MAYORAL COMMUNITY INFRASTRUCTURE LEVY

2022 BIENNIAL REVIEW

February 2023

Transport for London

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CHAPTER ONE

BACKGROUND

1.1 The Mayoral Community Infrastructure Levy (MCIL) 'MCIL1' took effect on 1 April 2012 and as part of the implementation there was an intention to review its operation on a regular basis. Two biennial reviews were undertaken in 2014 and 2016 and the findings subsequently published on the Greater London Authority (GLA) website[1].

1.2 From 1 April 2019, the MCIL1 Charging Schedule and the Mayoral Crossrail Funding Planning Obligations SPG (2016) were superseded by 'MCIL2'. These charges were set out in the revised MCIL Charging Schedule (2019) (MCIL2) and apply to developments granted planning permission from 1 April 2019.[2]

1.3 A commitment to review the operation of MCIL was continued to MCIL2, with a third review expected in 2021. However, the Covid-19 pandemic and the perceived impacts of this on the economy, development activity, build costs and development values led to the review being postponed, allowing for a period of re-adjustment.

1.4 This review has been undertaken by Transport for London (TfL) and the Greater London Authority (GLA) with assistance from Jones Lang LaSalle (JLL) and follows 10 full years of the MCIL. The timing of the review has meant data collected to the end of Quarter 2 2022/23 has been considered.

1.5 Under the original Crossrail funding agreement with Government, GLA and TfL needed to raise £600m by 31 March 2019 from developer contributions towards Crossrail via a combination of Crossrail s106 planning obligations and MCIL payments. By that date receipts had exceeded that figure by £126m.

1.6 Business Rates Supplement (BRS) is another important funding stream, which came into force in April 2010 to fund £4.1bn of the Crossrail project; £3.5bn through GLA BRS backed borrowing, plus £0.6bn as a direct BRS contribution. The BRS Prospectus assumed that the BRS would need to run until 31 March 2041 to repay the GLA's associated borrowing, and this remains the current target date.

1.7 However, with Crossrail delays and the need for additional funding, new funding arrangements between Government, the GLA and TfL were agreed in December 2018. As part of the package, the GLA borrowed £1.3bn from the Department for Transport (DfT), with the additional loan being repaid from a combination of BRS and MCIL income. A contingency arrangement was also agreed in the form of a loan facility from the DfT of up to £750m. This therefore required the continued use of MCIL to support Crossrail beyond the original anticipated amount.

1 https://www.london.gov.uk/programmes-strategies/planning/implementing-london-plan/mayoral-community-infrastructure-levy

2 MCIL1 receipts and Crossrail s106 SPG payments will continue to be collected for CIL liable developments granted planning permission prior to this date.

1.8 By August 2020, it was apparent that further funds were required to complete the project over and above those agreed in 2018. The Government, the GLA and TfL subsequently agreed another revised funding package, with the GLA borrowing a further £825m (increasing total additional debt to £2.125bn) and for this to be repaid from MCIL and BRS receipts. The Community Infrastructure Levy Regulations 2010 were amended in March 2021, to take account of the additional borrowing, allowing the GLA to continue to use MCIL revenues to service debt until 31 March 2043.

1.9 The Mayor also confirmed in his 2022/23 budget that the GLA would provide an additional £48.5m towards the project from general income rather than from BRS or MCIL revenues. This was matched by an additional £50m from the DfT as set out in the funding deal agreed with TfL and the Mayor in August 2022. Notwithstanding, the GLA estimates that its outstanding Elizabeth line related debt on 31 March 2023 will be around £4.3 bn, with this to be repaid from MCIL and BRS receipts.

1.10 Crossrail, now known as the Elizabeth line, opened to passengers on 24 May 2022, and from 6 November 2022 has been operating as an integrated through running service. The monies raised from developer contributions (MCIL1, MCIL2 and Crossrail s106 receipts) toward the Elizabeth line have been vital to the project and are essential in the continued repayment of project financing. By the end of Q2 2022/23 just under £1.25bn had been received on a cash basis from these sources.

1.11 Meanwhile, the Government is proposing to replace CIL and s106 (in most instances) with a locally set Infrastructure Levy (IL). The requirements for this are set out in the Levelling Up and Regeneration Bill (LURB), with details of how the IL will work in practice set out in Regulations which will follow. Notably, proposals for the IL are to be rolled out over several years following a ‘Test and Learn’ period.

1.12 Notwithstanding, the LURB proposes that MCIL is retained in London (and in Wales) under current legislation, and this is welcomed. However, the GLA and TfL will need to work with Government to ensure that the 35 MCIL Collecting Authorities in London can continue to collect MCIL on the Mayor’s behalf—particularly as the two regimes have different collection points, with MCIL payable on commencement of a CIL liable development, and the proposed IL at the point of sale.

1.13 The result of this review is being made available via the GLA website[3]. As there are no recommendations for change—at this stage—to the MCIL2 rates and/or charge zone boundaries, or the policies applied, a formal consultation is not required.

MCIL2

1.14 As mentioned previously, MCIL2 charges took effect on 1 April 2019 and superseded MCIL1 and the s106 Crossrail SPG for developments granted planning permission from this date.

1.15 While the MCIL2 Charging Schedule maintained the three charge bands established under MCIL1, there were some changes based on viability with Enfield and Waltham

3 https://www.london.gov.uk/programmes-strategies/planning/implementing-london-plan/mayoral-community-infrastructure-levy

Forest moving from Band 3 (MCIL1) to the higher charge in Band 2, and Greenwich moving from Band 2 (MCIL1) to the lower charge in Band 3. Also, CIL liable developments within LLDC and OPDC were incorporated in the Band 2 charge rate; a change from the associated MCIL1 boroughwide charge rate that applied previously.

1.16 Generally, the introduction of MCIL2 led to higher charge rates based on viability when compared to the indexed MCIL1 rates. However, there are instances where the MCIL2 charge rates are consistently lower, for example, indexed MCIL2 rates are just under £5 per square metre cheaper in Band 3, £26.89 compared to £31.84 (MCIL1) for developments granted planning permission in 2023. A comparison of indexed MCIL1 and MCIL2 charge rates applicable for developments granted planning permission in the 2023 calendar year are presented in Figure 1.

MCIL2 Charging Band	London Boroughs and Mayoral Development Corporations	MCIL2 Charging Schedule Rate as Adopted 1 April 2019 (£ psm) [1]	MCIL2 Charging Schedule Rate Including Indexation for Calendar Year 2023 (£ psm)	MCIL1 Charging Schedule Rate Including Indexation for Calendar Year 2023 (£ psm)
Band 1	Camden, City of London, City of Westminster, Hammersmith & Fulham, Islington, Kensington & Chelsea, Richmond-upon-Thames, Wandsworth	£80	£86.06	£79.60
Band 2	Barnet, Brent, Bromley, Ealing, Enfield*, Hackney, Haringey, Harrow, Hillingdon, Hounslow, Kingston upon Thames, Lambeth, Lewisham, Merton, Redbridge, Southwark, Tower Hamlets, Waltham Forest, London Legacy Development Corporation (LLDC), Old Oak & Park Royal Development Corporation (OPDC)	£60	£64.55	£55.72
Band 3	Barking & Dagenham, Bexley, Croydon, Greenwich**. Havering, Newham, Sutton	£25	£26.89	£31.84

[1] Except for the rates for office, retail and hotel in Central London and the Isle of Dogs

Figure 1: A comparison of MCIL1 and MCIL2 indexed rates applicable for the 2023 calendar year[4]

4 *Enfield and Waltham Forest moved from MCIL1 Band 3 to MCIL2 Band 2
** Greenwich moved from MCIL1 Band 2 to MCIL2 Band 3

1.17 The MCIL2 charging schedule incorporates obligations from within the s106 Crossrail SPG for retail, office and hotel uses within Central London and the Isle of Dogs charge zone, however it does not incorporate obligations from such developments in the rest of London that are within 1km of a Crossrail station. The MCIL2 charge rates are summarised in the JLL MCIL2 Biennial Review report which informs this review and is appended as Annex A.

CHAPTER TWO

SCOPE/PURPOSE OF THIS REPORT

2.1 While there is no requirement in the CIL regulations for a review of CIL, the Department for Levelling Up, Homes and Communities (DLUHC) guidance does recommend that authorities keep charging schedules under review, taking account of changes in market conditions and the funding gap for infrastructure needed to support the development of the area. In London, any resultant formal review of the MCIL charging schedule should also link to substantive evidence informing the London Plan[5].

2.2 The first MCIL biennial review was undertaken in 2014 and the intention to undertake further biennial reviews of MCIL2 is stated in paragraph nine of the explanatory note accompanying MCIL2 Charging Schedule (2019). This states,

> *'In addition to the annual reports, the Mayor will continue to publish his MCIL biennial reviews.'*

2.3 The S106 Crossrail Planning Obligations SPG (2016) gave greater clarity on the scope of the Biennial Review. While this document is now superseded by MCIL2, an extract is included in Annex B.

2.4 Given the economic uncertainties associated with the Covid-19 pandemic recovery and build cost inflation exacerbated by the war in Ukraine, JLL were commissioned to provide an update on residential and commercial market conditions in London for this review. This included advice on the impact(s) of MCIL on commercial and residential development activity in London, including the ability of local planning authorities to raise their own CILs as well as to establish trends in MCIL receipts and how these may have changed following the introduction of MCIL2. JLL's initial report provided information up to July 2022 (Annex A), however a further market update addendum report was produced in December 2022 due to the further changing economic and political environment (Annex C).

2.5 This report considers:

- The 10 years of receipts from the MCIL and 12 years from the Crossrail s106;
- The evidence of the effect of MCIL on development activity across London;
- A review of the MCIL2 charges and boundary, and whether these require amendment;
- The progress that boroughs have made with their own CILs, the rates set, and whether the MCIL has affected the boroughs' ability to fund infrastructure;
- The Mayor's policies for both instalments and discretionary relief.

5 Paragraph: 045 Reference ID: 25-045-20190901, https://www.gov.uk/guidance/community-infrastructure-levy#charging-schedules-and-rates.

2.6 Generally, any proposed changes to the MCIL2 charge rates as a result of findings within a biennial review, would be considered during the development of a revised MCIL charging schedule. Any revisions to the MCIL Charging Schedule, in whole or in part, must follow the same processes as for the preparation, consultation, examination, approval, and publication of a charging schedule as set out in the CIL Regulations as amended. Any changes to the Mayor's CIL policies or discretionary relief could also be subject to consultation.

2.7 This review does not duplicate the matters covered by Mayoral annual reporting processes, with these elements incorporated within the GLA Annual Monitoring Report.[6]

6 https://www.london.gov.uk/programmes-strategies/planning/implementing-london-plan/monitoring-london-plan-2021

CHAPTER THREE

MCIL1, MCIL2 AND S.106 CROSSRAIL SPG RECEIPTS

MAYORAL CIL

3.1 Under the CIL Regulations the Mayor is a charging authority. The 32 boroughs, the two Mayoral Development Corporations (MDCs) and the City of London are the collecting authorities, collecting MCIL from across London on behalf of the Mayor.

3.2 Between April 2012 and Q2 2022/23, more than 20,000 development payments have been made in respect of MCIL1 and MCIL2. The trend in the total number and value of individual MCIL payments received since MCIL charging commenced is shown in Figure 2.

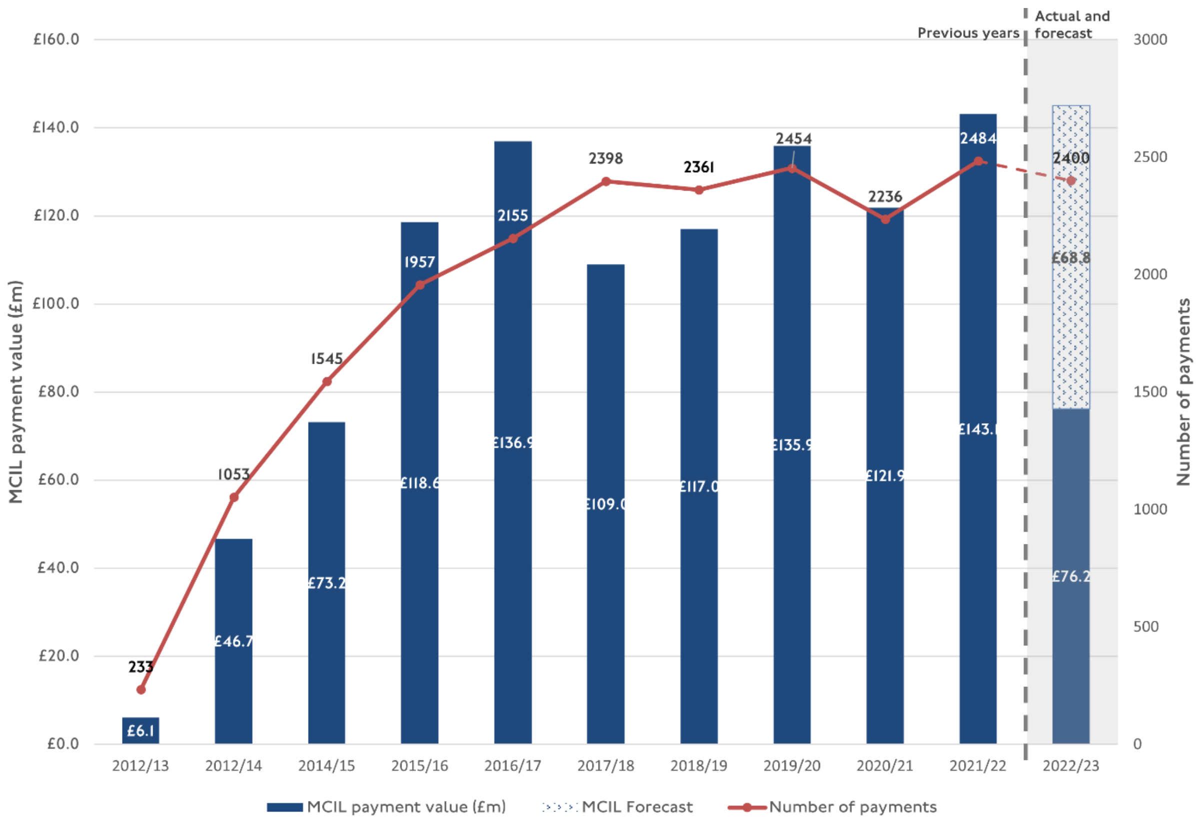


Figure 2: Number and value of MCIL development payments since 2012

3.3 MCIL payments are often used as a proxy for development activity, as the MCIL liability generally becomes payable following the commencement of development. Figure 2 and Annex D show that the number of individual payments continued to rise year on year to 2017/18 before levelling off to around 2,400 payments received in each of the three years prior to the Covid-19 pandemic. While the pandemic had some impact on the number of payments in 2020/21, as development activity paused during the first national lockdown, these have now settled and are in line with pre-pandemic levels. The number of payments in Q1 and Q2 2022/23 (1,139 payments) is on track to align with this general trend. Notably, the introduction of MCIL2 charges in 2019/20 had no discernible impact on the number of MCIL payments received.

3.4 Figure 3 demonstrates the distribution of development activity by number of developments rather than financial value. It shows a wide distribution of development activity across London, but considerable differences by collecting authority. At the lower end of the spectrum, the MDCs, Barking and Dagenham, and City have had the fewest number of individual MCIL payments (below 250 each). This is due in part to the small geographic area of these authorities, apart from Barking and Dagenham. By comparison, the authorities which have seen the highest number of receipts include Barnet, Croydon, and Wandsworth (1,000+ payments each).

