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Draft Supplementary Planning Guidance Use of planning obligations in the funding of Crossrail



**Greater London Authority
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Published for public consultation
The London Plan February 2008 (consolidated
with amendments since 2004)
Spatial Development Strategy for London

How to give your views

This Draft Supplementary Planning Guidance has been published for public consultation and your comments are invited.

Please reference your comments to the relevant policy or paragraph of the document.

All comments must be received by Monday 10 August 2009. Please send your comments to:

By post:

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By email:

Please send emailed comments to:
mayor@london.gov.uk with 'London Plan Crossrail SPG' in the subject box.

Please note, if you send in a response by email it is **not necessary** for you to also send in a hard copy.

Any representations made in relation to the Draft Crossrail Alterations will be made available for public inspection.

Explanatory Note

This draft Supplementary Planning Guidance (SPG) has been prepared to accompany draft alterations to the London Plan relating to the use of planning obligations (commonly known as Section 106 agreements) to raise contributions towards the funding of the Crossrail project.

These alterations are explained in detail in the text of the draft, but in short they:

- Add a new Policy 3C.12A setting a policy framework consistent with the relevant Government guidance (Office of the Deputy Prime Minister Circular 5/2005) for the use of planning obligations to raise contributions towards the funding of Crossrail, with supplementary guidance to be provided on detailed matters, including standard charges and formulae to calculate the contribution that might fairly and reasonably be sought for particular kinds of development;
- Clarify existing policies on priorities in planning obligations, making clear in particular the priority that should be given to the funding of Crossrail (Policies 6A.4 and 6A.5); and
- Look ahead to the Government's introduction of the Community Infrastructure Levy (New Policy 6A.5A).

In its final form, this SPG will be the guidance referred to in draft Policy 3C.12A. It is being brought forward in draft form now in order to inform consultation on these draft alterations, and it is likely that it will continue to be refined as the alteration process goes forward, to take account of the comments made by consultees and of changing circumstances - development by central Government of the proposed Community Infrastructure Levy (CIL), for example.

A number of changes have been made to the draft Guidance in the light of comments expressed in the first, London Assembly and functional bodies, stage of consultation:

- More information has been given about the contribution that different uses make to congestion in the busiest period on the rail network – the morning peak (paragraphs 4.10 – 4.13)
- It has been made clear that the standard charge should be calculated by reference to floorspace based on a gross external area measurement (para 4.20)
- The guidance on the circumstances in which contributions should be sought from development in outer London has been strengthened (para 4.23)
- Further guidance is given on the need to ensure that each development is considered in the light of its individual circumstances (para 4.24)
- Guidance is given on how floorspace should be measured (para 4.25)
- Guidance is given on the point at which contributions should be paid (para 4.29)
- The section on the Community Infrastructure Levy (Section 5) has been updated to take account of developments since the draft guidance was first published.

There are two areas that affect the draft guidance on which the Mayor wishes to indicate that further consideration is being given, and on which views would be particularly welcome:

- First, a number of those commenting on the proposals have drawn attention to the need to consider whether some places at the margins of the central London charging area should be exempted in whole or in part from

the standard charge. Two arguments have been given for this: first, because the standard charge would have a major impact on viability of development there; and secondly, because there is an overriding need to fund another piece of strategic transport infrastructure from any contributions from there.

- Second, representations have been made about the potential impact of a standard charge on recovery from the current downturn in the development industry. One possible method of mitigating this impact could be to set a reduced level of charge for a limited period from the date of formal introduction of the charge.

On both of these points further work on this draft Guidance will be done by GLA officers during the public consultation period.

Please note that this Explanatory Note does not form part of the draft Supplementary Guidance.

1.1 The London Plan (published with consolidated amendments since 2004 in February 2008) is the Mayor of London's statutory spatial development strategy for London, providing the strategic framework for London's sustainable development in order to meet London's economic and population growth to 2026. The policy directions underpinning the strategy are:

- Accommodating London's growth within its boundaries without encroaching on open spaces;
- Making London a better city for people to live in;
- Making London a more prosperous city with strong and diverse economic growth;
- Promoting social inclusion and tackling deprivation and discrimination;
- Improving London's accessibility; and
- Making London a more attractive, well-designed and green city.

The London Plan makes clear the importance of infrastructure, including public transport, to ensuring realisation of these objectives. It particularly highlights the vital strategic role to be played by Crossrail. This consists of Crossrail 1, (which would link Heathrow airport, the West End, the City, Canary Wharf and the Thames Gateway), and Crossrail 2 (which would connect Clapham Junction and Wimbledon with Hackney). Funding is not currently available for Crossrail 2, and in what follows, "Crossrail" means Crossrail 1.

1.2 Against this background it sets out in policy a framework for seeking contributions through the planning system towards funding of the project:

Policy 3C.12A - Funding of Crossrail

In view of the strategic regional importance of Crossrail to London's economic regeneration and development, developments which contribute to the transport needs that the project will wholly or partly address will be required to contribute towards its funding through the use of planning obligations, in accordance with relevant legislation and policy guidance.

The Mayor will provide guidance for boroughs and other partners for the negotiation of planning obligations requiring, where appropriate, developers to contribute towards the costs of funding Crossrail having regard to:

- The requirement for contributions from development of up to £600 million under the arrangements for funding Crossrail agreed with Government;
- Central government policy and guidance;
- Strategic and local considerations;
- The impacts of different types of development in particular locations in contributing to transport needs; and
- Economic viability of each development concerned.

The guidance will include:

- Criteria for identifying developments in respect of which Crossrail

- contributions should be required in accordance with national policy guidance;
- Standard charges and formulae for calculating fair and reasonable contributions to be sought and guidance on how these should be applied in specific localities and different kinds of development; and
 - The period over which contributions will be sought and arrangements for periodic review.

The Mayor will, when considering relevant planning applications of potential strategic importance, take account of the existence and content of planning obligations supporting the funding of Crossrail among other material planning considerations.

Policy 6A.4 Priorities in planning obligations

The Mayor will, and boroughs must, reflect the policies of this plan (in particular Policy 3C.12A), as well as local needs in their policies for planning obligations (see ODPM Circular 5/2005).

Affordable housing; supporting the funding of Crossrail where this is appropriate (see Policy 3C.12A); and other public transport improvements should be given the highest importance. Where it is appropriate to seek a Crossrail contribution in accordance with Policy 3C.12A, this should generally be given higher priority than other public transport improvements.

Importance should also be given to tackling climate change, learning and skills, health facilities and services and childcare provisions.

The Mayor will, when considering planning applications of potential strategic importance, take into account, among other issues, the existence and content of planning obligations.

Policy 6A.5 Planning obligations

Boroughs must set out a clear framework for negotiations on planning obligations in DPDs [Development Plan Documents] having regard to central government policy and guidance and local and strategic considerations (see Policy 6A.4) to the effect that:

- It will be a material consideration whether a development makes an appropriate contribution or other provision (or some combination thereof) towards meeting the requirements made necessary by, and related to, the proposed development;
- Negotiations should seek a contribution towards the full cost of all such provision that is fairly and reasonably related in scale and kind to the proposed development and its impact on a wider area; and
- Boroughs must refer to planning obligations that would be sought in the relevant parts of the DPDs (such as transport and housing policies).

The Mayor will provide guidance for boroughs and other partners on the preparation of these frameworks. In particular, the Mayor wishes to develop with boroughs a voluntary system of pooling contributions for the provision of facilities related to proposed developments.

Policy 6A.5A Community Infrastructure Levy

The Mayor will work with Government and other stakeholders to ensure the effective development and implementation of the proposed Community Infrastructure Levy.

The Mayor will work with boroughs and other partners to establish a clear framework for application of the Community Infrastructure Levy to ensure the costs incurred in providing the infrastructure which supports the policies in this plan (including public transport) can be funded wholly or partly by those with an interest in land benefiting from grant of planning permission.

1.3 This SPG is the guidance referred to in Policy 3C.12A. It provides detailed guidance on how these London Plan policies (3C.12A, 6A.4, 6A.5 and 6A.5A) will be applied to ensure the implementation of Crossrail.

1.4 Government has recognised that the delivery of Crossrail is fundamental to the future of London's, and in turn the United Kingdom's, economy. In order to ensure that Crossrail is fully funded, a funding package has been agreed that involves securing resources from three main sources:

- The taxpayer, via national government;

- London businesses, including through a business rate supplement and through contributions by developers; and
- Borrowing against the fares to be paid by users of Crossrail, via Transport for London.

