

Committee:	Scrutiny Finance Review Group		
Date of Meeting:	26 October 2026		
Subject:	S106 Contributions: Recovery, Monitoring and Future Management		
Report Author:	Jamila M'Haidra		
Contact Officer:	Clive Inwards		
Implications:	Legal ☐	Community Safety ☐	
	Equalities ☐	Environment ☐	
	Financial ☒	Consultations ☐	
	Staffing ☐	Other ☐	
Wards Affected:	All		

Purpose

1. The purpose of this report is to provide an update on the Council's management of Section 106 (S106) planning obligations, including the recovery of historic unpaid financial contributions.
2. The report sets out the significant progress made in identifying and recovering outstanding S106 contributions, together with the improvements being implemented to strengthen governance, financial oversight, monitoring and management of planning obligations.
3. It also sets out the next phase of work, which will focus on embedding improved processes, maximising the use of Exacom as the Council's central S106 management system, and strengthening the allocation and timely expenditure of S106 funds to deliver infrastructure and community benefits.

Recommendation

4. **The Finance Review Group is recommended to note the contents of the report.**

Background

4. Section 106 planning obligations are used to mitigate the impacts of development and can provide an important source of funding for infrastructure and other measures required to support sustainable development and local communities.
5. Effective management of these obligations is therefore essential to ensure that financial contributions secured through the planning process are collected when they become due, accurately recorded, allocated for their intended purposes and spent within any relevant timescales.

6. A review of the Council's existing arrangements identified opportunities to strengthen the monitoring and financial oversight of S106 planning obligations. In response, a progress update Members were consulted in December 2025, setting out the proposed improvements and structural changes to be adopted. Subsequently these changes were brought into effect resulting in enhanced monitoring and recovery arrangements alongside improved internal processes with a greater focus on the use of Exacom as the Council's central system for managing S106 planning obligations. This work has been supported by a small team of new officers, including one care leaver, on a temporary basis and it is intended that these roles will be made permanent and funded through monitoring fees charged through S106 agreements.
7. Work has included a review of historic obligations and payments, enabling previously outstanding contributions to be identified and pursued. The work undertaken has resulted in a significant positive financial outcome for the Council.

Historic S106 Recovery

8. As presented in the report to Policy group on December 2025, a thorough review of S106 agreements has identified potential historic contributions for which further investigations were required to establish whether the contribution has fallen due. As a result, historic financial contributions that had become due but remained unpaid were located. Enhanced monitoring and recovery activity has enabled a significant proportion of these outstanding liabilities to be recovered.
9. Records were reviewed back to 1990 (when S106 records began) and 494 agreements have been entered into since 1990. An initial review of those agreements indicated that 103 agreements required further investigation to ascertain liability and compliance with the terms of each agreement. Furthermore, the review has indicated that S106 financial contributions for S106 agreements entered into between 1990 and 2010, were either paid or the relevant contribution did not become payable. Liabilities for unpaid contributions were identified for sums that fell due from 2010 onwards.
10. The table below summarises recoveries relating to unpaid contributions that fell due from 2010 onwards.

Table 1: Unpaid S106 contributions that fell due for payment and were recovered

Year	Total due for recovery	Total recovered to date
2010 to 2015	£108,100	£97,487
2016 to 2021	£4,085,245	£3,081,595
2021 to 2026	£0	n/a
Total	£4,193,345	£3,179,082

11. The most significant recovery was for the 2016 to 2021 period, further details are shown in Appendix 1.

12. Recovery action in relation to historic liabilities remains ongoing. There are a number of developments where further investigation is being undertaken to establish whether additional S106 contributions remain outstanding. The figures in this report should therefore be regarded as the current position rather than the conclusion of the historic review.

Financial Outcome

13. The work undertaken has produced a significant financial benefit for the Council. In total, approximately £4.2 million of previously unpaid S106 contributions has been identified for recovery. This represents historic S106 financial contributions that had previously become due but remained unpaid. Of this approximately £3.1 million has been successfully recovered to date; and a further £1.1 million has been secured through ongoing payment arrangements, with payment currently expected by the end of the year.
14. The scale of the historic S106 recovery is particularly significant when considered alongside the Council's normal S106 income collected over the same period (2010 onwards). This amounts to approx. £15 million which was collected through normal processes. This demonstrates the additional value generated through the application of greater scrutiny to the monitoring of S106 agreements, payment triggers and outstanding financial obligations.
15. This represents a significant improvement in the Council's position, securing approximately £4.2 million in funding that is ring-fenced for the intended purposes specified in the relevant S106 agreements and that can be directed towards the delivery of agreed and needed infrastructure and community benefits.
16. The S106 financial contribution recovered in relation to the development at 8 Rockley Road provides a clear example of this. These funds once recovered, have directly enabled the provision of fencing, a feasibility assessment for inclusion bases and an access gate for 3 local primary schools in Luton.
17. Importantly, the exercise has also highlighted the need to ensure that strengthened arrangements are embedded as part of normal business processes so that future obligations are identified and collected when they become due, rather than requiring retrospective recovery action.