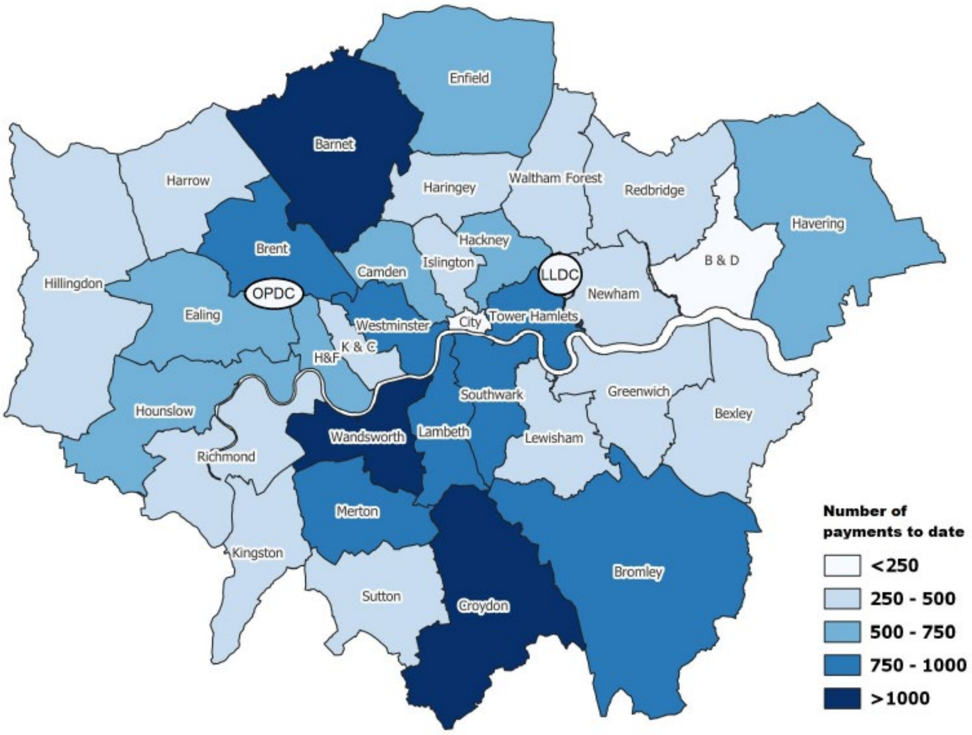


Figure 3: MCIL development activity across London since 2012

3.5 By the end of Q2 2022/23, just under £1.09 billion had been received in combined MCIL1 and MCIL2 receipts. Figure 2 and Annex E show the value of MCIL receipts over time. Annual receipts increased substantially year on year to a high of £136.9m in 2016/17 before falling in 2017/18 (due to the absence of large payments). Notwithstanding, in the three years prior to the Covid-19 pandemic annual returns increased steadily each year from £109m (2017/18) to £135.9m (2019/20), and it can be assumed that receipts would have continued to increase in 2020/21 if it were not for the pandemic. Notably, annual receipts quickly returned to pre-pandemic levels in 2021/22, and the return of £143.1m is the highest since charging commenced.

3.6 Pandemic aside, it is noted that the introduction of MCIL2 in 2019/20 did not adversely impact the annual monies received. This suggests that MCIL2 at the levels currently levied is affordable and not a significant factor impacting viability.

3.7 The value of MCIL receipts in Q1 and Q2 2022/23 was £76.2m. Despite the recessionary economic outlook in the Government’s Autumn Statement for 2023, MCIL receipts for 2022/23 are likely to be akin to the 2021/22 total, and around £150m.

3.8 Figure 4 shows the spatial distribution of receipts since 2012, with this presented in tabulated form in Annex E. As might be expected, there is a correlation between the volume and scale of development activity and the applicable MCIL charging rates. This shows that two authorities (Tower Hamlets and Westminster) have received receipts of more than £100m each, while authorities in north-east London, Richmond and Sutton have received receipts of less than £10m each.

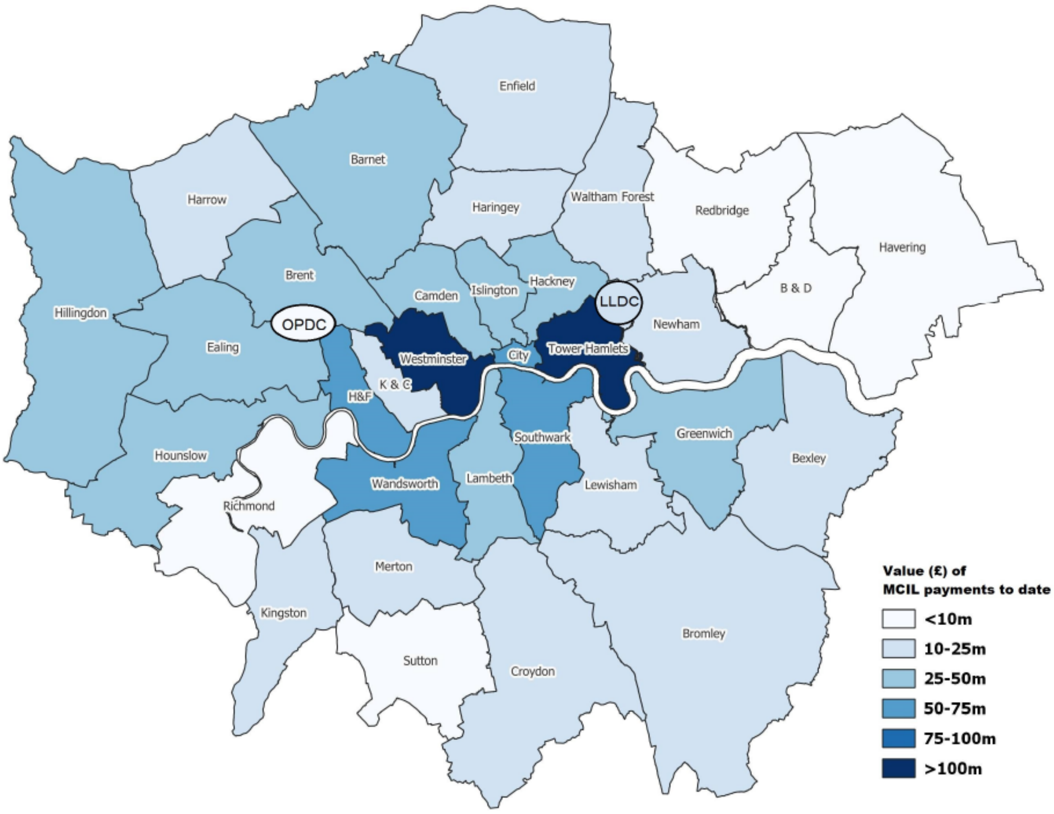


Figure 4: MCIL value of payments across London since 2012

3.9 Chapter 3 of the JLL report (Annex A) looked at the total MCIL receipts received by each London collecting authority and the total number of payments this correlates to. Figure 5 highlights that a key influence on the cumulative value of an MCIL receipt is the MCIL charge band itself. For example, authorities such as Croydon (Band 3) have a high number of payments and low MCIL receipt indicating the small value of those payments compared with authorities such as City (Band 1) which have a high total MCIL receipt compared with a lower total number of MCIL payments.

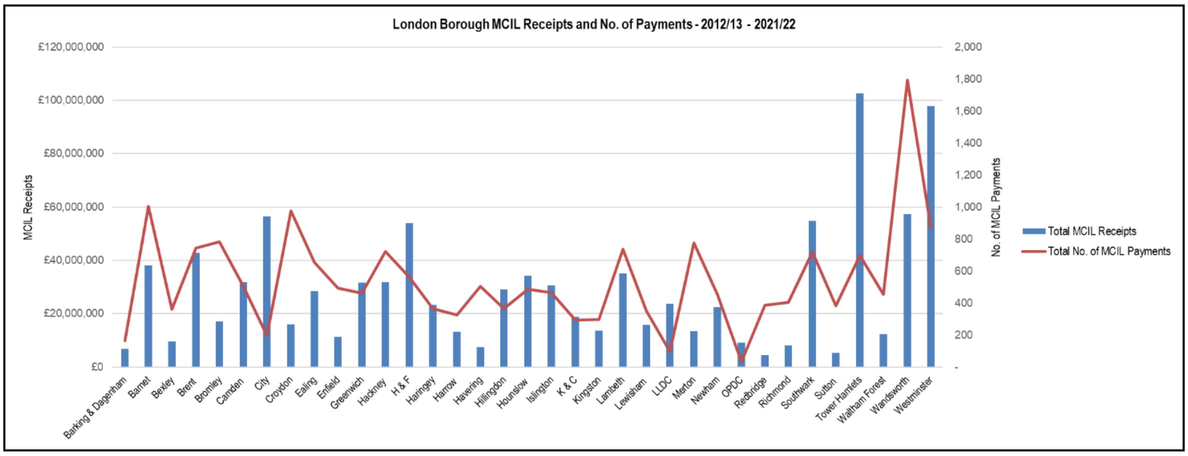


Figure 5: Total MCIL receipts / number of MCIL payments by London collecting authority

MCIL2 trends

3.10 The trend in MCIL1 and MCIL2 payment numbers since MCIL2 was introduced in April 2019 is detailed in Chapter 3 of the JLL Report (Annex A). Figure 6 below shows that the number of MCIL2 payments has increased year on year since 2019 and comprised 1,546 payments or 62 per cent of all payments received in 2021/22 compared to 974 (44 per cent) and 348 payments (14 per cent) respectively for the previous two years. Annex D shows that this upward trend has continued in 2022/23 and it is anticipated that MCIL2 payments will continue to grow to around 90 per cent by the end of 2022/23 as developments subject to the MCIL2 charge commence. This further suggests that MCIL2 payments are being absorbed into development appraisals without unduly affecting development activity.

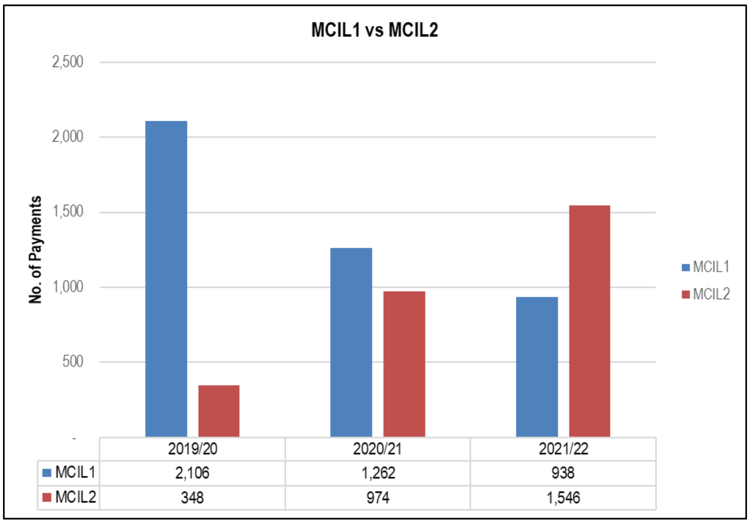


Figure 6: Number of MCIL1 vs MCIL2 payments: 2019/20 – 2021/22

3.11 Similarly, Figure 7 shows that the value of MCIL2 payments, as a proportion of the total return, has increased year on year and comprised 75 per cent (£107m/£143m) of the 2021/22 return value (compared to 46 per cent or £56m/£122m, and 13 per cent or £18m/£136m, respectively for the previous two years). In the first half of 2022/23 this trend has continued (89 per cent), and it is anticipated that this will continue an upward trend but may settle at around 95 per cent in 2022/23 due to the continued collection of historic payments and large phased developments subject to the MCIL1 charge

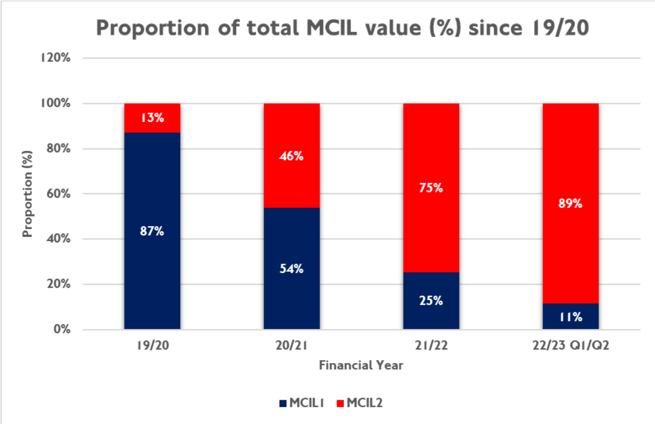


Figure 7: Annual proportions of MCIL1 and MCIL2 payment values since 2019/20

Development activity in the Central London and Isle of Dogs charging zones

3.12 The MCIL2 Charging Schedule has specific rates for retail, office and hotel uses which fall within the Central London and Isle of Dogs charge zones[7]; for all other CIL liable uses in these areas the boroughwide Mayoral CIL rate applies. Figure 8 and Annex F show the value of MCIL2 payments generated from retail, office and hotel uses within the Central London and Isle of Dogs charge zones as a proportion of all MCIL2 receipts. This shows that such receipts amount to £45.5m and have increased year on year from 10 per cent in 2019/20 (£1.8m of £18m) when MCIL2 was introduced to 26 per cent in 2021/22 (£27.6m of £107m), with this trend likely to continue to 2022/23 as further developments subject to the MCIL2 charge rates commence.

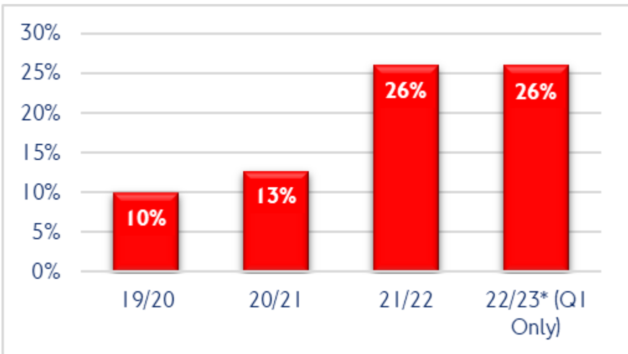


Figure 8: Central London and Isle of Dogs charge zone MCIL2 receipts as a percentage of all MCIL2 receipts

7 The MCIL2 Charging Schedule adopted in 2019 has specific rates for office (£185p sqm), retail (£165 per sqm) and hotel (£140 per sqm) uses within Central London and the Isle of Dogs.

3.13 Further analysis by JLL of MCIL2 receipts for retail, office and hotel uses within the Central London and Isle of Dogs is shown in Figure 9 (and Annexes A and F). This shows that offices make up the largest proportion of the MCIL2 receipts generated in these charging zones, and in 2021/22, of the £27.6m received, £23.8m was from such developments. This is not unexpected as office development has historically been much more significant in Central London and the Isle of Dogs than either retail or hotel uses in terms of development volumes. It is anticipated that this trend will continue, and receipts from office uses will comprise the lion’s share of all receipts within these zones.