The focus of this document is on the developer contributions referred to in second element.

1.5 The impact, both individually and cumulatively, of development proposals will give rise to additional pressures and crowding on London's transport infrastructure. Crossrail is vital to alleviate these pressures, and is national and regional government's chosen method of improving capacity. Office of the Deputy Prime Minister (ODPM) Circular 05/2005 makes it clear that contributions can be sought to mitigate the impact of a development (Para B15) and that contributions can be pooled (Paras B21-B23). The circular (B25 and B26) requires that a policy requiring a contribution is set out in the Development Plan (in this case the London Plan) with the details left to supplementary planning guidance setting out likely levels of contribution. The Circular also provides for the use of formula and standard charges (B33-B35) to ease understanding and transparency.

1.6 The Government has made clear that it intends to introduce a Community Infrastructure Levy to help ensure the delivery of large-scale infrastructure such as Crossrail (see section 5 below). However, at the present time the exact form of the

Community Infrastructure Levy is unclear. The guidance set out in this document will apply until such time as the Mayor issues a revision of this SPG on the implementation of these policies to accompany the introduction of CIL.

1.7 Policy 6A.5 indicates that:

"Boroughs must set out a clear framework for negotiations on planning obligations in DPDs having regard to central government policy and guidance and local and strategic considerations (see Policy 6A.4) ... The Mayor will provide guidance for boroughs and other partners on the preparation of these frameworks. In particular, the Mayor wishes to develop with boroughs a voluntary system of pooling contributions for the provision of facilities related to proposed developments."

This SPG deals with use of planning obligations to secure contributions towards the funding of Crossrail (identified as a purpose for obligations in Policy 6A.4 of the highest importance); it is likely that further, more general, guidance on use of planning obligations will be brought forward in due course.

1.8 This SPG sets out:

- Details of the standard charges and formula that will be applied to work out the contribution to be made in each case (section 4). This includes where the charge will apply, what type of development will be covered, the level at which the charge will be set, and how it will be collected and monitored.
- Information about the Community Infrastructure Levy (section 5).
- The background and policy context for Crossrail (section 2).
- The funding arrangements for Crossrail, and in particular the use of planning obligations to deliver the scheme in terms of relevant legislation and Government guidance (section 3).

2 Crossrail: Background and Policy Context

2.1 Crossrail is a major cross-London rail link project developed to serve London and the south-east of England, providing fast, efficient and convenient rail access to the West End, the City and Canary Wharf and linking existing routes from Shenfield and Abbey Wood to the east to Maidenhead and Heathrow Airport to the west. It will ensure improved services for rail users by relieving crowding, ensuring faster journeys and providing a range of new direct journey options while also facilitating interchange between different public transport modes. It will also have wider social and economic benefits for London, enabling the continued growth of key economic sectors and locations. It has three key objectives:

- To support the development of London as a world city, and its role as the financial centre of Europe and the United Kingdom;
- To support the economic growth of London and its regeneration areas by tackling congestion and the lack of capacity on the existing rail network; and
- To improve rail access into and within London. ⁽¹⁾

It will achieve these objectives by:

- Addressing problems of inadequate capacity on the National Rail and London Underground networks;

- Improving accessibility to regeneration areas; and
- Providing transport capacity for the growth expected for London.

2.2 The project involves construction of seven central area stations (Paddington, Bond Street, Tottenham Court Road, Farringdon, Liverpool Street, Whitechapel and Isle of Dogs) providing interchange with London Underground, National Rail, London Overground, the Docklands Light Railway and London Bus services. It also involves upgrading or renewal of existing stations outside central London. The route is shown in figure 1. From west to east, the route will consist of:

- Use of the existing Great Western Main Line between Maidenhead and Westbourne Park, with a new flyover structure at Stockley to allow trains to access the existing tunnel to Heathrow, and a rail underpass west of Acton Yard. A new line, within the existing rail corridor, will be provided between Langley and West Drayton. Enhancements will be made to stations, with the most significant works at Ealing Broadway, Southall, Hayes and Harlington and West Drayton;
- A central section, largely through a twin-bore tunnel beneath central London with portals at Royal Oak to the west, Pudding Mill Lane to the north-east and a point just to the east of Poplar Dock and the A1206 Prestons Road in the Isle of Dogs in the south east. New stations and

- associated structures, like ventilation shafts, will be provided along this part of the route;
- A northeast route section, using the existing Great Eastern Main Line between Pudding Mill Lane and Shenfield. This will include station enhancements, with the most significant at Ilford and Romford, and reinstatement of track between Goodmayes and Chadwell Heath; and
- A southeast route section, running from a point east of the Isle of Dogs station and the eastern terminus at Abbey Wood, where Crossrail will serve a reconstructed station. It will run through a twin-bore tunnel to a reconstructed station at Custom House, then follow the former North London Line alignment through the

Connaught Tunnel to Silvertown. At North Woolwich a new twin-bore tunnel will pass beneath the Thames. There will be a station at Woolwich, and two new tracks will run between Plumstead to a point east of Abbey Wood station to accommodate Crossrail services on the North Kent corridor.

- 2.3 Powers to construct and maintain Crossrail, and the necessary planning and other consents and powers have been secured by the Crossrail Act 2008. During its passage through Parliament, the Act was supported by a comprehensive Environmental Statement. Some enabling works for the scheme have already started; full construction is expected to be underway during 2010, with services commencing in 2017.



Figure 1 Cross Route

2.4 Crossrail is essential to delivery of the strategic objectives of the London Plan, particularly accommodating London's growth within its boundaries without encroaching on open spaces, making London a more prosperous city with strong and diverse economic growth and improving London's accessibility:

- Demand for public transport into and within central London is nearing capacity, with crowding on Network Rail services and on London Underground routes towards central London (in particular, the West End and the City) and the Isle of Dogs. Employment growth envisaged in the London Plan will further increase demand, with employment in the West End, the City of London and Canary Wharf projected to grow by about 415,000 by 2026. The result is likely to be a 40 per cent increase in demand for peak hour public transport by 2025, particularly on radial routes into central London. On certain limited areas of the network, passenger flows are predicted to be higher than could be supported in reality, with consequential constraints on demand arising. Increasing congestion on London's rail network therefore poses a threat to achieving the projected growth in jobs and economic activity envisaged in the London Plan;
- Crossrail will reduce current levels of overcrowding on the Underground, particularly in the central area (all Underground lines other than the

Northern Line should see a reduction in passengers following the opening of Crossrail) and the Isle of Dogs. It will also reduce crowding on some National Rail services (particularly those using Liverpool Street, Paddington, Fenchurch Street, Charing Cross and Cannon Street);

- Addressing these capacity issues is essential to enabling the continued growth in central and eastern London outlined in the London Plan. In particular, Crossrail is critical to supporting the growth of the financial and business services sectors in central London and the Isle of Dogs, where there is market demand for additional development capacity - providing increases in rail capacity into each area of 20 per cent and 50 per cent respectively. It will also provide much-needed additional transport capacity to the West End, supporting the future development of that area as London's premier retail and leisure location envisaged in the London Plan. The scheme will also improve links to Heathrow, thereby supporting connections for London's global businesses. By linking these areas, Crossrail will help create a virtual unified economic and business core in London. It is also crucial to the realisation of regeneration and intensification opportunities around key interchanges within the Central Activities Zone ⁽²⁾ and to its east and west;

2 Designated by Policy 5G.1 of the London Plan. See figure 2.

- Crossrail will also support delivery of London Plan policies supporting the development and regeneration of east London and the London Thames Gateway in particular. Crossrail will make a vital contribution to improving the accessibility and attractiveness of the Thames Gateway to the east of the Isle of Dogs, through its cross-river link to south-east London and its links to the east including interchange with the DLR at Custom House;
- Crossrail will also help support growth in west London identified in the Plan. It will support development opportunities around Heathrow and at Hayes/West Drayton/Southall, and will assist in supporting West London's network of town centres; and
- Crossrail stations will lie within eight opportunity areas and areas for intensification identified in the London Plan. Together, these areas have spatial capacity for 216,000 new jobs - over half of which are planned for the Isle of Dogs - and 85,000 new homes (over one third in Stratford).

