sadly has not delivered as expected. The most tangible outcome people will see are the plague of seldom used outdoor fitness equipment that these funds pay for.

[Reply](#) · [☆ Recommend \(15\)](#) · [↑](#)**T****T Neville**

...

1W AGO

Money grabbing, pure and simple. They are targeting the wrong people.

(Edited)

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Julia Diakova

1W AGO



you will own nothing and you will be happy

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Glenn Gregory

1W AGO



I've not read the full article, but if the levy has been incorrectly applied, and there's a chance it might have to be refunded, Councils would be acting very irresponsibly if they spent the money.

The expected this to do would be to ring-f...

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Stuart Munro

1W AGO



Bizarre to admit to not reading the article and then to comment.

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Peter Huckle

1W AGO



So much licensed evil perpetrated against ordinary people going about their lives.

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A Walker



1W AGO

My planning consultant made me aware of the risk but then it took 36 emails and 18 months before I could get Waverley Borough Council to put in writing it wouldn't charge CIL on a change of use application. An absolute waste of their time ...

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matt hankins



1W AGO

Worth pointing out (I'm not council) that cil on permitted developments only applies to an Increase in floor space north of 100 sqm so this is say 900 sq feet and is way over the average kitchen extension . Most people don't come close

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COLIN LITTLER



1W AGO

100 sqm = 1077 sq feet.

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David Morris



1W AGO

Why do I think "... we are exploring the developer contributions system even further .." means the situation will get much worse?

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M**mark newman**

...

1W AGO

Silly headline CIL is not a Householder Extension Tax and is pretty straightforward to deal with.

As an Agent for many years I have never had a Householder planning application for a homeowner extending their house that has been liable for...

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C**Chris Rogers**

...

1W AGO

Agreed. Accepting the angle this article and the paper itself take for almost everything, it's hardly aggressive and unreasonable to take action if people haven't done what they should do, like applying in advance. Caveat very much emptor ...

See more

Reply · ☆ Recommend (3) · ↑

D**David Proud**

...

1W AGO

Why are so many things in this country, property, health, education etc, subject to this so called postcode lottery. It is simply unfair.

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L**L Steavenson**

...

1W AGO

Life is unfair. If it makes you feel better, you've already won by being born in the UK over many other countries.

Reply · ☆ Recommended (0) · ↑

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William Croom-Johnson



1W AGO

It is amazing how long a clear injustice is allowed to continue without anyone making any attempt to rectify the law.

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A D Brass



1W AGO

Post Office?

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Alan Hopkins



1W AGO

If you build a costly extension to your house you may occur a sizeable CIL. The clue is to build one which costs with the levy an amount you can afford. My experience is that the levy is used to provide useful items such as street light...

See more

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David Smith



1W AGO

How does extending a single family home lead to increased costs for the Council?

On one hand, its highway robbery. On the other, value is being siphoned out of a property transaction, and money is going to the council at the expense of the...

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Jeremy Smith



1W AGO

This is, first of all, badly conceived wording in legislation which created a cliff edge on having to seek exemptions in advance, for no good reason, and then rapacious councils without a care for the absurd and disproportionate results of...

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M Lavender



1W AGO

Most household work is covered by permitted development, so I suspect the numbers involved here are quite small despite the headlines.

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T Houghton



1W AGO

I'll have £5 on one of the number being connected to The Times somehow, though

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↪ 1 reply



Mary Derouet



1W AGO

God these councils are amoral sharks, and I should know I work for one. So sorry for those tormented and harassed. Of course as usual, after the demands and threats, wholesale incompetence is uncovered. How these councils are allowed to to...

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R**Robert Smith**

1W AGO

Going into the pockets of corrupt councillors most likely

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...

G**Glenn Gregory**

1W AGO

I very much doubt it

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...

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S**Shaun Ogden**

1W AGO

Some Councils are more concerned with putting their hands in their citizens pockets than in doing the best for their communities. They were supposed to be public servants not duplicitous money grabbing organisations.

[Reply](#) · [☆ Recommend \(2\)](#) · [↑](#)

...

R**Richard Cooke**

1W AGO

Start with blaming the government lawyers

The legislation says certain works are exempt but then it goes on to say that you are only exempt if you apply

We are being lawyered to death

[Reply](#) · [☆ Recommend \(2\)](#) · [↑](#)

...



Hannah Wilson

1W AGO

What an absolute racket.

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Adrian Agassi

1W AGO

Councils should wave tax if owners agree to lodge immigrants in the extensions.

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Michael H Grant

1W AGO

"... he was never told by his architect, who has since emigrated..."

I just don't know anymore, what's going on. I weep

[Reply](#) · [☆ Recommend \(1\)](#) · [↑](#)



Joseph Farquharson

1W AGO

Typical councils where the buck stops nowhere, but they still get their great Pensions for being s hite at their jobs.

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John Elliott

1W AGO

Does the phrase 'little Hitlers' cover it?

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