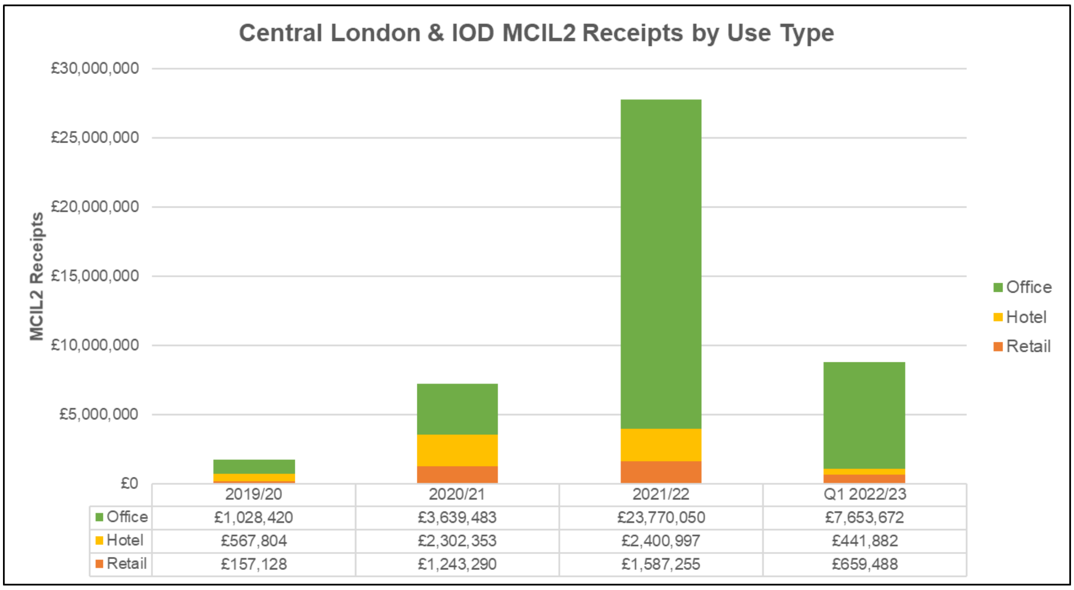


Figure 9: Central London and Isle of Dogs charge zone MCIL2 receipts by use type

3.14 Figure 10 (Annex F) shows the spatial distribution of cumulative receipts received within these charge zones from the introduction of MCIL2 to Q2 2022/23. Of the £59.2m gathered from office, retail, and hotel developments within these areas, a significant proportion (77 per cent) was received by three authorities: Westminster (£15.7m), City (£15.6m) and Southwark (£14.5m). The receipts clearly depend upon development activity associated with such uses, as well as the extent of the Central London and Isle of Dogs charge zone within an authority’s charge area. For example, the Central London charge zone only covers a small part of the Hackney charge area and consequently receipts there are low £637k (1 per cent).

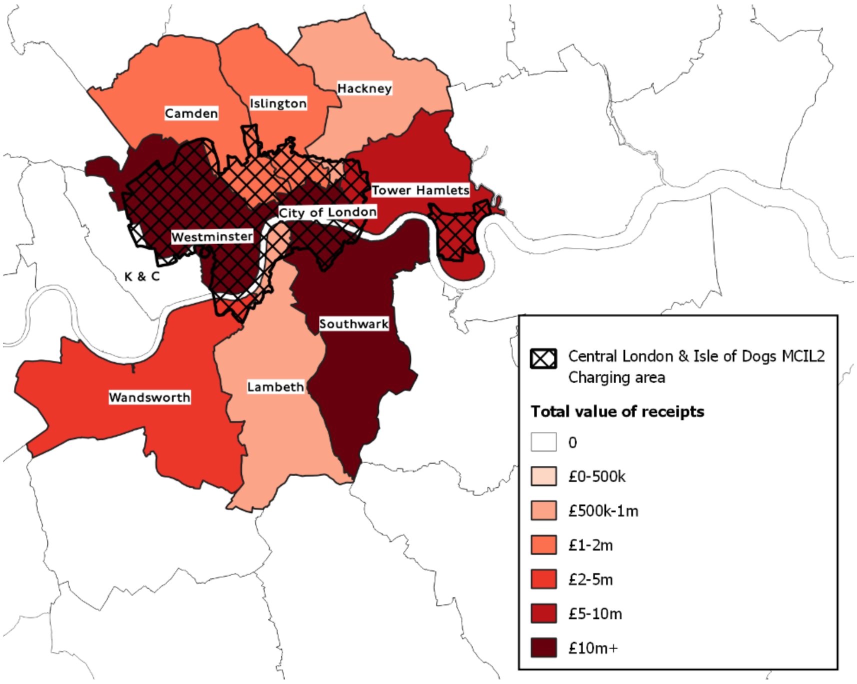


Figure 10: Spatial distribution of MCIL2 receipts for retail, office and hotel uses within Central London and the Isle of Dogs charge

3.15 The evidence presented by JLL (Annexes A and C), and discussed later in this report, suggest that the underlying amount of new development coming forward across London is generally dependent on use type, and that for some uses the change in development volumes is more likely to be a result of wider economic issues and less to do with the introduction of MCIL2.

3.16 As mentioned previously, MCIL receipts are being used to repay Elizabeth line financing by 31 March 2043. There are MCIL administrative arrangements in place for the collection of the Mayoral CIL, and these are working well. These involve quarterly reporting by the 35 collecting authorities, followed by financial transfer, and are supported by regular and active meetings of the CIL Collection Group, at which all London collecting authorities, TfL, GLA and DLUHC are represented.

Crossrail s106 SPG receipt trends

3.17 Crossrail s106 SPG obligations have contributed £161.3m (13 per cent) of all receipts generated toward the cost of the Elizabeth line to date. Like MCIL2, receipts were generated from limited zones in London (principally Central London and the Isle of Dogs, and within 1km of a Crossrail station) and from limited uses (office, retail and hotel). However, the two revenue streams interact and MCIL payments have been taken as a credit against s106 Crossrail obligations. Consequently, this has depressed the s106 receipt.

3.18 While the Section 106 SPG is superseded by the MCIL2 Charging Schedule, contributions are received from developments granted planning permission prior to 1 April 2019. Figure 11 shows the contribution that such receipts have made over time (pre and post MCIL2). As expected, these have declined sharply since 2020/21, as developments subject to the MCIL2 charge commence. No s106 SPG receipts have been received in the first half of 2022/23.

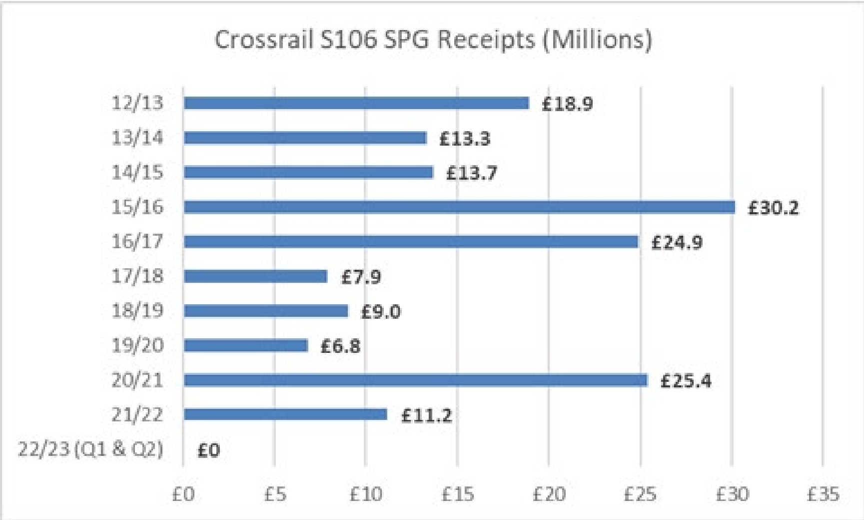


Figure 11: Crossrail s106 SPG receipts since 2012

LOOKING FORWARD

3.19 The results for the first half of 2022/23 suggest that strong MCIL revenue of around £35m per quarter will continue in the short term and it is estimated that the receipt for 2022/23 financial year could be around £150m. While the impact of the recent economic downturn on development activity in London is less clear in the medium term; as receipts are directly related to the development pipeline and several other factors (such as the CIL regulations, national planning policy, location of development, interest rates, and inflation rates). The JLL market update and addendum reports (Annexes A and C) indicate that there is a considerable amount of uncertainty in the real estate market, particularly as it relates to the wider economy and rising interest rates/borrowing costs and build cost inflation. However, build cost inflation is expected to moderate from 2023 onwards (Annex C, para 2.7.4). Meanwhile, JLL indicate that reducing development volumes may result (Annex A, para 4.3.7). Notwithstanding, the Mayor is on track to repay Elizabeth line financing by 31 March 2043.

CONCLUSION

The introduction of MCIL2 (in combination with MCIL1 and Crossrail s106 planning obligations) is not considered to have had any discernible adverse impacts on development activity in London, with just under £1.25 billion raised from these sources to finance the Elizabeth line. However, a changing economic outlook could impact development activity going forward. Despite this, the Mayor is currently on track to successfully repay Elizabeth line financing by 31st March 2043.

CHAPTER FOUR

THE EFFECT OF MCIL2 & OTHER MARKET FACTORS ON DEVELOPMENT ACTIVITY

4.1 To inform the Biennial Review JLL provided an overview of the market to July 2022, and this is presented in Annex A. However, due to changing economic and political conditions in the months that followed, an addendum to the market report was prepared in December 2022, and this is presented in Annex C. The JLL report and addendum provide commentary on development and market activity for five major land uses across the Capital including: residential, office, retail, hotel, and industrial uses, with key market events; Brexit, MCIL2 and the Covid-19 pandemic considered. Findings for each of these uses are included below.

Residential

4.2 Residential development constitutes most of the development across the Capital. Figure 12 shows residential starts from 2010 to 2019, with data from various sources: EPC, DLUHC and Molior[8]. This shows that starts on site increased from 2010 to 2014 and have been relatively stable since 2014. JLL found no correlation between the introduction of MCIL1 (2012) or MCIL2 (2019) and residential development volumes, with changes/fluctuations in residential starts more likely to be a result of wider economic issues rather than with the introduction of MCIL.

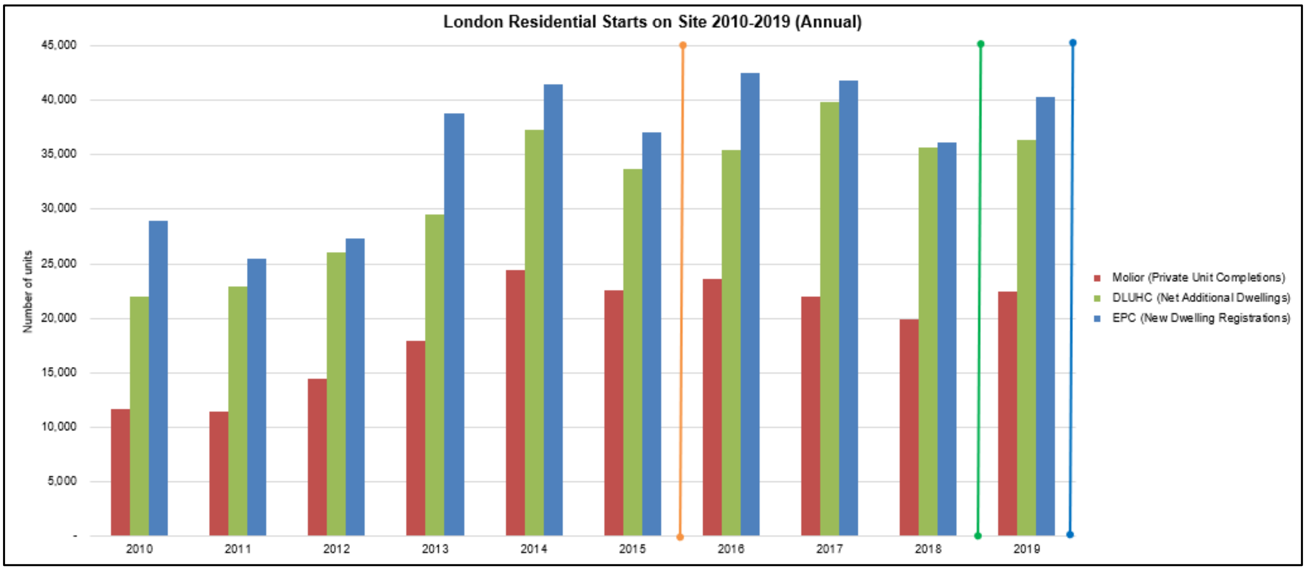


Figure 12: Residential development starts on site

4.3 The addendum report highlights that the residential market has been impacted by rising Bank of England base interest rates with these increasing from a low of 0.1 per cent during the Covid-19 pandemic to 3 per cent in November 2022. This has

8 Residential completions data is a more accurate data source and JLL used this as a proxy for residential starts assuming a two year build out rate, with developments commencing in 2019 completed in 2021.

resulted in increased mortgage costs for many, and when coupled with the rising cost of living and high inflation, has severely impacted the residential market.

Affordable housing

4.4 Through policies in the London Plan (published March 2021) and the SPG on Affordable Housing and Viability (Homes for Londoners), (published August 2017), the Mayor aims to boost the overall amount of affordable housing coming through the planning system. The JLL report (Annex A) shows that affordable housing starts increased year on year since 2015/16, apart from in 2020/21 (Covid-19 pandemic).

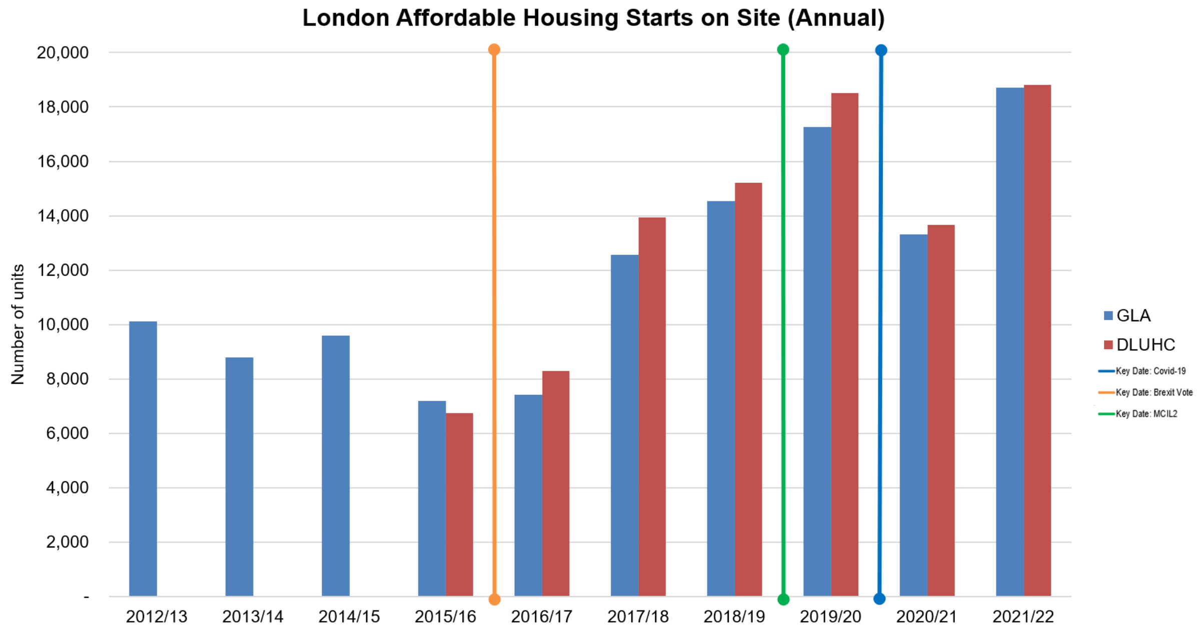


Figure 13: Affordable housing starts on site

Office

4.5 London office construction starts data from various sources is presented in Figure 14. This shows that office construction has been relatively volatile over recent years following a peak in starts in 2015/2016. While JLL found that the volume of development starts in any given year can be heavily influenced by one or two large schemes, the Covid-19 pandemic lockdowns had a key impact on construction levels in 2020. Moreover, JLL indicate that the pandemic has changed views on the balance between working from home and in the office, and it is unclear if/how this will affect office demand in future. This is compounded by a slowdown in investment activity due to the economic downturn. Notwithstanding, this is counterbalanced by a growing demand for new Grade A office space which meets stringent environment, social and governance (ESG) policies.