2.5 It is for these reasons that existing London Plan Policy 3C.12 (which deals with a range of new cross-London rail links within an enhanced London National rail network, including Crossrail) supports the implementation of Crossrail:

“The Mayor will work with strategic partners to improve the strategic public transport system in London, including cross-London rail links to support future development and

regeneration priority areas, and increase public transport capacity by: implementing Crossrail 1, a particularly high priority to support London’s core business areas... This will help improve access to the Central Activities Zone, town centres, major Opportunity Areas and regeneration sites and many parts of suburban London. DPD policies should identify development, intensification and regeneration opportunities that these new Cross-London links and national rail enhancements will support. They should identify and protect land used for rail purposes, and identify proposals for major schemes.”

2.6 Crossrail is also strongly supported by planning policy at national and regional levels. Both in itself, and in the way it supports creation of sustainable communities, it follows the general principles of national planning policy set out in Planning Policy Statement 1 (“Delivering Sustainable Development”), particularly in facilitating and promoting:

- Sustainable and inclusive patterns of urban development by making suitable land available for development in line with economic, social and environmental objectives to improve people’s quality of life, contributing to sustainable economic development (see below); ⁽³⁾
- Delivery of sustainable development by addressing the causes and potential impacts of climate change, through policies which reduce energy use and reduce emissions (for example, by

encouraging patterns of development which reduce the need to travel by private car); ⁽⁴⁾

- Social cohesion and inclusion, by addressing accessibility (both in terms of location and physical access) for all members of the community to jobs, health, housing, education, shops, leisure and community facilities; ⁽⁵⁾
- Sustainable economic development, through:
 - Helping ensure availability of suitable locations for industrial, commercial, retail, public sector, tourism and leisure developments so the economy can prosper;
 - Providing for improved productivity, choice and competition;
 - Actively promoting and facilitating good quality development;
 - Ensuring the provision of sufficient, good quality new homes in suitable locations; and
 - Ensuring that infrastructure and services are provided to support new and existing economic development and housing. ⁽⁶⁾

2.7 Crossrail will also further the policy objectives set out in Planning Policy Guidance (PPG) 13 (“Transport”). This

emphasises the importance of integrated approaches to transport infrastructure and land use planning, and to promoting:

- More sustainable transport choices;
- Accessibility to jobs, shopping, leisure facilities and services by public transport; and
- Reducing the need to travel, particularly by car. ⁽⁷⁾

2.8 Crossrail will help enable management of the pattern of urban growth in London to make the fullest use of public transport, and focus major generators of travel demand in city, town and district centres and near to public transport interchanges. By supporting a denser pattern of development, and enabling the accommodation of London’s growth within its existing boundaries, it will help reduce the need to travel. In providing substantial additional public transport capacity it will help provide more sustainable transport choices and reduce reliance on the car.

2.9 At the regional level, Crossrail is strongly endorsed in the London Plan. Policy 3C.12 states that the Mayor will work with strategic partners to improve the strategic public transport system in London, including cross-London rail links to support future development and regeneration priority areas, and increase public transport by implementing Crossrail 1 and developing Crossrail 2 in the later period of the Plan, among other enhanced rail links. The

4 PPS1, para. 13

5 PPS1, para 16

6 PPS1, para. 23

7 PPG 13, para. 4

importance of matching development to transport capacity is emphasised in Policy 3C.2, which makes clear that the Mayor will, and boroughs should, consider proposals for development in terms of existing transport capacity, both at a corridor and a local level. It states that where existing transport capacity is not sufficient to allow for travel generated by proposed developments, and no firm plans exist for a sufficient increase in capacity to cater for this, development proposals should be appropriately phased until it is known that these requirements can be met.

infrastructure is in place. The document went on to say that it is for this reason that Crossrail is so important, linking economically critical places like Heathrow Airport, the West End, the City and Canary Wharf together, and also to places where there will be major housing development and new communities in the Thames Gateway. This point has been reinforced in "A new plan for London" (April 2009) where the Mayor reaffirms his commitment to Crossrail.

- 2.10 It is also endorsed in the regional spatial strategy for the South-East ⁽⁸⁾, which identifies inter-regional connections around/through London as an overall priority for transport investment, with Crossrail identified as one of the regionally significant schemes supporting this objective (Policy T7 and Annex 2) and helping delivery of policies on management and investment (Policy T1), support and development of regional hubs (Policy T4) and of regional spokes (Policy T5), airports (Policy T6) and fostering an improved and integrated network of public transport services (Policy T9).
- 2.11 In this document setting out the approach he intends to take in carrying out his planning functions, "Planning for a Better London" (July 2008), the Mayor reaffirmed the importance of Crossrail, pointing out (page 20) that achievement of wider development priorities depends on ensuring the necessary transport and other

3 Funding Crossrail and Use of Planning Obligations

3.1 The funding arrangements for Crossrail were announced by the Government in October 2007 and confirmed through the Crossrail funding and governance agreement signed by the Department of Transport and Transport for London in December 2008. The project is expected to cost £15.9 billion (including contingency and provision for inflation), and agreement was reached between the Government, the then Mayor and London businesses on a funding package under which each contributes approximately one third of the expected cost:

- The Government will provide a grant of over £5 billion through the Department for Transport during Crossrail's construction;
- Crossrail farepayers will ultimately contribute around another third of the cost, with revenue servicing debt raised during construction by Transport for London and by Network Rail in respect of works on the national rail network; and
- London businesses will contribute through a variety of mechanisms:
 - Direct contributions have been agreed with some of the project's key beneficiaries along its route. Canary Wharf Group has agreed to make a significant contribution to the project and will in addition be responsible for delivering the Isle of Dogs station. The City of London Corporation will make an additional contribution from their own funds, and will assist in

delivering additional voluntary contributions from the largest London businesses. BAA has also agreed to make a contribution;

- The Government has introduced legislation (before Parliament at time of writing) to enable top tier local authorities to raise business rate supplements to fund economic development. This follows the White Paper published in October 2007. ⁽⁹⁾ Following discussions with the Government, the Mayor indicated that, subject to appropriate consultation, he envisaged using these powers to levy a supplement of two pence per pound of rateable value across London from April 2010, with relief for businesses with a rateable value below £50,000, which will be used to service £3.5 billion of debt raised by the mayor during construction;
- The Mayor also indicated that he envisaged securing *contributions from developers*, both through use of planning obligations and, once it is implemented, the proposed Community Infrastructure Levy. This London Plan alteration and supplementary guidance sets the framework under which these contributions will be sought.

3.2 The heads of terms between the Secretary of State for Transport and Transport for London setting these arrangements out in

detail have been published, and are available on the Department for Transport website. ⁽¹⁰⁾

3.3 The then Mayor set out his proposals for securing contributions from developers in a letter to the Secretary of State for Transport dated 4 October 2007:

"In addition, I anticipate securing contributions from property developers who develop in the vicinity of the Crossrail stations on the following basis:

- i. Subject to any appropriate obligations and responsibilities (including consultations and examinations in public), I expect to bring forward London Plan alterations with the aim of securing contributions under section 106 of the Town and Country Planning Act 1990 (or any other appropriate powers that might come forward, such as those proposed in the Government's Housing Green Paper of July 2007, on which I would expect to be fully consulted) [a sentence follows that is redacted for reasons of commercial confidentiality];
- ii. This is on the assumption that any changes that the Government makes to policy, guidance or legislation governing developer contributions will at least not diminish (apart from any minor transitional disruption) the ability of the GLA and Mayor (and TfL as a functional body) to secure such

contributions relative to the current body of policy, guidance or legislation;

- iii. I will endeavour to ensure such developer contributions for Crossrail will be consistent with Circular 5/05 and other relevant Government guidance." ⁽¹¹⁾

3.4 The funding heads of terms indicate that £300 million will be raised in contributions from development. Part of this sum will be raised in respect of certain specific developments. It is expected that this will leave some £200 million to be raised by use of planning obligations through the policies and arrangements outlined in this guidance.

3.5 In "Planning for a Better London", the Mayor indicated (page 30) that he would, as a priority, look at ways of using the planning system to seek contributions towards the cost of Crossrail from development. He also stated that an early alteration would be made to the London Plan to enable use of the planning system in this way.

3.6 The heads of terms also refer to a second sum of £300 million to be raised from a "Statutory Planning Charge" (now referred to as the "Community Infrastructure Levy"). The CIL is being introduced through regulations to be made later in 2009 under the Planning Act 2008. These are expected to enable the Mayor to levy a charge on all development above a de minimis threshold to help fund infrastructure needed to support growth identified in the London

10 Full text available on the DfT website.

11 Full text available on the DfT website

Plan. The Government will provide additional grant to make good any shortfall if a CIL cannot be raised by 2010.