Strengthening Management and Oversight

18. The recovery of historic contributions forms part of a wider programme of improvement to the management of S106 obligations.
19. A key element of this work is the implementation and effective use of Exacom as the Council's central S106 monitoring and management system. This is intended to provide a more robust and consistent basis for recording obligations and monitoring financial contributions throughout their lifecycle.
20. Work is continuing to improve the quality and completeness of information held within the system, including data cleansing and reconciliation against financial and planning records.

21. The strengthened arrangements are intended to provide clearer oversight of:

- S106 obligations secured through new developments;
- the financial and non-financial triggers associated with each obligation;
- contributions falling due for payment;
- amounts invoiced and received;
- outstanding debts and recovery action;
- the allocation of contributions to relevant services or projects;
- deadlines or restrictions applying to the use of contributions; and
- expenditure and delivery against the purposes for which contributions were secured.

22. These improvements will provide greater transparency and accountability and reduce the risk of contributions not being collected or utilised effectively.

23. Non-financial obligations are also subject to a proactive and targeted monitoring, recognising the importance of ensuring that agreed provisions are delivered in practice and that benefits secured through S106 non-financial obligations are also realised for the local community.

Future Direction

24. Having made significant progress in recovering historic unpaid contributions, the next phase of work will focus on moving from retrospective recovery towards a more proactive and preventative approach to S106 management.

25. This will include fully embedding Exacom and associated monitoring arrangements so that obligations are actively monitored and action is taken promptly when payment or other obligations become due.

26. There will also be a stronger focus on the allocation and expenditure of S106 receipts. Recovering contributions is only one part of effective S106 management. It is equally important that funds received are made available to the appropriate service areas, linked to eligible infrastructure and projects, and spent in accordance with the purposes and timescales established by the relevant agreements.

27. The next phase of work will therefore focus on:

- completing the review and reconciliation of historic S106 records;
- pursuing any further outstanding contributions identified through that work;
- embedding Exacom as the central record for S106 obligations and financial monitoring;
- establishing clearer responsibility and accountability for monitoring contributions;

- strengthening links between Planning, Finance and relevant service areas;
- improving the process for allocating S106 receipts to eligible projects;
- proactively monitoring expenditure deadlines and any potential repayment risks; and
- improving management information and reporting on S106 income, balances, commitments and expenditure.

28. Collectively, these measures will provide a stronger and more transparent framework for the management of S106 obligations and ensure that contributions secured from development deliver the infrastructure and wider community benefits for which they were intended.

Conclusion

29. The review of historic S106 obligations has delivered a significant positive financial outcome, with approximately £4.2 million identified for recovery, £3.2 million recovered to date and a further £1.0 million subject to agreed payment arrangements.

30. The exercise has also provided an opportunity to strengthen the Council's overall approach to S106 management. Improved systems, processes and oversight will help ensure that future contributions are identified and collected when due, reducing the need for retrospective recovery activity.

31. The focus will now extend beyond collection to ensure that S106 funding is effectively allocated, monitored and spent for its intended purposes, maximising the benefits arising from development for infrastructure and local communities.

List of Background Papers - Local Government Act 1972, Section 100D

32. Section 106 Report – December 2025

Appendix 1 - Recovered S106 funding

Table 2: Unpaid S106 contributions that fell due for payment and were recovered

Development:	Deed date:	Original amount (£):	Total amount due (£):	Total amount received (£):
Completed payments				
19 Albert Gardens - 10/01202/FUL	17/11/2010	£1,022	£1,860	£1,860
37 - 39 Ramridge Road - 13/00882/FUL	18/09/2013	£34,056	£59,200	£59,200
8 Rockley Road -13/01562/FUL	17/01/2014	£11,352	£17,765	£17,765
116 - 124 Wingate Road	19/05/2017	£10,700	£22,186	£22,186
4 George Street	04/02/2021	£40,455	£48,534	£48,534
Sub Total		£97,585	£149,545	£149,545
Ongoing payment plans				
286 Hitchin Road - 10/00978/FUL	10/11/2010	£4,002	£7,259	£4,902
118 New Bedford Road - 10/01255/FUL	15/03/2011	£12,582	£22,016	£13,760
Caddington Road and Newlands Road	17/07/2020	£2,815,397	£4,014,525	£3,010,875
Sub Total		£2,831,981	£4,043,800	£3,029,537
Total		£2,929,566	£4,193,345	£3,179,082