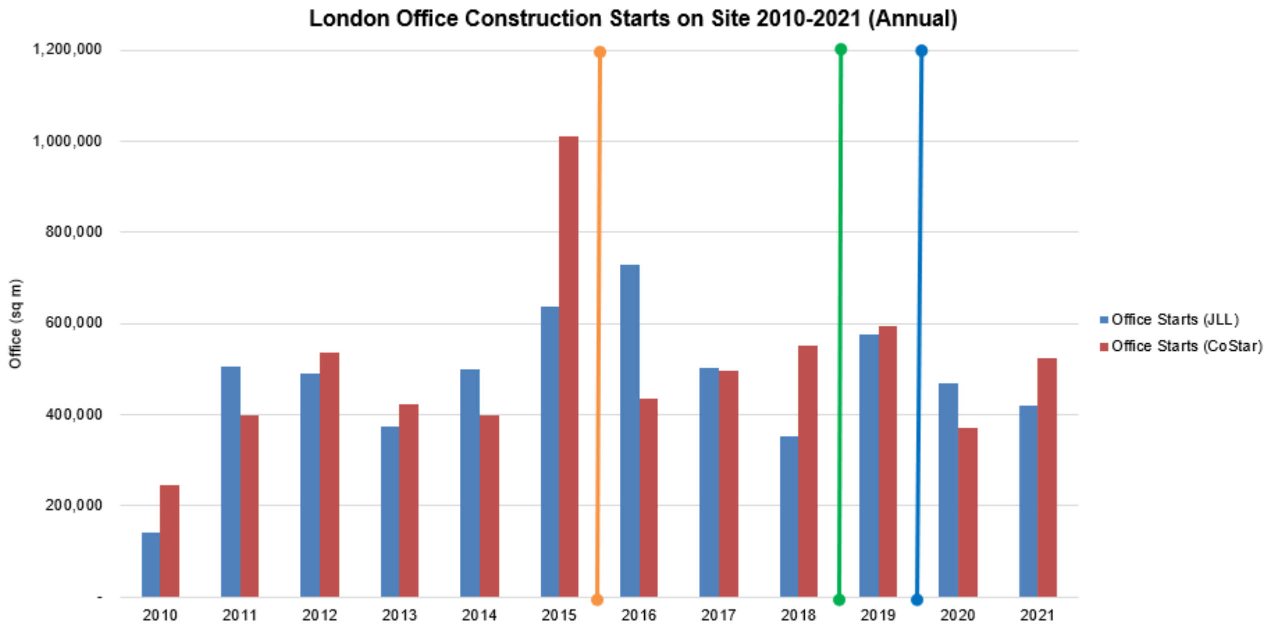


Figure 14: Office development starts

Retail

4.6 Figure 15 shows that retail starts and completions have reduced significantly in recent years, with the market severely affected by the shift in demand to online shopping—a trend exacerbated by the Covid-19 pandemic and reduced spend due to the cost of living crisis. JLL found that this has disproportionately affected single use retail developments compared to retail which forms a supporting ground floor use in a mixed-use scheme development. Generally, it is anticipated that the number of retail starts and completions will continue to decline overall.

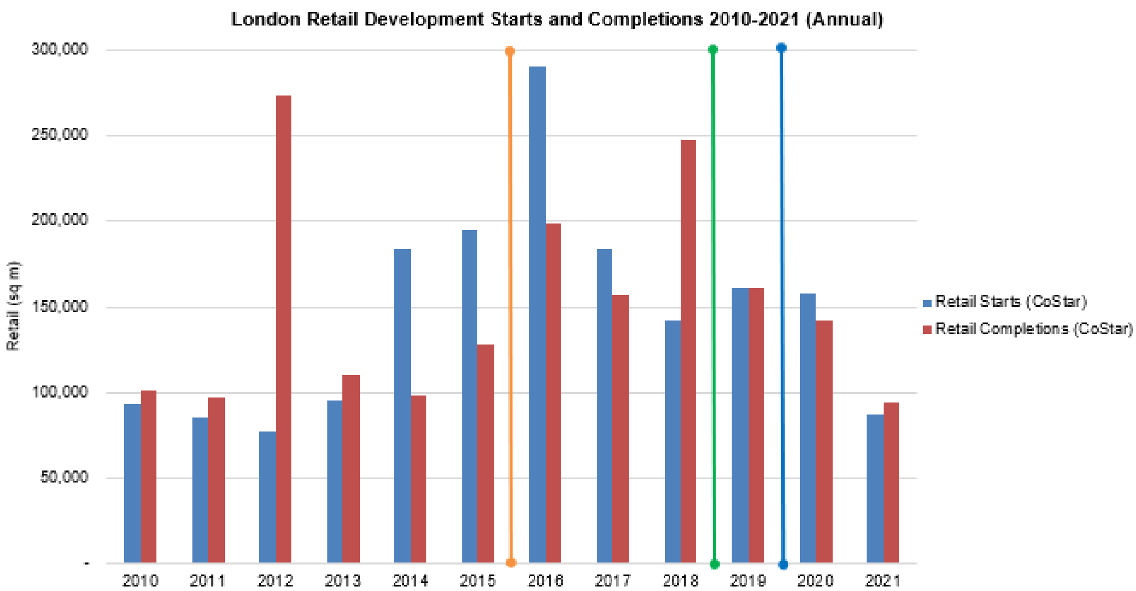


Figure 15: London retail development starts and completions

Hotel

4.7 The number of additional hotel rooms being developed is volatile (Figure 16) and variations in supply are largely based on opportunity rather than economic factors. The JLL addendum report states that the hotel market is showing strong occupancy with the return of international visitors (pandemic recovery) fuelled by a weak pound, and it is anticipated that the total supply of hotel rooms may increase by seven per cent in the next two to three years.

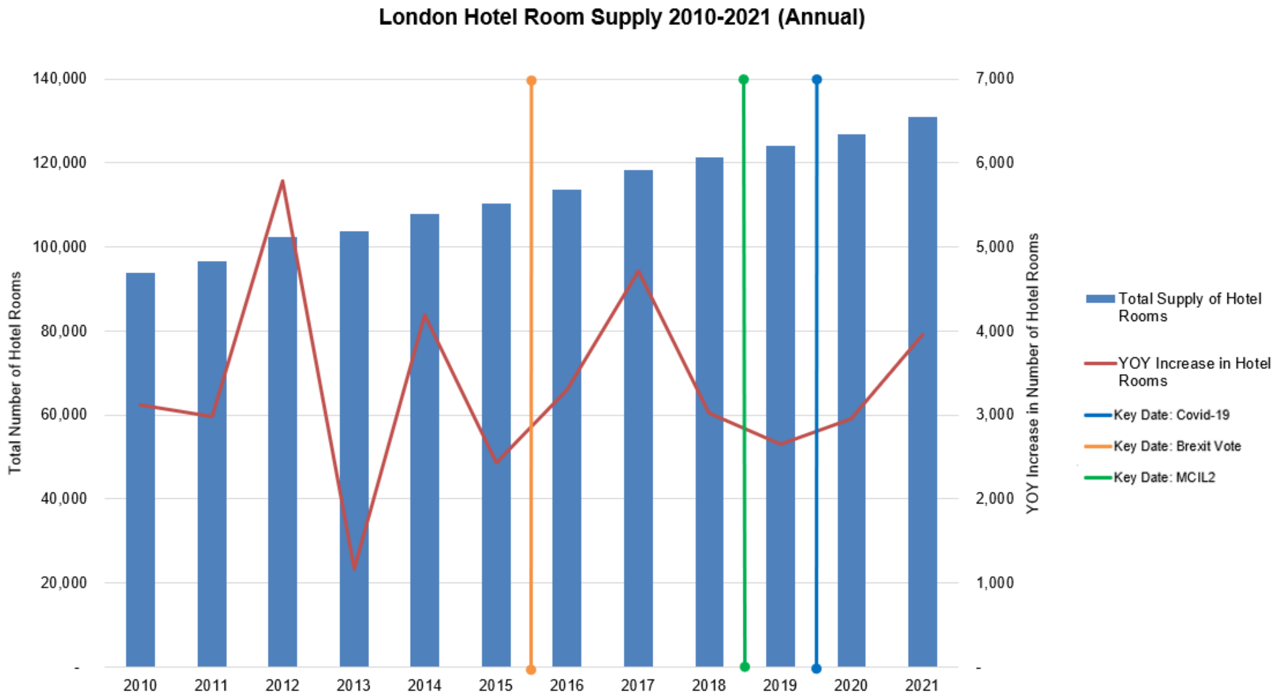


Figure 16: London hotel room supply 2010 – 2021

Industrial

4.8 The industrial market has been subject to high levels of demand which has created significant growth in values. This shift is fuelled by both the historic release of industrial land for other uses and growing ecommerce (and the associated storage and distribution space required to accommodate this). Figure 17 shows that industrial starts and completions have been somewhat volatile. This is thought to be due in part to the interaction between high demand and values and lack of land supply, which has made delivery challenging despite strong developer interest. Despite this, the JLL addendum report notes that rising fuel and labour costs, and inflationary pressures are having a cooling effect on the market, with these correcting values to a more stable level.

Figure 17: Industrial development starts and completions

Review of developer issues

4.9 JLL conducted research which looked at the latest annual financial reports of 15 major developers to see if MCIL is mentioned as a significant developer risk. The results are presented in Figure 18 below. This shows that major developer concerns are costs associated with sustainability/carbon net zero, economic uncertainty and build cost inflation, with only one developer raising local CIL and the proposed Infrastructure Levy as a potential risk.

Firm	Document	CIL	MCIL	Infrastructure Levy	Affordable Housing	SDLT	Land Cost/ Avaiiability	Building Cost (inflation)	Planning System	Covid-19	Economic Uncertainty	Retail Values	Sustainability / Net Zero Carbon	Legislation
Berkeley Group	2022 Annual Report	Yes	No	Yes	No	Yes	No	Yes	No	Yes	Yes	No	Yes	Yes
Barratt Developments	2022 Annual Report	No	No	No	No	No	No	Yes	Yes	Yes	Yes	No	yes	Yes
Taylor Wimpey	2021 Annual Report	No	No	No	No	No	No	Yes	Yes	Yes	Yes	No	Yes	Yes
Bellway	2021 Annual Report	No	No	No	No	No	No	Yes	Yes	Yes	Yes	No	Yes	No
U+I	2021 Annual Report	No	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	No
L&Q	2022 Annual Report	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Notting Hill Genesis	2021 Annual Report	No	No	No	No	No	No	No	No	Yes	No	No	Yes	Yes
A2Dominion	2021 Annual Report	No	No	No	No	No	No	No	Yes	Yes	No	No	Yes	Yes
Circle	2022 Annual Report	No	No	No	No	No	No	Yes	No	Yes	Yes	No	No	No
Landsec	2022 Annual Report	No	No	No	No	No	Yes	Yes	No	Yes	Yes	Yes	Yes	No
British Land	2022 Annual Report	No	No	No	No	No	No	Yes	No	Yes	Yes	Yes	Yes	No
Hammerson	2021 Annual Report	No	No	No	No	No	No	No	No	Yes	No	Yes	Yes	No
Great Portland Estates	2022 Annual Report	No	No	No	No	No	No	Yes	No	Yes	No	Yes	Yes	No
Derwent London	2021 Annual Report	No	No	No	No	No	No	Yes	No	Yes	No	No	Yes	No
SEGRO	2021 Annual Report	No	No	No	No	No	Yes	Yes	No	Yes	Yes	No	Yes	No

Figure 18: Key Issues highlighted by 15 major developers in their annual reports

4.10 The effects of build cost inflation as a major developer concern are further noted in the JLL addendum report where some commentators suggest that this is averaging at approximately 5.5 to 6 per cent (Tender Price Index) across all project types during 2022. However, it is forecast by many that such costs will continue to rise but at a more moderate level during 2023 and beyond.

4.11 Based on the evidence above, it is reasonable to conclude that the introduction of MCIL2 in 2019, while potentially adding to development costs, has not been a major consideration affecting development activity across the different uses it applies to. Other factors such as structural changes in the way we shop and work, and rising build costs have a greater impact on development activity. While development activity is cyclical, MCIL is only one of several factors, and a relatively minor one, influencing movement in the property market.

CONCLUSION

The introduction of MCIL2 in 2019, while potentially adding to development costs, has not been a major consideration affecting development activity across the different uses it applies to

CHAPTER FIVE

THE MCIL2 CHARGE

5.1 The JLL report (Annex A) reviewed the three MCIL2 boroughwide charge bands, the retail, office and hotel use rates in the Central London and Isle of Dogs charge zone, and the Central London and Isle of Dogs charge zone boundary itself to establish if these remain appropriate or require amendment/modification.

Boroughwide charge bands

5.2 In establishing the relevant MCIL2 (and MCIL1) charge band for each authority, Land Registry average house price data is used as a key indicator for viability, with this used as a proxy for residential and commercial viability. This approach was supported at both the MCIL1 and MCIL2 Examinations.

5.3 In monitoring this data, JLL looked at average house prices for each collecting authority (apart from the MDCs) from April 2019 to June 2022 and compared this to each authority's associated MCIL2 charge band. The analysis (Annex A, Chapter 5) indicates that the MCIL2 charge bands remain appropriate based on mean house prices and that there are no significant changes since MCIL2 was introduced which would justify a change to the MCIL2 boroughwide charge bandings. Figure 19 below summarises the findings.

London Borough	April 2019 Mean House Price	June 2022 Mean House Price	MCIL2 Charging Band	House Price Growth
Kensington & Chelsea	£1,264,889	£1,386,918	Band 1	9.65%
Westminster	£993,115	£953,746	Band 1	-3.96%
City of London	£738,797	£833,787	Band 1	12.86%
Camden	£820,812	£822,888	Band 1	0.25%
Richmond upon Thames	£639,470	£768,693	Band 1	20.21%
Hammersmith & Fulham	£713,758	£762,708	Band 1	6.86%
Islington	£620,328	£713,958	Band 1	15.09%
Wandsworth	£578,173	£636,483	Band 1	10.09%
Hackney	£570,456	£623,021	Band 2	9.21%
Barnet	£512,343	£601,705	Band 2	17.44%
Haringey	£529,601	£590,997	Band 2	11.59%
Merton	£501,459	£574,218	Band 2	14.51%
Southwark	£486,308	£546,768	Band 2	12.43%
Kingston upon Thames	£474,631	£545,699	Band 2	14.97%
Lambeth	£499,236	£543,754	Band 2	8.92%
Ealing	£461,458	£536,975	Band 2	16.36%
Brent	£486,253	£525,733	Band 2	8.12%
Harrow	£446,825	£523,681	Band 2	17.20%
Bromley	£431,643	£504,000	Band 2	16.76%
Waltham Forest	£432,174	£499,717	Band 2	15.63%

Tower Hamlets	£433,632	£480,866	Band 2	10.89%
Redbridge	£402,053	£471,166	Band 2	17.19%
Hillingdon	£404,953	£466,304	Band 2	15.15%
Lewisham	£400,734	£453,989	Band 2	13.29%
Enfield	£393,880	£450,499	Band 2	14.37%
Hounslow	£394,788	£446,521	Band 2	13.10%
Greenwich	£381,586	£437,981	Band 3	14.78%
Sutton	£368,212	£437,539	Band 3	18.83%
Havering	£358,877	£427,241	Band 3	19.05%
Croydon	£363,627	£419,690	Band 3	15.42%
Newham	£366,957	£414,451	Band 3	12.94%
Bexley	£339,330	£394,607	Band 3	16.29%
Barking & Dagenham	£295,498	£343,513	Band 3	16.25%

Figure 19: London borough mean house prices vs MCIL2 charging band

Central London and Isle of Dogs charge zone

5.4 JLL also undertook a review of the MCIL2 Central London and Isle of Dogs charge zone boundary to ensure that this captures commercial markets with similar viability characteristics but without adding unduly to the complexity of administering MCIL. In establishing the MCIL2 charge rates for office, retail and hotel uses within this charge band, JLL used office rental values as a key indicator of viability, with these generally higher within the charge zone. This approach was supported at the MCIL2 Examination.

5.5 In reviewing the rental value data as published by major property agents, JLL was able to assess areas deemed by agents as 'central London', both within and outside the charge zone boundary. As rental values change over time, further consideration was given to areas with similar viability characteristics to those within the charge zone itself. In such instances, JLL conducted some limited viability appraisal work to establish if there was evidence to support a possible extension/change to the charge zone boundary (full details are provided in Annex A, Chapter 6).

5.6 In summary, JLL found that office rental growth across London between 2019 and 2022 is varied, with some sub-markets witnessing a decline in prime rental levels. For those areas outside of the Central London and Isle of Dogs charging zone, White City, Ealing and Richmond have all seen rental growth exceeding 10 per cent. In contrast, Hammersmith, Stratford and Camden have all seen a decrease in the prime rental levels during this time.