Use of planning obligations

3.7 PPG 13 makes clear that “planning obligations may be used to achieve improvements to public transport, walking and cycling, where such measures would be likely to influence travel patterns to the site involved, either on their own or as part of a package of measures.”⁽¹²⁾ It also states that planning obligations “appropriate in relation to transport should be based around securing improved accessibility to sites by all modes, with the emphasis on achieving the greatest degree of access by public transport, walking and cycling,”⁽¹³⁾ and that when entering into a planning obligation consideration should be given to the usual statutory and policy tests. By relieving congestion and providing significant additional public transport capacity in key areas of London, Crossrail clearly meets these tests for the appropriate use of planning obligations.

3.8 PPG 13 also states that the development plan “should indicate the likely nature and scope of contributions which will be sought towards transport improvements as part of development in particular areas or on key sites. This will give greater certainty to developers as to what will be expected as part of development proposals and also provide a firmer basis for investment

decisions in the plan area.”⁽¹⁴⁾ In this case, the London Plan policies set out earlier indicate the nature and scope of the contributions that will be sought, while this guidance gives detailed information about how these policies will be applied.

3.9 The Government has given guidance on the use of planning obligations under section 106 of the Town and Country Planning Act 1990 (as amended) in Office of the Deputy Prime Minister Circular 5/2005. This sets out policy tests that should be taken into account by authorities in the use of planning obligations. It states⁽¹⁵⁾ that a planning obligation must be:

- Relevant to planning;
- Necessary to make the proposed development acceptable in planning terms - in order to bring a development in line with the objectives of sustainable development as articulated through the relevant local, regional or national planning policies;⁽¹⁶⁾
- Directly related to the proposed development – obligations must be so directly related to proposed developments that the development ought not be permitted without them; for example, there should be a functional or geographical link between the development and the item being provided as part of the developer’s contribution;⁽¹⁷⁾

12 PPG 13, para 84

13 PPG 13, para 85

14 PPG 13, para 83

15 ODPM Circular 5/05, para B5

16 ODPM Circular 5/05, para B8

17 ibid

- Fairly and reasonably related in scale and kind to the proposed development; and
- Reasonable in all other respects.

3.10 The Circular expands upon the last two of these tests in paragraph B9: “For example, developers may reasonably be expected to pay for or contribute to the cost of all, or that part of, additional infrastructure which would not have been necessary but for their development. The effect of the infrastructure investment may be to confer some wider benefit on the community but payment should be directly related in scale to the impact the development will make.” Later in the Circular, general examples of what might reasonably be achieved through use of planning obligations are given. ⁽¹⁸⁾

These include mitigating the impact of a development, where “a proposed development would, if implemented, create a need for a particular facility that is relevant to planning but cannot be required through the use of planning conditions...it will usually be reasonable for planning obligations to be secured to meet this need.” ⁽¹⁹⁾

3.11 The Circular makes clear that where the combined impact of a number of developments create the need for infrastructure, it may be reasonable for the associated developers’ contributions to be pooled in order to allow the infrastructure to be secured in a fair and equitable way. It

states that local authorities should set out in advance the need for this joint supporting infrastructure and the likelihood of a contribution being required, demonstrating both the direct relationship between the development and the infrastructure and the fair and reasonable scale of the contribution being sought. ⁽²⁰⁾

3.12 On procedural matters, the Circular states that where there are issues of strategic or regional importance that need to be addressed through planning obligations, it may be appropriate for these to be referred to in regional spatial strategies, which will set a strategic framework to be interpreted at the local level through the Local Development Framework. ⁽²¹⁾ The Circular also emphasises the importance of development plan policies in deciding when contributions towards infrastructure are “necessary to make the proposed development acceptable in planning terms.” ⁽²²⁾

3.13 Finally, the Circular encourages the use of formulae and standard charges – quantitative indications of the level of contribution likely to be sought by a local planning authority through a planning obligation towards the provision of infrastructure that is necessitated by a new development, noting that these can help speed up negotiations, ensure predictability and promote transparency. ⁽²³⁾ It states that where an authority proposes to rely upon

18 Circular 5/05, para B11 et seq

19 Circular 5/05, para B15

20 Circular 5/05, para B21

21 Circular 5/05, para B29

22 Circular 5/05, para B8

23 Circular 5/05, para B33

formulae and standard charges, they should be published in advance in a public document (paragraph B26 indicates that more detailed policies applying the principles in the development plan ought to be included in Supplementary Planning Documents).⁽²⁴⁾ Standard charges and formulae should reflect the actual impacts of the development, and should comply with the general policy tests outlined in paragraph 3.9 of this document. They should not be applied in a blanket form regardless of actual impacts, but there needs to be a consistent approach to their application.⁽²⁵⁾

3.14 As shown in sections 1 and 2 of this document, the London Plan recognises how critical Crossrail is to London's continued sustainable development and economic success, and how in its absence, the development capacity of some of London's most important locations for commercial and residential development will be constrained. For this reason, the Plan makes delivery of the project a key strategic priority.

3.15 Against this background, seeking contributions towards the cost of the construction of Crossrail is relevant to planning and a reasonable use of planning obligations. It is also an appropriate case for pooling contributions, and for use of the formulae/standard charge approach as set out in the Circular. Accordingly, London Plan Policy 3C.12A states that:

"In view of the strategic regional importance of Crossrail to London's economic regeneration and development, developments which contribute to the transport needs that the project will wholly or partly address will be required to make contributions towards its funding through the use of planning obligations, in accordance with relevant legislation and policy guidance."

3.16 The London Plan further emphasises the importance of Crossrail in indicating that it is among the purposes to which the highest priority should generally be given in the use of planning obligations (see Policy 6A.4).

3.17 Section 4 of this document sets out and applies a methodology that addresses the other Circular 5/05 tests are met, in particular for identifying types of development in particular locations in London for which it would be reasonable to seek a contribution, and a methodology for calculating the amount of contribution to be paid in each case.

24 Circular 5/05, para B34

25 Circular 5/05, para B35

4 Crossrail contributions: formulae and standard charges

4.1 Policy 6A.4 of the London Plan sets out priorities to be applied in the use of planning obligations, identifying public transport (and the funding of Crossrail in particular) as being of the highest importance – with affordable housing – in negotiating planning obligations:

"The Mayor will, and boroughs must, reflect the policies of this plan (in particular Policy 3C.12A), as well as local needs in their policies for planning obligations (see ODPM Circular 5/2005).

Affordable housing; supporting the funding of Crossrail where this is appropriate (see Policy 3C.12A); and other public transport improvements should be given the highest importance. Where it is appropriate to seek a Crossrail contribution in accordance with Policy 3C.12A, this should generally be given higher priority than other public transport improvements.

Importance should also be given to tackling climate change, learning and skills, health facilities and services and childcare provisions.

The Mayor will, when considering planning applications of potential strategic importance, take into account, among other issues, the existence and content of planning obligations."

4.2 Policy 3C.12A of the London Plan states that the Mayor:

Will provide guidance for boroughs and other partners for the negotiation of planning obligations requiring, where

appropriate, developers to contribute towards the costs of funding Crossrail having regard to:

- The requirement for contributions from development of up to £600 million under the arrangements for funding Crossrail agreed with Government;
- Central government policy and guidance;
- Strategic and local considerations;
- The impacts of different types of development in particular locations in contributing to transport needs; and
- Economic viability of each development concerned.

The guidance will include:

- Criteria for identifying developments in respect of which Crossrail contributions should be required in accordance with national policy guidance;
- Standard charges and formulae for calculating fair and reasonable contributions to be sought and guidance on how these should be applied in specific localities and different kinds of development; and
- The period over which contributions will be sought and arrangements for periodic review.

This section sets out this detailed guidance.

4.3 In order to meet the tests set out in Circular 5/05, the methodology used to assess when it is appropriate to seek a contribution

towards the construction cost of Crossrail, and the amount to be sought, must be capable of:

- Demonstrating a functional or geographic link between a development and Crossrail that makes seeking a contribution reasonable in the terms of the Circular;
- Providing a basis to demonstrate that the scale of contribution sought fairly and reasonably relates to the proposed development concerned; and
- Demonstrating that the amount of the contribution sought is directly related to the scale of the impact that the development concerned will have.

For the arrangements to work effectively, the broad levels of contribution set out in paragraphs 4.20 and 4.22 are necessary and appropriate in these terms.