5.7 Similarly, for those areas within the Central London and Isle of Dogs charging zone, Paddington, Waterloo and Canary Wharf have all seen office rental growth in excess of 8 per cent. In contrast, the Bloomsbury and Vauxhall sub-markets have witnessed a decline of at least 4 per cent during this period. Tables 9 to 11 of the JLL report (Annex A) provide a rental comparison of sub-markets within and outside the Central London and Isle of Dogs Charge Zone.

5.8 Following a limited viability analysis[9] and rental comparison, JLL confirm that there could be scope to extend the Central London and Isle of Dogs charge zone boundary to include the following sub-markets:

a) Kensington-Chelsea-Belgravia, White City and Hammersmith

b) Richmond and Wimbledon

c) Camden so that the MCIL2 boundary aligns with Zone A of the LB Camden CIL Charging Schedule

5.9 However, apart from in Camden, an extension to the boundary is not considered appropriate given a lack of land/opportunities for new build development and the undue additional complexity to MCIL it would create.

5.10 Meanwhile, structural changes in the office and retail markets (referred to in Chapter 4), compounded by rising interest rates and build costs inflation mean that volatility remains for now. As such, JLL conclude that there is no persuasive evidence at this time to justify a change from the MCIL2 charge bands and Central London and Isle of Dogs boundary.

RECOMMENDATION

It is considered prudent at this stage, due to the uncertain economic backdrop of rising interest rates and build cost inflation, to retain the MCIL2 charge bands and the Central London and Isle of Dogs boundary as agreed at the MCIL2 Examination

9 This included a review of viability evidence undertaken by local authorities in support of local plans and local CIL charging schedules.

CHAPTER SIX

LOCAL CILS ANALYSIS

6.1 A key rationale in developing the charging rates for the MCIL was that they would be set at a modest level so that the MCIL would not have a detrimental impact on the viability of development in London. The Examiner's report on the proposed MCIL2 charges commented that he considered,

> *'the viability assessment to be robust and conclude that the rates proposed would not threaten delivery of the London Plan 2016. The proposed rates are justified'.*

6.2 The GLA and TfL have reviewed the local CIL Draft Charging Schedules (DCS) as they have come forward. No viability evidence has suggested that the MCIL alone or in combination with any agreed local CIL would have an adverse viability impact resulting in less development.

6.3 Of the 33 local CILs that have been through the Examination process (including those that have been reviewed and increased), the majority have been approved without any changes to the rates proposed. Of those where changes to charging rates have been suggested, these were predominantly minor downward revisions affecting only some of the uses identified within a charging schedule.

6.4 In preparing local CILs, councils are required to identify infrastructure needs and funding gaps, and to develop CIL rates while considering the potential effects on the economic viability of development across their areas. There has been no indication that the MCIL2 charge is likely to have a damaging effect on authorities' ability to secure required s106 contributions or will adversely affect development viability across London.

6.5 At the time of writing, 33 London authorities have implemented local CILs following an independent Examination of their proposed charging schedules. Only two authorities: Ealing and OPDC are without an adopted charging schedule and therefore not levying a local charge, although OPDC have recently consulted on a Draft Charging Schedule.

6.6 Of the 33 authorities with an adopted charging schedule, seven authorities (Barnet, Camden, Haringey, Lambeth, LLDC, Southwark and Tower Hamlets) have successfully adopted revised charging schedules, with Barnet and Haringey adopting revised charges most recently in March 2022.

6.7 A further four authorities (Hounslow, Lewisham, Redbridge, and Waltham Forest) are in the process of reviewing their schedules. Of these, some propose to increase existing charges for all or part of the charge area, while others are to introduce new rates for uses such as student accommodation, or a combination of the two.

6.8 London has embraced and implemented the CIL regime and the map (Figure 20) illustrates current CIL progress across London, and local CIL trackers 1 and 2 in

Annex G provide more detail in respect of local CIL charges and timescales for those authorities in the process of reviewing their charging schedules.

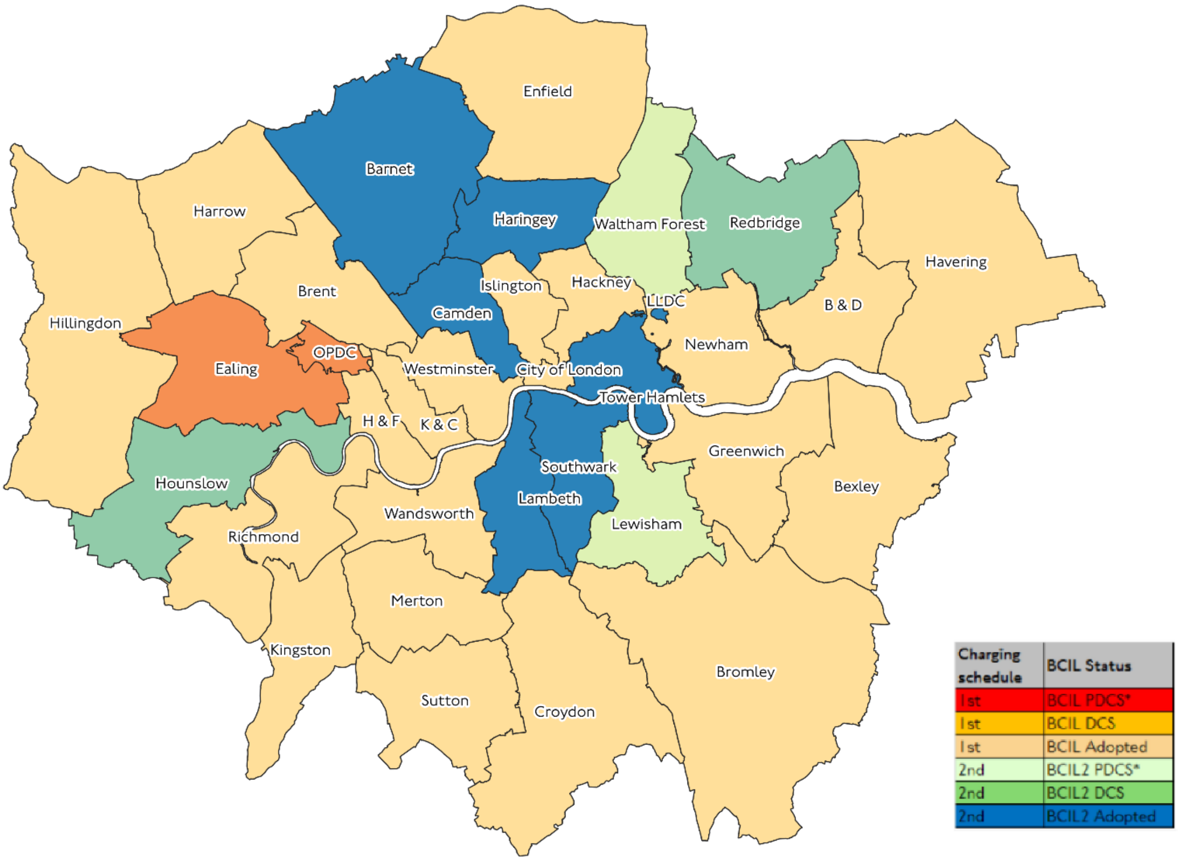


Figure 20: London charging authority CIL and CIL review progress

6.9 Figure 20 also shows that authorities across London have been able to bring forward and get approval for local CILs taking full account of MCIL2. Authorities have typically developed finer grained local CIL rates based on the varying viability both spatially and by land use across their areas.

6.10 Contributing receiving authorities are required to produce an Infrastructure Funding Statement (IFS) by 31 December for the previous financial year. The IFS must include details of CIL (and s106) income, expenditure and future committed spend. The most recent data is for the 2021/22 financial year, with reported income and expenditure occurring partly during the winter 2021 Covid-19 pandemic restrictions.

6.11 Local CIL receipts make an important contribution to delivering infrastructure across London. However, the total amount of CIL received by each charging authority is influenced by factors such as the rates levied (subject to viability), the level of development activity and the duration that a charging schedule has been in operation. Figure 21 shows annual local CIL receipts collected across London since

2013/14; cumulative receipts passed the £1 billion mark in 2020/21, and in 2021/22 amount to over £1.4billion.[10]

6.12 Figure 21 (and Annex H) also show a year-on year increase in income to £288m in 2019/20. However, in 2020/21 there was a substantial decrease in annual income due to the pandemic and its impact on development activity. While development activity recovered somewhat in 2021/22 to £264m, it is anticipated that local receipts will recover over the next couple of years to pre-Covid-19 pandemic levels.

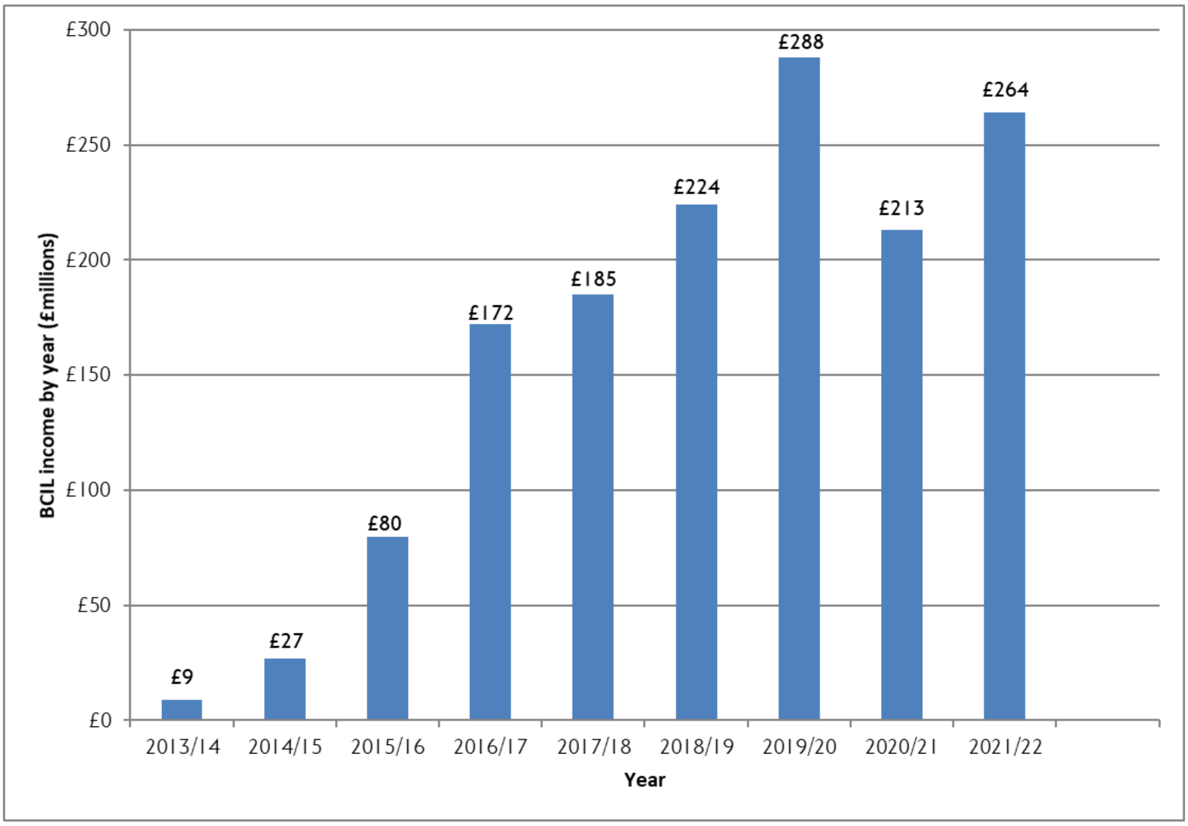


Figure 21: Cumulative local CIL income 2013/14 to 2021/22

6.13 Unlike MCIL, which can only be spent on strategic transport infrastructure, local CIL can be spent on a range of infrastructure that supports growth in line with local plans. This means that collecting authorities face competing demands for this funding, from healthcare and education to open space and transport, and these pressures are only increasing with the impacts of austerity and the pandemic. Annex I presents local CIL expenditure by infrastructure type and for each authority levying a charge in 2021/22. While local CIL expenditure had increased year on year to £167m in 2019/20. It fell for the first time in 2020/21 to £127.5m due to the impact of the pandemic and improved slightly in 2021/22 to £130.7m. Notably, the final figure for 2021/22 is likely to increase as two authorities mentioned above are yet to report. Notwithstanding, it is anticipated that expenditure will return to pre-pandemic levels in future.

10 This figure is likely to increase further as two authorities (Barking and Dagenham, and Harrow) are yet to report or are in the process of reporting.

RECOMMENDATION

The introduction of revised MCIL2 rates in 2019 has not impacted the ability of London charging authorities to introduce, review and operate local CILs within their areas.

CHAPTER SEVEN

INSTALMENTS POLICY

7.1 Under the CIL Regulations, charging authorities can provide for payment by instalment. If no instalment policy is in place, then payment in full is due within 60 days after development is commenced. The first MCIL Instalment Policy took effect on 1 April 2013, allowing for payments over £500,000 to be paid within an extended period of 240 days. This instalment policy was superseded for developments commencing from 1 January 2018. The revised policy lowered the instalment threshold to payments over £100,000, also allowing for these to be paid within the same extended period of 240 days.

7.2 The regulations stipulate that should a London charging authority introduce a different instalment policy when implementing their own local CIL, then this local instalment policy will have precedence.

7.3 Of the 33 authorities with their local CILs in place, one third have chosen to continue using the MCIL instalments approach (see Annex J). The remaining two thirds have chosen to introduce their own instalment arrangements. Of these, 12 allow instalment payments to be triggered at a higher threshold than that set by the Mayor. Only 3 authorities: Sutton, Wandsworth and Westminster have a threshold lower than that of the Mayor.

7.4 The application of the CIL regulations requires instalments policies to be triggered when the aggregate CIL payment (MCIL and local CIL) exceeds the instalments threshold. Four of the seven authorities with revised local charging schedules: Barnet, LLDC, Southwark and Tower Hamlets apply the MCIL instalment policy to developments within their area (Figure 20 and Annex J). Often the revised local CIL rates are higher and when combined with the lower MCIL instalment threshold mean that the instalment policy applies to a larger number of developments.

7.5 At the time of the 2016 Review, the majority (around 85 per cent) of MCIL payments in excess of £500k were utilising the opportunity to pay by instalments. During the past year, many payments between £250k to £500k have been via instalments (around 75 per cent), and the revised MCIL instalment policy has helped facilitate this.

7.6 The experience in terms of instalments payments to date suggests that the MCIL approach is reasonable and is working well. Should change be appropriate, authorities can modify and impose their chosen approach to instalments if local circumstances require.

RECOMMENDATION

It is considered that the current arrangements on payment by instalments remain appropriate.

CHAPTER EIGHT

DISCRETIONARY RELIEF

8.1 Mandatory relief applies in respect of charities, social housing and self-build housing as defined within regulations 43, 49 and 54A respectively. There are also three types of discretionary relief that can be offered under the CIL Regulations: Charitable, Exceptional Circumstances, and Social Housing should a charging authority decide to introduce such a policy.

8.2 The Mayor chose not to offer any discretionary reliefs in bringing forward the MCIL in 2012 and maintained this approach in adopting the revised MCIL charging schedule in 2019. The Mayor did not wish to make the administration of CIL across London unduly complex and burdensome. He did, however, apply zero charging rates in respect of both education provision and medical or health services.

8.3 Authorities bringing forward their own local CILs have taken differing approaches to the three forms of discretionary relief that can be offered, and these are tabulated in Annex K. This shows that most authorities have, so far, taken a cautious approach to potential discretionary reliefs with only a third making one or more forms of relief available. The majority of these relate to exceptional circumstances relief, although there is little evidence to date of much use of any of the three potential discretionary reliefs.