What type of development, and in what locations?

4.4 The first step on this methodology has been used to identify the impact of development. It looks at patterns of crowding on rail services (National Rail and London Underground) in London. Crowding costs, and changes in the level of passenger crowding, are key elements used in assessing the costs and benefits of rail schemes, and are an established and well-understood way of assessing the effects on transport networks of changing patterns of development and assessing the impact these have. The methodology uses these to assess the extent to which developments of

particular types, sizes and locations either contribute to, or exacerbate crowding. It does this by considering three things:

- How many trips are generated by different land uses in different areas of London, and when. This has been established using data from English Partnerships (now Homes and Communities Agency) on employment densities, standard databases of trip rates by development types, surveys of trip rates by tourists and different types of housing and occupancies by area;
- The share of these trips likely to be made by rail. This is based on analysis of the 2001 Census, which includes information about rail mode share by area of residence and workplace by local output area; and
- How rail crowding costs vary according to different trip patterns, looking particularly at different trip destinations and time periods (“cost” here being worked out by applying a “crowding factor” - which takes account of passenger demand and a combination of seating and standing capacity - to actual journey times on each part of the network). These are based on Select Link Analysis undertaken by consultants Colin Buchanan and Partners for Crossrail in 2004, which assesses the proportion of time trips to Central London spend under particular levels of crowding.

4.5 The methodology is set out in more detail in background reports from TfL's consultants Jones Lang LaSalle and Colin Buchanan. These will be placed on the GLA's website.

This methodology has been used to work out which types of development contributions should be sought for, and where, looking at:

- Central London (an area based upon the Central Activities Zone (CAZ) designated by Policy 5G.1 of the London Plan - shown in figure 2);
- The main business area of the Isle of Dogs (IoD) centred on the northern parts of Millwall and Blackwall wards of the London Borough of Tower

Hamlets – the area designated by the London Borough of Tower Hamlets as the “Northern Sub-Area” in their former Isle of Dogs Area Action Plan - see figure 3 below);

- Areas in outer London within 960m of proposed Crossrail stations (zones chosen because they represent a 12 minute walk from stations; the area within which rail use is likely to be highest); ⁽²⁶⁾ and
- Different types of land use - commercial (ie office), retail, hotels and residential development.

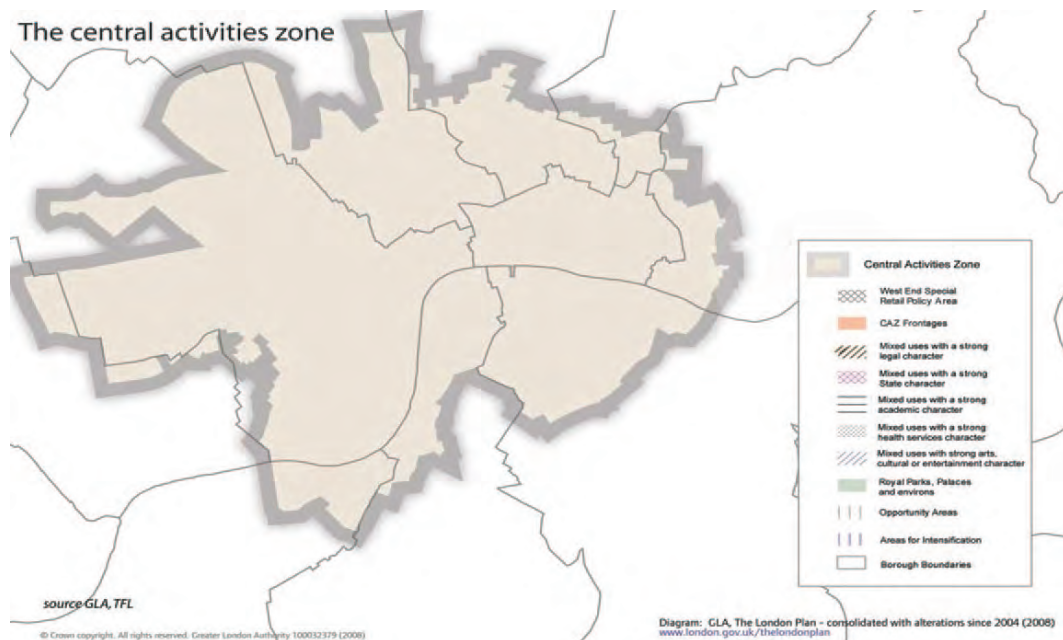


Figure 2 The Central Activities Zone

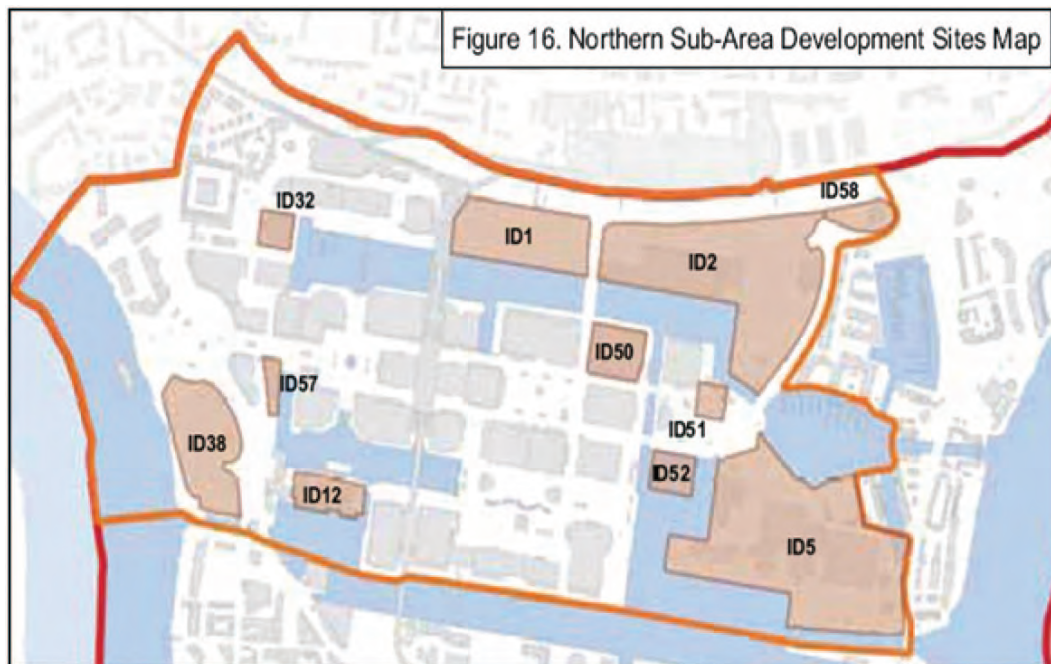


Figure 3 The main business area of the Isle of Dogs

4.8 Using this methodology, it has been found that:

- Congestion on rail is predominantly a peak period issue, and the approach taken here – consistent with the policy tests in Circular 5/05 – is to focus on the time of day when developments of different kinds make the most significant contribution to crowding.
- The impact of development in terms of increased congestion and costs of crowding differs according to the use and location involved. The relative impact (where office uses in central London – which have the highest impact – are shown as 100) is shown in Table 1:

Type of Development	Central London (CAZ/loD)	Outer London 800m zones
Commercial	100	22
Retail	64	12
Hotels	44	-
Residential	6	10

Table 1 Impact on the rail network in the AM peak (07:00-10:00) by location and land use

4.9 In summary, commercial development has the most impact, with residential having the least. For commercial and retail uses, impacts are higher in central London than outer areas, while for residential uses the pattern is reversed, reflecting different choices of transport modes for the comparatively shorter trips from more centrally-located homes. In central London commercial development has an impact just over 50% higher than the next highest form of development, retail. Development in central London has a significantly higher impact than that in outer London. For commercial development, impact in outer London is about a fifth of that in the centre.