8.4 Furthermore, since the last biennial review in 2016 only two authorities have introduced discretionary reliefs: Harrow (discretionary social housing relief) and Redbridge (discretionary social housing and exceptional circumstances relief), while Greenwich formally withdrew its exceptional circumstances relief policy in September 2022.

RECOMMENDATION

There is no evidence to indicate that the Mayor should change his current approach to the three forms of discretionary relief that are available.

CHAPTER NINE

CONCLUSIONS

FINDINGS

9.1 The findings of this review are that:

- More than £1 billion (£1.09 billion) has been collected in MCIL to date by the 35 London collecting authorities, collecting MCIL on the Mayor's behalf, and the administrative arrangements for this are working effectively.
- Good progress is being made in repaying Elizabeth line (Crossrail) financing and the Mayor is on track to repay this by 31 March 2043. Notwithstanding, the GLA estimates that its outstanding Elizabeth line related debt on 31 March 2023 will be around £4.3 bn, with this to be repaid from MCIL and BRS receipts.
- There is a good take up of local CILs in London, with many authorities having reviewed, or in the process of reviewing their charge rates. Moreover, the introduction of MCIL2 has not affected an authority's ability to develop/review their local CIL charging schedule rates.
- There is no evidence to indicates an adverse impact on development activity across London, including affordable housing, as a result of the MCIL2 charge.
- No issues have been identified to suggest there is a need to change the Mayoral approach to discretionary or exceptional reliefs, or his instalment policy.
- While MCIL is operating well, the economic outlook forecast in the 2022 Autumn Statement included higher interest rates and inflationary pressures on build and fuel costs, which are expected to last to the end of 2023. At present, the impacts of such pressures on development activity in London are uncertain. Therefore, at this stage, and to be prudent, the Mayor intends to keep MCIL under review, with the MCIL2 rates, charge bands and Central London and Isle of Dogs boundary retained at their current levels (and as set at the MCIL2 Examination).

RECOMMENDATIONS/DECISIONS

1. Having considered this report, the Mayor concludes there should be no revision to the MCIL2 rates or boundaries at this point in time. However, further review(s) should be undertaken to continue to monitor and review MCIL2 policy.
2. The Mayor does not propose any change in respect of discretionary relief or to his approach to instalments.
3. The Mayor instructs officers to publish this report on the GLA website.

ANNEX A

JLL MARKET UPDATE FOR MCIL2 BIENNIAL REVIEW (July 2022)

1 INTRODUCTION

1.2 Mayoral Community Infrastructure Levy (MCIL) Overview

1.1.1 JLL have been instructed to input into the 2022 Mayoral CIL Biennial Review. Following the implementation of MCIL1 in April 2012, the GLA and TfL, supported by JLL, undertook two Biennial Reviews, one in 2014 and another in 2016. Following this JLL then supported the GLA and TfL in providing the viability evidence in support of MCIL2. MCIL2 was implemented with effect from April 2019.

1.1.2 MCIL2 continued to set standard charges for all non-exempt CIL liable development across London, while it also introduced a specific charge for office, retail and hotel development in Central London and the Isle of Dogs. The maps below show the extent of the MCIL2 charging boundary for Greater London and the specific Central London / Isle of Dogs Zone.

Figure 1: Map Showing MCIL2 charging band locations across London

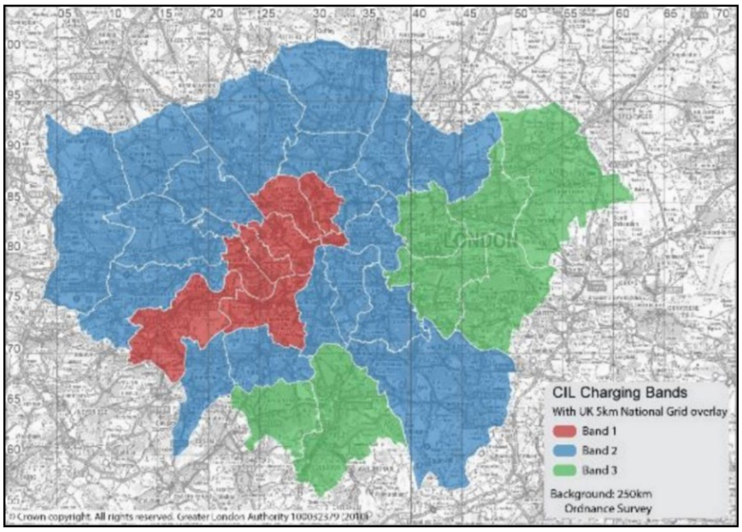


Figure 2: Map showing Central London MCIL2 charging area for office, retail and hotel use

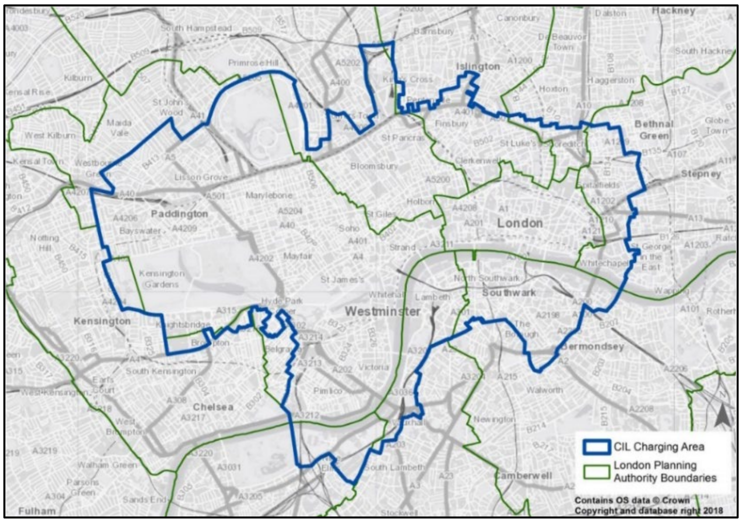
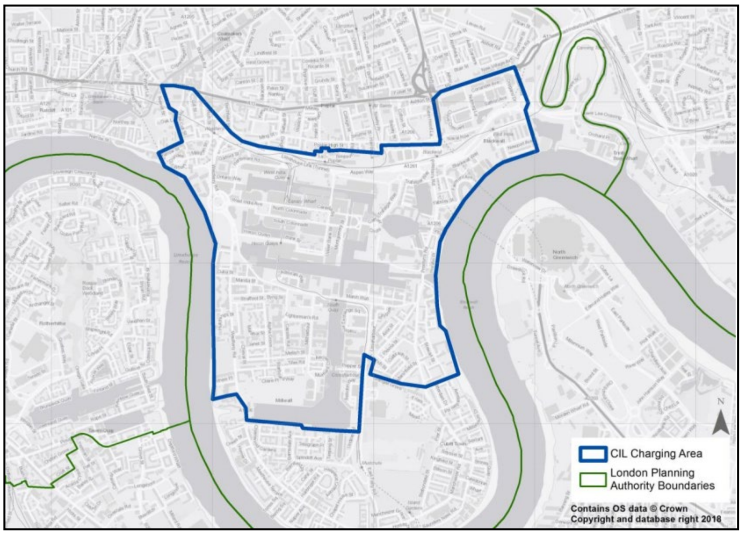


Figure 3: Map showing Isle of Dogs MCIL2 charging area for office, retail and hotel use



1.1.3 MCIL2 charging rates are set out in the tables below.

Table 1: MCIL2 Charging rates for all development in London[1]

MCIL2 Charging Band	London Boroughs and Mayoral Development Corporations	MCIL1 rate at Q2 2019 (indexed/ forecast) (£ per sq m)[2]	MCIL2 rate from April 2019 (£ per sq m)	MCIL1 in 2019 compared to MCIL2 (£/sq m)	MCIL1 in 2019 compared to MCIL2 % change
Band 1	Camden, City of London, City of Westminster, Hammersmith & Fulham, Islington, Kensington & Chelsea, Richmond-upon-Thames, Wandsworth	£65.25	£80	+ £14.75	+ 23%
Band 2	Barnet, Brent, Bromley, Ealing, Enfield, Hackney, Haringey, Harrow, Hillingdon, Hounslow, Kingston upon Thames, Lambeth, Lewisham, Merton, Redbridge, Southwark, Tower Hamlets, Waltham Forest, London Legacy Development Corporation (LLDC), Old Oak & Park Royal Development Corporation (OPDC)	£45.67	£60	+ £14.33	+ 31%
Band 3	Barking & Dagenham, Bexley, Croydon, Greenwich. Havering, Newham, Sutton	£26.10	£25	- £1.1	- 4%

[1]except for the rates for office, retail and hotel in Central London and the Isle of Dogs (see Table 2), and for health and education in all of Greater London (see Table 3)

[2] Source: JLL for the Mayor of London and TfL 2017 / GLA 2017

1.1.4 As Table 1 shows, in most instances, the MCIL2 charging rate increased in comparison with the MCIL1 (plus indexation) charging rates, except in the case of Band 3.

Table 2: MCIL2 charging rates for office, retail and hotel in Central London and Isle of Dogs[2]

Land Use	MCIL2 rate from April 2019 (£ per sq m)
Office	£185
Retail	£165
Hotel	£140

[2]Office is defined as any office use including offices that fall within Class B1 Business of the Town and Country Planning (Use Classes) Order 1987 as amended, or any other order altering, amending or varying that Order. Uses that are analogous to offices which are sui generis, such as embassies, will be treated as offices. Retail is defined as all uses that fall within Classes A1, A2, A3, A4 and A5 of the Town and Country Planning (Use Classes) Order 1987 as amended, or any other order altering, amending or varying that Order, and related sui generis uses including retail warehouse clubs, car showrooms, launderette. Hotel means any hotel use including apart-hotels uses that fall within Class C1 Hotel of the Town and Country Planning (Use Classes) Order 1987 as amended.

Table 3: MCIL2 charging rates for health and education in London

Land Use	MCIL2 rate from April 2019 (£ per sq m)
Development used wholly or mainly for the provision of any medical or health services except the use of premises attached to the residence of the consultant or practitioner	Nil
Development used wholly or mainly for the provision of education as a school or college under the Education Acts or as an institution of higher education	Nil

1.1.5 The introduction of the MCIL2 higher rate of charge for office, retail and hotel uses in Central London and the Isle of Dogs reflected a merger of the rates of charge from the MCIL1 bands and the charges from the Crossrail S106 Policy[11] and followed an assessment of viability considerations. In some instances, the revised MCIL2 charge for these commercial uses in Central London represented a decrease on the combined MCIL1 and Crossrail S106 charge. For example, the Isle of Dogs MCIL2 rate was increased to £185 per sqm for offices which compares with a combined MCIL1 plus Crossrail S106 charge (including indexation) of £219.98 per sqm as shown in the table below which is taken from the JLL MCIL2 Viability Report (2017).

11 Crossrail Funding: Use of Planning Obligations and Mayoral CIL, Supplementary Planning Guidance Update, March 2016

Figure 4: Table 11 from JLL Report - MCIL2 DCS Viability Evidence Base November 2017

Table 11: Proposed Central London MCIL2 charging rates from April 2019 compared to existing MCIL1 and Crossrail S106 rates including indexation

	Central London				Isle of Dogs			
	Current rates - no indexation (per sq m)	Current rate + indexation to Q3 2016 (per sq m)*	Current rate + indexation to Q3 2016 + forecast to Q2 2019 (per sq m)*	Proposed MCIL2 rate (2019) to preserve existing relativities (per sq m)	Current rates - no indexation (per sq m)	Current rate + indexation to Q3 2016 (per sq m)*	Current rate + indexation to Q3 2016 + forecast to Q2 2019 (per sq m)*	Proposed MCIL2 rate (2019) to preserve existing relativities (per sq m)
Offices								
S106 rate / Central London MCIL2 rate	£140.00	£153.77	£162.09	£185.00	£190.00	£208.69	£219.98	£185.00
Retail								
S106 rate / Central London MCIL2 rate	£90.00	£98.85	£104.20	£165.00	£121.00	£132.90	£140.09	£165.00
Hotel								
S106 rate / Central London MCIL2 rate	£61.00	£67.00	£70.62	£140.00	£84.00	£92.26	£97.25	£140.00

*Indexation as per BCIS All-in TPI index and forecasts (as at 03 February 2017) for MCIL1 rates and as per CPI for the Crossrail S106 rates (Oxford Economics forecasts)

We have undertaken analysis set out in the tables below to show the MCIL2 rates for all development and for office, retail and hotel uses in Central London and the Isle of Dogs, indexed to 2023 rates. The index rate used for 2023 is published by the RICS and is 355, while the index rate was 330 when MCIL2 was brought into effect in 2019[12].

Table 4: MCIL2 rates for all development in London (indexed to 2023)

MCIL2 Charging Band	MCIL2 Rate £ per sqm (2023)
Band 1	£86.06
Band 2	£64.55
Band 3	£26.89

Table 5: MCIL2 rates for Central London & Isle of Dogs development (indexed to 2023)

Land Use	MCIL2 Rate £ per sqm (2023)
Office	£199.02
Retail	£177.50
Hotel	£150.61

1.1.6 The MCIL2 Examiners Report produced by Keith Holland concluded that the updated MCIL2 charging schedule “provides an appropriate basis for the collection of the levy in the area” and recommended (subject to two modifications) that the charging schedule be approved. The Examiners Report also stated that the data “reinforces the conclusion that residential values remain a good proxy for the viability characteristics of non-residential uses”. We see no reason to depart from this approach.

12 MCIL indexed rates are published annually by the GLA in an MCIL Annual CIL Rate Summary: https://www.london.gov.uk/programmes-strategies/planning/implementing-london-plan/mayoral-community-infrastructure-levy

1.2 Approach to Biennial Review

1.2.1 The Crossrail Funding SPG (Updated March 2016) outlined that "The Mayor will keep the operation of the MCIL and the position regarding the funding and implementation of Crossrail under continual review. He intends to conduct biennial formal reviews of the working of his CIL. These reviews will consider in particular whether the MCIL rates set continue to be appropriate, and whether there is evidence that would justify the Mayor in allowing either or both of the forms of discretionary relief. He will publish the results of these reviews and any changes will be subject to public consultation in accordance with the CIL Regulations or the Mayor's usual practice, as appropriate." This commitment was continued in the explanatory note contained within the MCIL2 Charging Schedule adopted in 2019.

1.2.2 JLL have used the same approach to the production of the 2022 Biennial Review as for the 2014 and 2016 Biennial Reviews. This includes consideration over the following areas:

- Market review;
- Review of MCIL receipts;
- Review of impact of MCIL on development volumes (residential, retail, offices, hotel and industrial);
- Review of Borough house price data;
- Review of key issues including those raised by 15 major developers in their annual reports; and
- Review of the Central London and Isle of Dogs charging zone boundary.

1.2.3 Based on this analysis we will make judgements about whether MCIL2 is having an impact on development volumes and whether the rates charged remain appropriate. We will also provide commentary on issues which are currently concerning development and therefore might affect viability and volume, based on our own experience and using the concerns raised in the Chairman / Chief Executive reports from development companies across a range of uses and developer types.

1.2.4 We will conclude with recommendations concerning whether Boroughs are in the correct category for the purposes of charging the higher, middle or lower rates of MCIL2 currently levied in Greater London and for retail, office and hotel uses within Central London and the Isle of Dogs. We will provide an opinion on whether MCIL at the current rates is likely to be impacting development volumes. We will consider whether MCIL should be raised in any locations. And finally, we will provide recommendations regarding any potential for modifying the Central London & Isle of Dogs charging zone boundary. In doing this we will remain conscious of the CIL review chaired by Liz Peace, A New Approach to Developer Contributions, 2016, and the need to avoid complexity and opaqueness in a model which is understood by the development industry.

1.2.5 This review was undertaken as at July 2022. Given the subsequent volatility in the financial markets, we have provided an addendum report setting out a commentary on the likely impact of this volatility.

2 JLL MARKET REVIEW

2.1 Central London Office Market Q2 2022

This section summarises overall activity across the West End, City and East London submarkets, as published in the JLL Central London Office Market Report Q2 2022.

After a robust first quarter of take-up across Central London, Q2 2022 saw a further 2.6 million sq ft let. This was 3% ahead of the 10-year quarterly average and the fourth consecutive quarter with over 2 million sq ft leased. This brought the year-to-date total to 5.1 million sq ft which was 71% above the amount transacted in the corresponding period in 2021 and 7% ahead of the long-term H1 average of 4.8 million sq ft. Pre-leasing activity continued at pace with a further 1.2 million sq ft of pre-lets signed during the quarter, which accounted for 45% of Q2 activity. There were 14 pre-let transactions signed in the three months to June, of which two were signed off -plan.

Quarterly take-up was led by the banking & finance sector who accounted for 25% of total leasing volumes. Activity was boosted by the largest deal of the quarter which saw Capital International pre-let 221,000 sq ft at Paddington Square, W2. The professional services sector remained active with a 22% share of Q2 take-up, led by legal firms who acquired 433,000 sq ft across Central London. As a result of the strong leasing volumes, total space under offer fell 9% quarter-on-quarter to reach 2.9 million sq ft at the end of June. Despite the fall, under offer volumes were 7% ahead of the same period in 2021 (2.3 million sq ft) and 12% above the 10-year quarterly average of 2.6 million sq ft. At the end of June there were seven units greater than 50,000 sq ft under offer across the market, all of which are in the City submarkets.

Active demand declined to just over 7.8 million sq ft during the quarter, as a number of requirements were satisfied and not replaced by new activity. At the same time potential demand increased over the quarter to 3.5 million sq ft, as some requirements were placed on hold as occupiers digest the impact of the economic headwinds. Banking & finance firms accounted for 28% of floorspace, closely followed by professional services (27%) and technology, media and telecommunication (TMT) (20%).

Total supply remained stable at 19.6 million sq ft which equated to a vacancy rate of 7.8% and remained above the long-term average of 5.3%. New build supply stood at 3.3 million sq ft, reflecting a vacancy rate of 1.4%. The new build vacancy remained marginally above the 10-year quarterly average of 1.1%. The level of tenant-controlled supply, which has supported much of the recent spike in vacancy, declined for the fifth consecutive quarter to reach 5.1 million sq ft at the end of June and accounted for 26% of overall supply.

Total completions reached 717,000 sq ft during the second quarter of 2022, of which 70% was pre-committed, leaving just 215,000 sq ft of speculative new supply. Speculative space under construction increased for the second consecutive quarter to reach 11.3 million sq ft at the end of June, bolstered by a further 1.4 million sq ft of speculative starts. The largest scheme to start was Panorama St Paul’s, 81 Newgate

Street, EC1, which will deliver 520,000 sq ft of BREEAM Outstanding office space and is expected to complete in 2025.

Prime rents remained stable at £120.00 per sq ft in the West End and at £72.50 per sq ft in the City during the quarter. But there were further rental increases in a number of submarkets, mainly in the West End, largely the result of the limited supply of good quality spaces in these submarkets. Paddington has been the best performing submarket, with rents increasing for the fourth consecutive quarter to reach £82.50 per sq ft. This equates to annual growth of 14%. In the City, Clerkenwell rents increased to £79.50 per sq ft quarter on quarter, while in the West End rental uplifts were also recorded in Victoria, Waterloo and Soho. Rents in these submarkets are all at a historic high. Prime rents remained stable at £52.50 per sq ft during the quarter in Canary Wharf but have increased by 6% year on year. Tenant-controlled supply in Canary Wharf is being marketed at rents up to £45.00 per sq ft, while pre-let space is being marketed at rents in excess of £60.00 per sq ft.

Steady growth is anticipated in both the City (3.2% per annum) and West End (2.0% per annum) over the next five years and rents are expected to reach £80.00 per sq ft and £130.00 per sq ft respectively.

Investment turnover slowed down in the second quarter of 2022 due to the continuing conflict in Ukraine and the prevailing economic uncertainty. Q2 volumes reached £2.8 billion which was 13% below the 10-year Q2 average of £3.2 billion. This brought investment volumes for the first half of the year to £8.0 billion which was 86% ahead of the corresponding period in 2021 (£4.3 billion) and 30% above the 10-year H1 average of £6.2 billion. Overseas investors once again dominated, with UK investors only making up 17% of total investment acquisitions in Q2 2022. Buyers from Asia Pacific were the most active, accounting for 43% of investment turnover across Central London. This was followed by investors from America who accounted for a further 23% of investment activity, equating to just under £640 million.

Overall, the market remains robust, with some strong occupational market performance, though set against a backdrop of rising debt costs which are making investors increasingly cautious.

2.2 London Retail Market Q2 2022

The performance of the Central London retail market has been mixed in recent months, with economic and geo-political headwinds indicating further issues lie ahead for the market, but the fundamental resilience of the capital remains.

Google Mobility Data provides information on mobility trends for users going to places such as restaurants, cafes, shopping centres, theme parks, museums, libraries and cinemas. Their data compares daily figures against a baseline value for that day of the week in between 3 Jan - Feb 2020 (i.e. pre-Covid in the UK). The data shows that London’s footfall recovery has stabilised since the pandemic, however over Q2 2022 footfall was still 25% on average lower than pre-pandemic levels. Retail / Recreational footfall in Q2 2022 saw an improvement on Q1 2022 which was on average 29% lower than pre-pandemic levels.

Overall spend in July 2022 was only marginally lower (4%) than July 2019 levels, increasing by 4 percentage points from 8% down in June 2022, according to the New West End Company (NWEC). Domestic spend in July 2022 was 35% higher than July 2019 (NWEC). Further positive signs are indicated by the return of international tourists which is picking up pace. International spend in July 2022 represented the highest proportion of overall spend (50%) since most restrictions on retail and hospitality eased in May 2021 (NWEC).

More generally, notable leasing trends in the retail market include; retailers accelerating the right-sizing of store portfolios (M&S a good example); retailers perfecting their multi-channel offer (increasing Click & Collect points, investing in last mile logistics); acceleration of new formats and innovation within retail (DIY retailers experimenting with instore food to capture more customers); and opportunistic growth (from likes of IKEA, the discount operators to some of the Leisure / Food & Beverage operators). Cost pressures and consumer caution resulted in marginally more negative retailer updates in Q2, but multi-channel remains resilient. Heightened uncertainty will likely limit retailer demand and the prospects of strong rental growth in 2022 across the UK's most important retail destinations.

2.3 London Hotel Market Q2 2022

The hotel market has been subject to challenging trading conditions, with issues caused by inflation, staff shortages and wages increases, supply chain disruptions and the cost-of-living crisis.

London offers a large variety of accommodation from economy to luxury grade hotels as well as serviced apartments. There are high barriers to entry in the London market, and there have been trends for locational shifts towards more fringe locations outside of Central London, such as Shoreditch, Docklands and Bankside, owing to improving demand drivers and site availability. Prior to Covid, economy brands such as Travelodge and Premier Inn reported strong expansion plans across the Capital and the rest of the UK. However, in recent years there has been an increase in softer branded, 'lifestyle' hotels, in conjunction with a maturing of the serviced apartment market across the city.

According to Co-Star data, within the hotel market there have been a number of new hotel openings in London since January 2021, delivering approximately 6,225 bedrooms into the market. Main hotel openings in 2022 include for example, the Premier Inn Hammersmith (189 rooms), Premier Inn London Paddington (393 rooms), Travelodge London Docklands (350 rooms) and the citizenM London Victoria (226 rooms).

London has a substantial active pipeline of new hotels, with approximately 10,393 bedrooms currently under construction, according to Co-Star research.

The London hotel market had shown continuous growth pre pandemic although it was starting to slow down as many new hotels entered the market and needed to be absorbed. The measures announced in response to the Covid-19 pandemic resulted in the closure of a number of hotels and serviced apartments across the UK. Demand for accommodation which remained open was limited to key workers only. The market recovery evolved over the course of 2021 and while the beginning of

2022 was still impacted by the effects of the Omicron variant, a recovery is underway.

Notwithstanding the issues caused by the Covid-19 crisis, the UK has been Europe's most active investment market in recent years, and London is one of the key target destinations for global investors in all real estate classes. London investment volumes for a number of years have been affected more by the availability of stock on the market than investor appetite and the availability of capital. The lack of availability of hotel stock has driven notable volatility in investment activity. Other than the sale of the Ritz for a price in the region of £750 million, which represented a unique opportunity to acquire an iconic London luxury hotel, since the start of March 2020, investment activity significantly declined due to the pandemic.

2.4 London Residential market Q2 2022

According to data from the Land Registry, annual house price growth in the UK reached 15.5% in the year to July 2022, which was an increase on the previous month, which had seen house prices increase 7.8% in the year to June 2022. In London, house price growth reached 9.2% in the year to July 2022, up from 6.3% in the year to June 2022.

The GLA Housing and Land London Housing Market Report published in July 2022 set out that whilst demand amongst buyers in London may be starting to fall as a result of inflation and economic and political uncertainty, the market imbalance and upwards pressure on prices continues due to low numbers of properties on the market. The report also confirmed that demand for private rental homes remained above supply in London, with annual increases in average asking rents at a high of 15.8% in the second quarter of 2022.

JLL Residential House Price Forecasts (over the period 2022-2026) show growth across the UK and Greater London forecast at 21.7% and 25.8% respectively. In the lettings market, JLL forecasts that Greater London rental values are expected to grow by 15.9% over the period 2022-2026, compared to 12.6% over the same period for the UK.

2.5 London Industrial market Q2 2022

As of July 2022, the UK industrial and logistics occupier market remains relatively strong despite significant headwinds from rising inflation and interest rates and a deteriorating economic outlook.

Within Greater London occupational demand for industrial and distribution space has been reasonably good. In 2021 five Grade A buildings (new and good quality existing space) of 100,000 sq ft and over (the 'big box' market) were taken up for occupation involving a total of 1,150,782 sq ft. This compares with two units and 248,953 sq ft in 2020 and eight buildings totalling 1,197,335 sq ft in 2019. However, no Grade A 'big box' buildings were taken up in the first 6 months of 2022.

In 2021 the take-up in new floorspace in units between 5,000 sq ft and 99,999 sq ft totalled 849,000 sq ft. Some 498,000 sq ft was taken up in units between 5,000 and

49,999 sq ft (the ‘multi-let’ market) and 351,000 sq ft in units between 50,000 to 99,999 sq ft (the ‘mid box’ market).

On the supply side, within Greater London independent data from CoStar (CoStar Industrial Market Report, London) points to a total of 2.2m sq ft of industrial floorspace currently under construction as at Q2 2022 across London with floorspace ‘deliveries’ (or completions) in the past 12 months of 1.2m sq ft compared with a historic annual average of around 1.5m sq ft. The data includes all types of space i.e. buildings built speculatively for the market and buildings that are pre-let or pre-sold and built for a specific occupier.

Reflecting the demand and supply dynamics the London market has seen recent strong rental growth. According to the MSCI Quarterly Index, industrial rental values in London jumped by 18.1% in the 12 months to the end of Q2 2022 and rose by 3.6% in the three months to the end of Q2 2022.

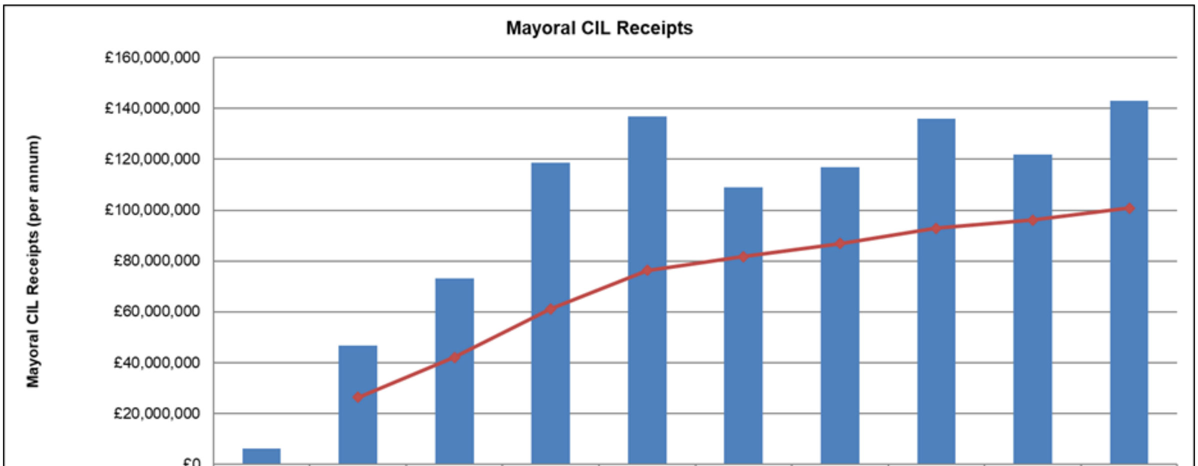
According to JLL’s assessment, prime industrial yields for both multi-let and single let distribution assets reached their peak (low point) in March 2022. At that time (end of Q1 2022) prime yields for rack rented single let distribution / multi-let assets were 3.00% in London. In JLL’s assessment by the end of July 2022 these yields had moved up by 25 basis points due to the rising cost of debt and a deterioration in investor sentiment and were trending weaker.

3 TRENDS IN MCIL RECEIPTS

3.1 MCIL Receipts Analysis

3.1.1 The table we have outlined below shows the total amount of MCIL receipts received since inception until FY 2021-2022.

Figure 5: MCIL receipts since inception

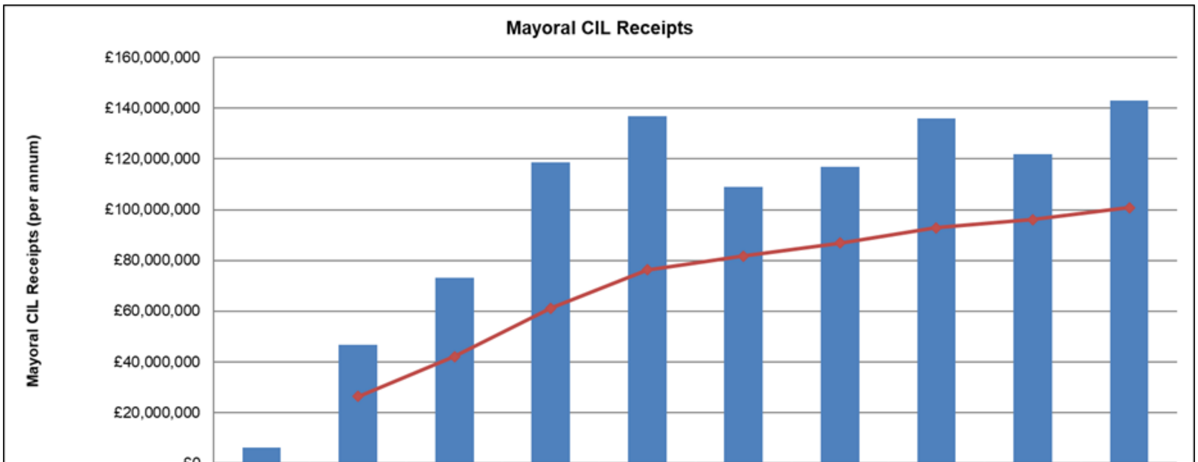


	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Receipt (per annum)	£6,090,573	£46,693,006	£73,186,895	£118,636,28	£136,860,10	£108,994,58	£117,046,30	£135,853,48	£121,928,53	£143,143,67
Moving average		£26,391,789	£41,990,158	£61,151,689	£76,293,372	£81,743,575	£86,786,822	£92,920,155	£96,143,308	£100,843,34

3.1.2 This graph shows the moving average increasing over the duration of the MCIL regime and confirms the total value of cumulative MCIL receipts from each collecting authority has now passed £1bn.