4.10 Circular 5/05 requires that standard charges and formulae should reflect the actual impacts of development and should comply with the general tests it sets out. Of particular relevance in deciding what type of development and location the charge should apply to are the need to ensure contributions are directly related to proposed development, fairly and reasonably related in scale and kind, and reasonable in

all respects. In this case this has been done by focussing on those places and uses where a particularly clear link can be shown between the impact of additional development and rail network crowding. This approach also meets the requirement in the Circular to show a functional or geographic link between development and the item being provided as part of developers' contributions. ⁽²⁷⁾

4.11 Taking this approach and the information provided by consultants, it has been decided that contributions should be sought in respect of office development, in the Central Activities Zone and the northern part of the Isle of Dogs, which involves a net increase in office floorspace of more than 500 square metres. This is the form of development that gives rise to the most substantial "impact" that Crossrail will mitigate:

- The impact of development in outer London is comparatively low and it is unlikely to be cost-effective to seek to apply a standard charge;

- The de minimis threshold excluding development that would result in additional office floorspace of 500 square metres or less has been set to reflect that developments below this size are unlikely to have crowding impacts sufficient to meet the tests of proportionality and reasonableness in Circular 5/05, the benefits of seeking contributions from smaller developments of this scale are likely to be outweighed by the costs of entering into obligations and collecting contributions and the large number of smaller developments would make application of a policy of this kind uneconomic to administer.

4.12 Congestion pressure on the network is at its worst during the morning peak period (7 - 10am), and most of this pressure is due to people travelling to their place of work. It is these movements which require the maximum enhancement of capacity which will be provided by Crossrail, and without it future development for employment uses will be increasingly unsustainable. The three hour morning peak period can be broken down into two shoulder hours (7 - 8am, 9 - 10am) and one peak hour (8 - 9 am), which has the highest daily level of congestion. The additional capacity from Crossrail, which is necessary for office development will also support sectors like retail and hotels, which largely generate their peak demand on the transport network at less congested times.

4.13 The original analysis assumed the distribution of trips by all land uses within the morning peak were the same. More detailed analysis suggests that this is not

the case with trips related to retail, for example, being more heavily concentrated in the shoulders of the morning peak. Major retail centres and stores within the CAZ commonly open between 9.30 and 10.00 and trading generally builds up in the morning peaking around lunchtime. Staffing arrangements match these opening times and build up in demand. Other shops and catering outlets in central London do open earlier, but these are often serving a commuter market and thus open before the most congested times (7 - 8 am or earlier), meaning workers travel either before the peak begins, or in its earlier less crowded shoulder. This is borne out by the patterns of exits from Underground stations, which show that those stations serving areas where office employment predominates (such as Bank and Monument, Canary Wharf or Chancery Lane), a high proportion occur at the height of the morning peak - with up to 8 per cent of all passenger exits during the day occurring in the peak 15 minutes around 9 am. For stations in the West End with a far higher proportion of retail and leisure employment, the proportion of passengers arriving in the peak 15 minutes does not exceed 5 per cent of the days passengers, and the proportions of exiting passengers does not fall off to the same extent as those serving predominantly office-based locations.

4.14 A similar issue applies to hotels. Shift working is more common, with relatively few staff working 9am - 5pm; shifts commonly start at 5,6 or 7 am for catering, reception and concierge staff. Housekeeping staff tend to work diverse shifts starting from between 5.30am - 9am. Hotel tourist guests

tend to avoid travelling in the peak period, while business guests are more likely to use taxis, being less familiar with the city.

4.15 As the impact of development is at its most acute at the busiest part of the am peak, this is the point at which it can be shown most clearly that development is creating the need for a particular facility – Crossrail – that it is reasonable to use planning obligations to help fund the infrastructure required. At this point, there is clear evidence that office development is the most substantial contributor to congestion, and it is therefore reasonable to seek contributions from them.

4.16 This approach focuses on destinations. Consideration has been given to whether it is reasonable to seek contributions from other uses (predominantly residential in outer London). Table 1 above shows that outside of the central London area the ‘harm’ caused to the network by development is much less and as such it would be more difficult to require local authorities to seek a contribution from broad classes of development along the lines envisaged in this SPG. Congestion is caused by concentrations of development to which people need to travel at peak hours, and it is because of this impact that it is reasonable to seek planning obligations from them under the tests set out in Circular 5/05. It would be likely to be unreasonable as well as uneconomic to try to seek contributions from residential developments in outer London, and many centres of employment in outer London have jobs substantially filled by people living nearby who cause very little congestion on rail links to central London

(in those that have a wider impact it may well be legitimate to seek contributions – see paragraph 4.23).

4.17 In short, the approach taken has been to focus on the type of development having the most direct impact on rail capacity – office development in the area of central London shown in Annex 1 and the northern part of the Isle of Dogs. This also restricts the number of applications in respect of which a contribution will have to be sought, minimising the administrative and cost burden on planning authorities and also the impact on other planning obligations. This approach is in compliance with the guidance in Circular 5/05.

At what level should the charge be set?

4.18 The second step is to use this information as the basis for apportioning contributions across the different uses and locations. To do this, assumptions have been made about the likely patterns and amount of development between 2008 and 2026 (the period covered by the current London Plan). Given the focus on offices in central London/IoD, these have been based on information about historical and future office (Use Class B1) completions held by consultants Jones Lang LaSalle (JLL), tested against data held by the Greater London Authority. A de minimis threshold of 500 sq m has been applied.

4.19 Using these data, it is possible to make assumptions about the likely average levels of additional office development in central London/IoD. A prudent approach has been taken to this, based on:

- Taking an upper case based on a projection of historic development data 2000-2008;
- Taking a lower case, assuming a lower level of development, removing exceptional years from the data; and
- Setting a central case – the median of the upper and lower cases.

This approach is prudent because it looks over a complete development cycle (2000-2008), over which there have been varying levels of development activity.

4.20 On this basis, it is assumed that there will, in an average year across the development cycle, be 371,609 square metres (net internal area) of office development each year gross. As it will usually only be appropriate to seek contributions in respect of increases in office floorspace and the additional impact it will have on the transport network, a 50% net increase -to-gross development area ratio (based on historic precedent) is assumed, giving an increase in office floorspace figure of 185,804 square metres (net internal area) per year. Further adjustments have been made to:

- Account for “leakage” due to schemes involving changes of use or owners deciding to retain existing building rather than redevelop;
- Allow for development taking place in the first two years following implementation of this policy, under planning permissions granted in

advance without provision for a Crossrail contribution; and

- Enable a cautious view to be taken of the likely yield of a standard charge of the kind proposed here in 2010 and 2011, during a period of likely recovery from particularly difficult market conditions.

These result in an average figure of 137,848 square metres of net additional office floorspace in reasonably benign economic conditions.

4.21 It is important to bear in mind that these figures are based on a medium to long-term view. There will be years in which the level of development will be more or less than the figures given here. They are, however, based on experience of two property market cycles, including the relatively severe conditions of the early 1990s.

4.22 The £200 million to be raised towards the cost of Crossrail under the funding heads of terms (see paragraph 3.4 above) has been applied to this figure to arrive at a standard charge per square metre on increases in office floorspace (net internal area). In order to simplify calculation of the charge by developers and planning authorities this charge rate based on net internal area has been converted to one based upon gross external area measurements (see paragraph 4.25 below). This is because gross external area (GEA) is more commonly used in the planning and development processes. For the purposes of this conversion it is assumed that, on average, the net internal area of a development will equal 75 per cent of the GEA. This results in a charge of £160 per

square metre GEA of net additional office floorspace (or £14.90 per square foot GEA)⁽²⁸⁾ for all office development involving a net increase of more than 500 square metres GEA in the central London area shown in Annex 1.

4.23 The circumstances that exist in the designated part of the Isle of Dogs justify a different approach. Growth in this area is particularly dependent upon the provision of additional transport capacity and ensuring transport resilience. The acceptability in planning terms of further substantial development on the Isle of Dogs will be particularly dependent upon the additional public transport capacity provided by Crossrail, in terms of transporting additional employees into the area, and providing both further choice and ensuring greater resilience through provision of some redundancy should one of the existing rail services in the area (the Jubilee Line and the Docklands Light Railway) fail or have to run at reduced capacity. Canary Wharf is the busiest station on the London Underground network served by only one Underground Line, and this level of dependency on an already high volume line is a key constraint on further development in the area, presently and into the future. These impacts are likely to become particularly acute in the period after 2016 as total employment in the area increases above 145,000. By 2026 if Crossrail is not built, the problems of congestion on rail links into the IoD would be substantially higher than those in the CAZ to the extent that there would be limitations on the ability to grant planning

consent in ways consistent with national and regional planning policy (and in particular, London Plan Policy 3C.2 on matching development to transport capacity).

4.24 In view of this, in accordance with the policy tests in Circular 5/05 (and in particular considering what is needed to bring development here in line with the objectives of sustainable development) and the guidance in PPG 13, a contribution at a higher level than that sought in central London will be sought in respect of all office development involving a net increase of more than 500 square metres in the part of the Isle of Dogs shown in figure 3. Recent agreements for Crossrail contributions in respect of sites in the area have been on the basis of £218.30 per square metre GEA, and this will be used as a benchmark for negotiation in this area.

4.25 Paragraphs 2.1 – 2.4 of this guidance describe the Crossrail route through London, and the planning needs it will fulfil across the capital. Outside the CAZ and the Isle of Dogs contributions should be sought where the nature of what is proposed, its location and circumstances make it appropriate under Circular 5/05 and development plan policies in the London Plan (particularly policies 3C.2 and 6A.4) and borough local development frameworks to seek a Crossrail contribution. This is likely to be particularly the case:

- In relation to applications for development in the vicinity of Crossrail stations. Account should be taken of the fact that rail use is generally likely

to be highest within a 960m radius of a station (representing a 12 minute walk), but circumstances of a particular application may mean it is reasonable to seek a contribution from a development further away;

- In locations where the impact of a development in terms of additional congestion will be mitigated by the additional public transport capacity and congestion relief Crossrail will bring; or
- In other circumstances in which Crossrail may be necessary in order to enable development to proceed in line with the objectives of sustainable development.

In these circumstances, the standard charge for central London should be the starting point for negotiation.

- 4.26 Circular 5/05 is clear that where a standard charge and formula approach is taken, it should not be applied in a blanket form regardless of actual impacts, but that there needs to be a consistent approach to their application. Although the charge has been set at a level that should not affect viability, the Mayor will consider carefully any case in which it can be demonstrated that making a contribution under this guidance would have an effect on the economic viability of a development, or would otherwise be unreasonable or disproportionate. In cases where applicants consider the viability of a development could be undermined by application of the standard charge, financial appraisals should be submitted to justify this position.

Measurement of floorspace

- 4.27 For the purposes of calculating the charge in each case, floorspace should be measured to include the overall dimensions of the building on each floor both above and below ground, including the thickness of all internal walls, half the thickness of party walls and the full thickness of external walls. If a site covers more than one property, party walls should be measured as internal walls except for those party walls to properties not falling within the site. Gross floorspace should include the following:

- Stairs and lift shafts (for each floor);
- Lobbies, corridor, reception areas;
- Cloakrooms and toilets;
- Storage and roofed plant areas (see below);
- Kitchens and cafeterias etc;
- Operational voids, e.g. for air conditioning ducting (to be measured for each floor); and
- Vaults.

And exclude:

- Voids in atria (ground floor only measured);
- Internal lightwells; and
- Screened but unroofed plant area or plant areas and other operational voids which are not reasonably capable of commercial or residential use.

Double/triple height areas should be measured once (e.g. conference halls, theatres etc).

Indexation

4.28 The figures quoted above for central London and the Isle of Dogs are at April 2010 prices. Indexation – using the Consumer Price Index (CPI) – will be applied from April 2011 forwards. The rate which will apply will be calculated at the point that the Section 106 payment becomes due (see paragraph 4.29 below), not when the planning permission is granted.

Reporting, monitoring and review

4.29 Transport for London will publish regular monitoring reports on the construction of Crossrail, and on the collection and application of the sums raised under Policy 3C.12 of the London Plan and this supplementary guidance. This guidance covers the period between the date of publication and 2026 - the end date of the current London Plan. The Mayor intends to keep the position regarding the funding of Crossrail, the appropriate contribution to be made by development, the impact of this policy on wider regional and local policies on planning obligations and progress with implementation of the Community Infrastructure Levy (see section 5) under review, and may publish further guidance in due course covering this and further periods. This approach will enable account to be taken of periods when there is more or less development taking place over the period during which this policy will apply.

Collection

4.30 The Mayor will seek to agree payment of this standard charge through planning obligations in respect of applications he

determines himself, and will take account of the inclusion of such a provision when considering applications referred to him and deciding whether to direct refusal. For other applications, boroughs should include the Crossrail standard charge in planning obligations they negotiate with developers. In cases where no such provision is made, the Mayor may make representations to ministers asking them to call such cases in for their determination.

- 4.31 Contributions will be payable at the point at which development commences, unless other arrangements for payment are agreed. In particular, where it can be demonstrated that the development would otherwise be unviable or that the size or nature of the development makes it appropriate, payments may be related to occupation of a phase or of the completed development.
- 4.32 The Mayor is keen to ensure that inclusion of provision for contributions towards the costs of Crossrail in planning obligations does not cause unnecessary delays to the planning process. He intends to agree a protocol with boroughs regarding issues like joint approaches to negotiation and collection and the arrangements for review set out in the previous paragraph. In particular, he will work with the boroughs, developers and other stakeholders to develop model clauses for inclusion in agreements. The protocol will also provide more detailed advice on payment triggers.

Consistency with Government policy tests and viability

4.33 In developing this guidance, the Mayor has been particularly mindful of the need not to seek contributions at such a level that development will not be financially viable, or that the patterns of development across different parts of London are likely to be distorted. Care has been taken to ensure the amounts set out in paragraphs 4.20 and 4.22 accord with the tests set out in Circular 5/05 and, in particular, those of proportionality and reasonableness and the likely impacts on development. Independent professional advice has been taken from Jones Lang LaSalle about the likely impact of a policy seeking contributions of the order suggested here. Their advice is set out below:

- Any policy of this kind will affect economic decision-making to some degree. However, a low, predictable and easy-to-calculate standard charge will be more easily accepted by the property industry;
- Leakage due to refurbishment (as distinct from redevelopment) or change of use is likely at the margin. However, a combination of planning policy (reinforcing, as the London Plan does, the role of the CAZ), the historic pull of Central London and basing a standard charge on net floorspace increases should keep this to a minimum;
- Developer acceptability will also be improved by a standard charge only being payable on the implementation of consents;
- A standard charge based on net increases in floorspace will impact particularly on locations with little or no pre-existing development – such as the northern part of the Isle of Dogs. However, given the low values of alternative uses in such areas and the clearly defined commercial locations, this should not be a significant disincentive;
- There will be periods during the currency of this policy when there will be less development, and those where there will be more. It is, for instance, being put forward at a time when there is low occupational demand together with a lack of bank lending capacity and most informed commentators are predicting at least two years for conditions to stabilise. With this in mind, a cautious view should be taken about the yield of any standard charge in 2010 and 2011;
- Taking all these factors into account, a standard charge of up to £15 per square foot (GEA) on net additional floorspace (equivalent across Central London of £7.50 psf on consented space) should be capable of being absorbed into development costs during most of the economic cycle in central London, as should the benchmark figure suggested in paragraph 4.22 in respect of the Isle of Dogs; and
- In the same way, there is likely to be some impact on planning authorities' ability to use planning obligations for local priorities (both the Corporation of the City of London and Westminster

City Council have standard charge-based approaches). However, this is mitigated by restricting the scope of this policy to office development.

5 The Community Infrastructure Levy

5.1 London Plan Policy 6A.5A states that:

"The Mayor will work with Government and other stakeholders to ensure the effective development and implementation of the proposed Community Infrastructure Levy.

The Mayor will work with boroughs and other partners to establish a clear framework for application of the Community Infrastructure Levy to ensure the costs incurred in providing the infrastructure which supports the policies in this plan (including public transport) can be funded wholly or partly by those with an interest in land benefiting from grant of planning permission."

5.2 This section explains what the Community Infrastructure Levy is, and the process that is being followed to develop and implement it. It also explains in more detail the approach that will be taken by the Mayor regarding its application in London.

5.3 The Government has announced that it intends to introduce a Community Infrastructure Levy. It is proposed that this will be a standard charge decided by designated charging authorities and levied by them on new development; it is intended to raise resources to help fund delivery of infrastructure from the private sector, which benefits from it. The Planning Act 2008 contains powers for ministers to implement the CIL by regulation, and these are expected to be consulted on later this year and come into force by April 2010.

5.4 Although the details of the new system – and how it would be implemented in London given the Capital’s unique circumstances and institutional arrangements for planning – are still being developed, it is likely that the CIL will operate as follows. ⁽²⁹⁾

- The 2008 Act sets out which authorities will be empowered to raise the CIL (“charging authorities”). These include the Mayor and the London boroughs;
- Each charging authority will identify and cost the infrastructure needed to support the development of their area. It is likely that there will be a list of the kinds of infrastructure that may be funded through the CIL; the Government has made clear that ‘things usually thought of as infrastructure – such as transport and flood defences’ will be covered by the definition;
- Charging authorities will then prepare a ‘charging schedule’ setting out the rate and/or the formula determining how the CIL will be calculated in their area;
- These charging schedules will be tested through an examination in public;
- The amount of CIL to be paid by a development will be calculated at the time planning consent is granted, and will be payable at the time when development starts. Failure to pay could result in a legal requirement to stop development.

- 5.5 The Government is considering whether there is a case to restrict the use of planning obligations following the introduction of the CIL. While use of the CIL by authorities will not be mandatory, one option under consideration is that contributions towards strategic infrastructure currently collected by means of the kind of standard charge and formula approach outlined in this document should be collected solely through CIL by restricting the scope of planning obligations. Other options include reducing the scope of planning obligations through a narrower set of criteria than those currently set out in Circular 5/05. The Government has also indicated that it will be considering how authorities should move from one system to the other, and the consequences this will have for development – in particular for areas with tariff type policies which may need revision. They have stated their belief that existing tariff schemes should, over time, be migrated to CIL, but they are also considering how best to phase any reduction in scope to minimise transitional issues and over what timescale that reduction should take place.⁽³⁰⁾
- 5.6 The Government has stated that the London Plan should incorporate the spatial elements of transport, economic development, environmental and other strategic policies for London, adopting an integrated approach embracing all aspects of physical planning, infrastructure development and other policies affecting or affected by the distribution of activities. To further this role, the Government proposes that the Mayor should have the power to set a CIL charge to deliver key infrastructure needed to support implementation of the London Plan.
- 5.7 The details of the CIL regime and of how it will be applied in London are still being developed. As the details of the new system emerge, the Mayor will work with boroughs and other partners to develop an effective and cooperative framework for application of the CIL, particularly to ensure it is applied both to support the policies set out in the London Plan and more local priorities. It is likely that this will include arrangements for moving from the approach outlined in this document with regard to planning obligations to the CIL.

30 DCLG, "The Community Infrastructure Levy", August 2008, Para.5.4-5.11

MAYOR OF LONDON

GLA draft of Central London Zone

16 - April - 2009

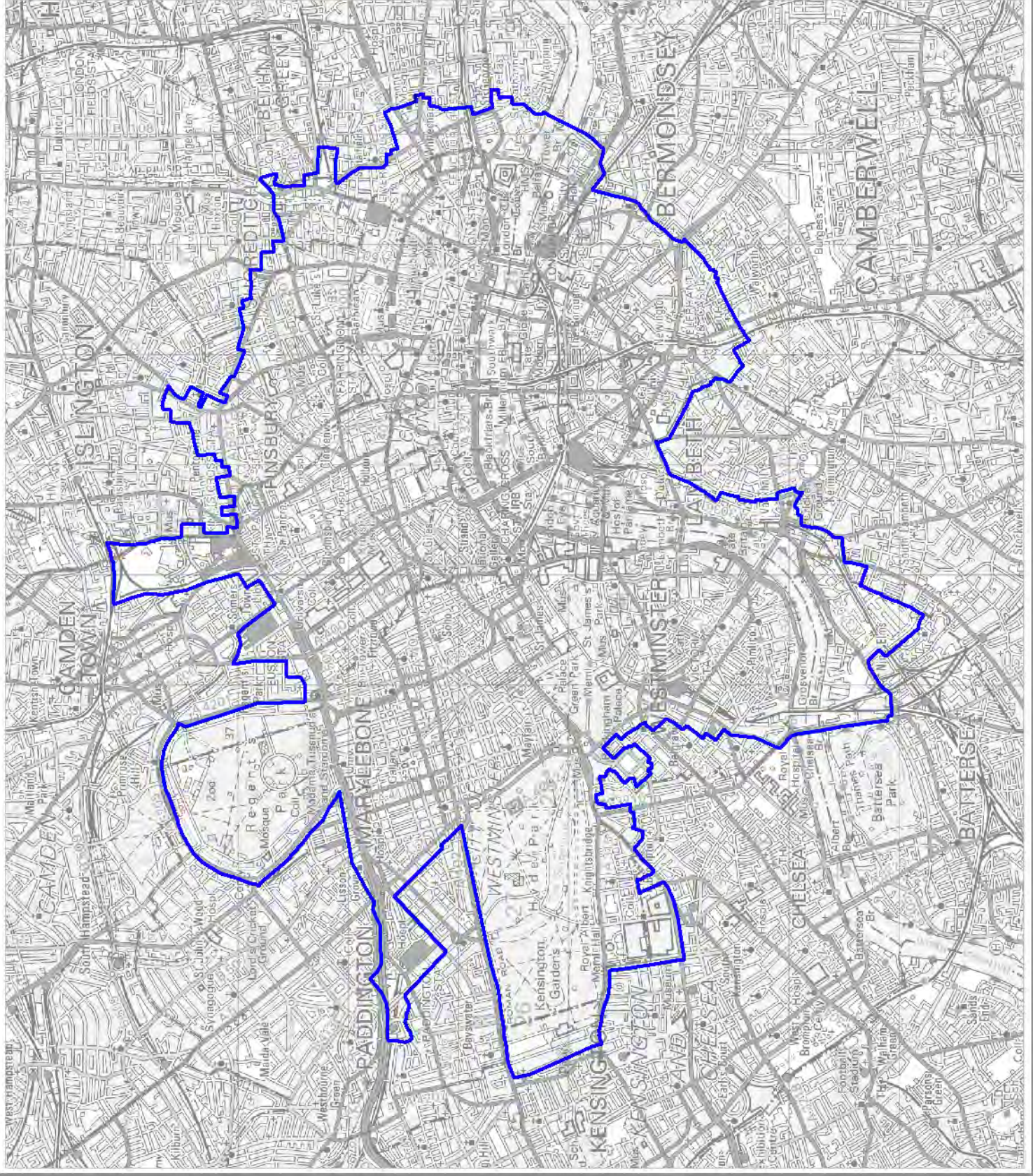
Central London Zone
Source: GLA



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Nếu bạn muốn có văn bản tài liệu này bằng ngôn ngữ của mình, hãy liên hệ theo số điện thoại hoặc địa chỉ dưới đây.

Greek

Αν θέλετε να αποκτήσετε αντίγραφο του παρόντος εγγράφου στη δική σας γλώσσα, παρακαλείστε να επικοινωνήσετε τηλεφωνικά στον αριθμό αυτό ή ταχυδρομικά στην παρακάτω διεύθυνση.

Turkish

Bu belgenin kendi dilinizde hazırlanmış bir nüshasını edinmek için, lütfen aşağıdaki telefon numarasını arayınız veya adrese başvurunuz.

Punjabi

ਜੇ ਤੁਹਾਨੂੰ ਇਸ ਦਸਤਾਵੇਜ਼ ਦੀ ਕਾਪੀ ਤੁਹਾਡੀ ਆਪਣੀ ਭਾਸ਼ਾ ਵਿਚ ਚਾਹੀਦੀ ਹੈ, ਤਾਂ ਹੇਠ ਲਿਖੇ ਨੰਬਰ 'ਤੇ ਫ਼ੋਨ ਕਰੋ ਜਾਂ ਹੇਠ ਲਿਖੇ ਪਤੇ 'ਤੇ ਰਾਬਤਾ ਕਰੋ:

Hindi

यदि आप इस दस्तावेज की प्रति अपनी भाषा में चाहते हैं, तो कृपया निम्नलिखित नंबर पर फोन करें अथवा नीचे दिये गये पते पर संपर्क करें

Bengali

আপনি যদি আপনার ভাষায় এই দলিলের প্রতিলিপি (কপি) চান, তা হলে नीचेर ফোন নম্বরে বা ঠিকানায় অনুগ্রহ করে যোগাযোগ করুন।

Urdu

اگر آپ اس دستاویز کی نقل اپنی زبان میں چاہتے ہیں، تو براہ کرم نیچے دئے گئے نمبر پر فون کریں یا دیئے گئے پتے پر رابطہ کریں

Arabic

إذا أردت نسخة من هذه الوثيقة بلغتك، يرجى الاتصال برقم الهاتف أو مراسلة العنوان أدناه

Gujarati

જો તમને આ દસ્તાવેજની નકલ તમારી ભાષામાં જોઈતી હોય તો, કૃપા કરી આપેલ નંબર ઉપર ફોન કરો અથવા નીચેના સરનામે સંપર્ક સાધો.