3.1.3 We have also undertaken analysis on the number of MCIL payments which we have set out in the table below.

Figure 6: Number of MCIL payments since inception



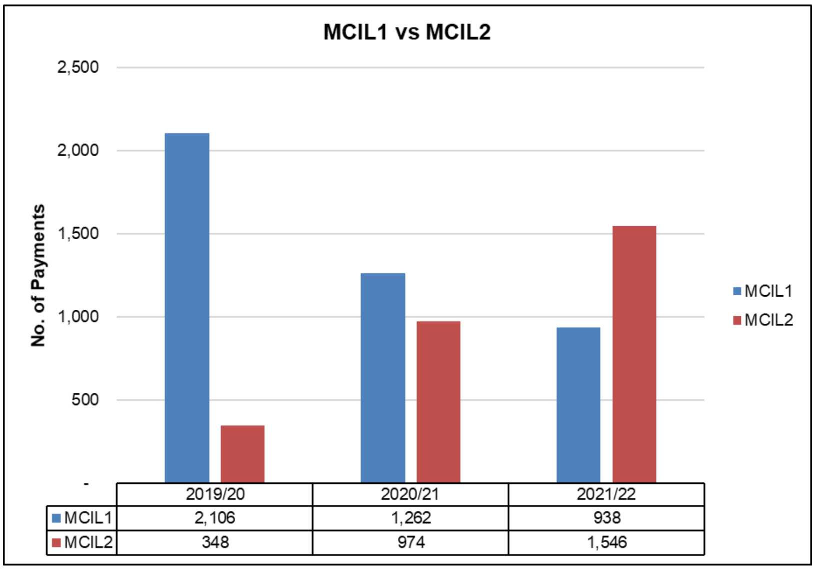
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Receipt (per annum)	£6,090,573	£46,693,006	£73,186,895	£118,636,28	£136,860,10	£108,994,58	£117,046,30	£135,853,48	£121,928,53	£143,143,67
Moving average		£26,391,789	£41,990,158	£61,151,689	£76,293,372	£81,743,575	£86,786,822	£92,920,155	£96,143,308	£100,843,34

3.1.4 The graph shows the moving average increasing over the duration of the MCIL regime.

3.1.5 This analysis demonstrates that both in terms of money received and the number of payments, the moving average trend has been upwards since the inception of MCIL, with no discernible change to this trend occurring when MCIL2 was introduced in April 2019. This suggests that MCIL at the levels levied was affordable and not a significant factor impacting viability. This also accords with our own experience in practice.

3.1.6 We have also included analysis which sets out a comparison between the number of MCIL1 vs MCIL2 payments since 2019, which is shown in the graph below.

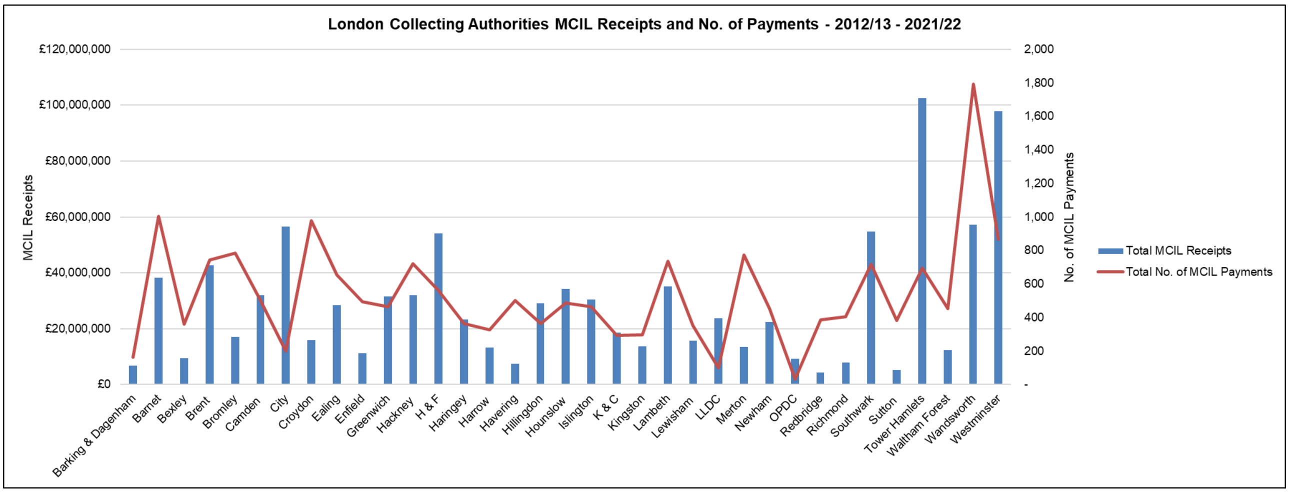
Figure 7: Number of MCIL1 vs MCIL2 payments: 2019/20 – 2021/22



	2019/20	2020/21	2021/22
MCIL1	2,106	1,262	938
MCIL2	348	974	1,546

3.1.7 The above graph shows that since the introduction of MCIL2 in April 2019, the number of MCIL1 payments has gradually been decreasing while the number of MCIL2 payments has increased as developments subject to the MCIL2 charge(s) commence, suggesting that MCIL2 payments are being absorbed into development appraisals without unduly affecting development being undertaken.

Figure 8: Total MCIL Receipts / Number of MCIL Payments by London Collecting Authority



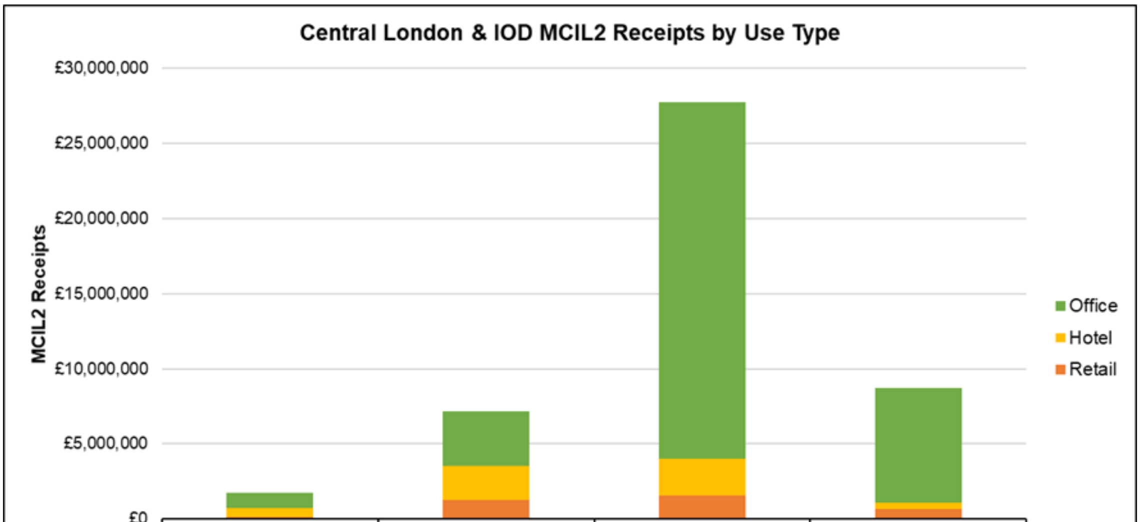
3.1.8 The graph above shows the total MCIL receipts received by each London collecting authority and the total number of payments this correlates to. This data highlights the impact of the MCIL charging band rates as for example, Boroughs such as Bromley that have a high number of payments and low MCIL receipts, indicating the small value of those payments compared with Boroughs such as Tower Hamlets which have high total MCIL receipts compared with a lower total number of MCIL payments.

3.2 Activity in Central London and Isle of Dogs Charging Zones

3.2.1 MCIL is levied at higher rates in Central London and the Isle of Dogs for commercial uses. Later in this review we discuss the boundary used for defining Central London. However, at this juncture we are considering whether these higher rates may have had a significant / adverse effect on development volumes. Commercial rates for retail, office and hotel uses were introduced as part of the MCIL2 charging schedule replacing a similar S106 Crossrail planning obligation.

3.2.2 We have outlined in the table below an analysis of the receipts paid for development in the Central London and Isle of Dogs charging zone split by the respective asset classes.

Figure 9: Central London & Isle of Dogs Charging Zone MCIL2 Receipts by Use Type



	2019/20	2020/21	2021/22	Q1 2022/23
Office	£1,028,420	£3,639,483	£23,770,050	£7,653,672
Hotel	£567,804	£2,302,353	£2,400,997	£441,882
Retail	£157,128	£1,243,290	£1,587,255	£659,488

3.2.3 The graph shows that offices make up the largest proportion of the MCIL2 receipts generated in the Central London & IOD charging zone and that the receipts generated in this zone are gradually increasing as permissions approved under the MCIL2 regime are now implemented. This is not unexpected as office development has historically been much more significant in Central London and the Isle of Dogs than either retail or hotel in terms of development volumes and the rising profile of receipts is what we would expect as more and more of the implemented schemes are ones that were consented under the MCIL2 regime.

On review of the revenue received in 2021/22 when the majority of payments were MCIL2 related the total receipt was in the order of £27.76m for commercial uses in Central London / Isle of Dogs, which compares to the highest receipt in any previous year under the previous S106 policy of £30.2m received in 2015/2016 followed by £25.4m in 2020/2021. This is not a like for like in comparison because the S106 payments were a top up above the MCIL1 charges, but it does suggest that the introduction of MCIL2 Central London & Isle of Dogs rate has not had any significant / adverse impact given the scale of development being undertaken.

In conclusion, the analysis shows that while there are some minor variations year to year, receipts from MCIL have increased over the duration of the regime and that this does not appear to have been unduly affected by the introduction of MCIL2, which suggests that where MCIL2 charges have increased by comparison with MCIL1 charges plus indexation, this has not unduly impacted the viability of development.

4 REVIEW OF IMPACT OF MCIL ON DEVELOPMENT VOLUMES

4.1 Development Activity Analysis

4.1.1 We have undertaken research which looks to assess whether the introduction of MCIL2 has had a detrimental impact on development activity in the London market.

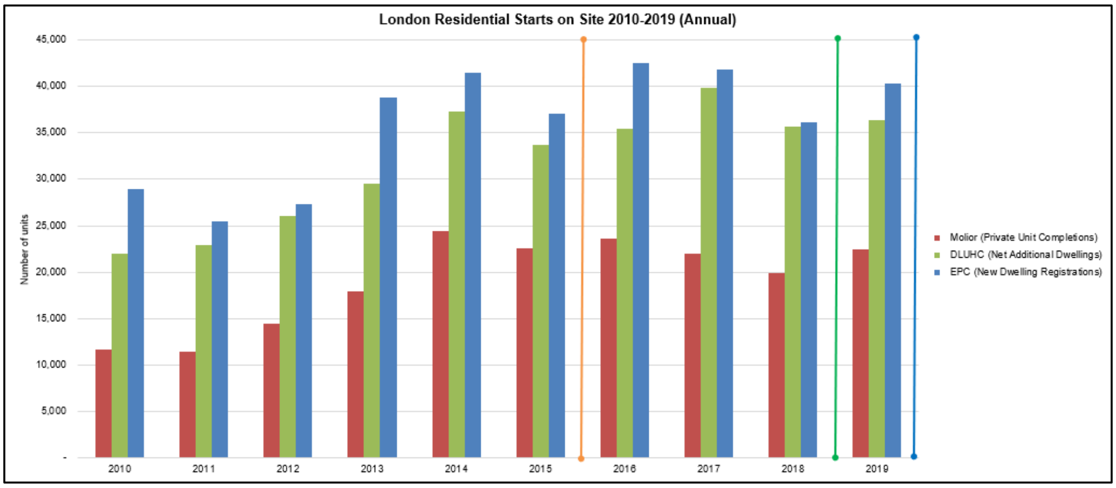
4.1.2 This analysis has included a review of development activity within the key asset classes of residential, office, retail, hotel and industrial. There have been two key market events over recent years, which we have included as lines on each graph in addition to plotting the date of the inception of MCIL2. These lines are shown in the period before the full year data levels in which the event occurred. The graphs show calendar year data unless stated otherwise. These key dates are:

- Brexit vote result: June 2016
- MCIL2 introduction: April 2019
- Covid-19 Pandemic Lockdowns: March 2020 – March 2021

Residential Development

4.1.3 Figure 10 below shows annual residential starts on site from 2010 – 2019. This chart uses completion data instead of start on site data as this is understood to be more reliable. However, in order to make this data comparable with other start on site data, we have assumed that all completions started on site two years prior to completion in order to estimate the start on site data (i.e. 2021 completion data is assumed to be 2019 starts on site). Residential data varies across different sources, therefore we have used data from DLUHC for net additional dwellings, EPC data for new registrations and Molior data for private unit completions for comparison purposes. The DLUHC data is only available for the financial years, so we have estimated the calendar year data based on taking an average for each quarter of the financial year data. Molior data is for private residential and excludes schemes with fewer than 20 private homes.

Figure 10: London Residential Development Starts on Site

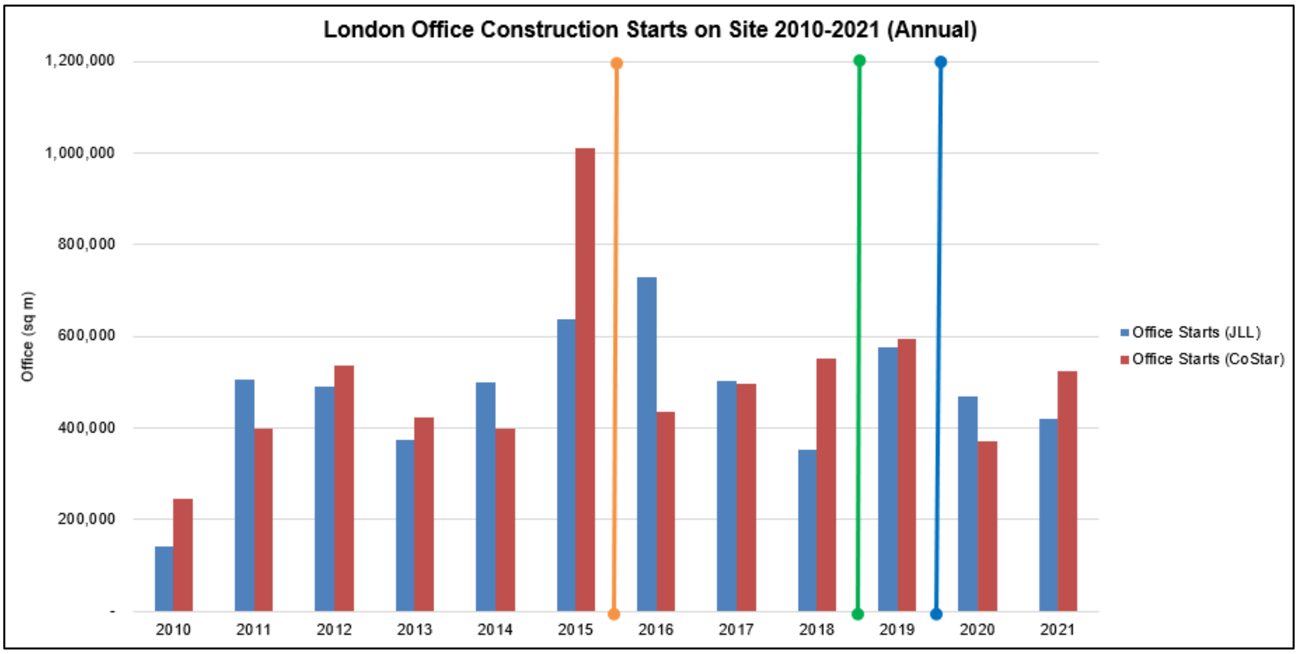


Source: EPC / Molior / DLUHC

4.1.4 Starts on site increased from 2010 to 2014 and have been relatively stable since that point. We see no correlation between the introduction of MCIL1 or MCIL2 and any impact on development volumes. Changes in residential development volumes are more likely to be a result of wider economic issues and less to do with the introduction of MCIL.

Office Development

Figure 11: London Office Development Starts on Site



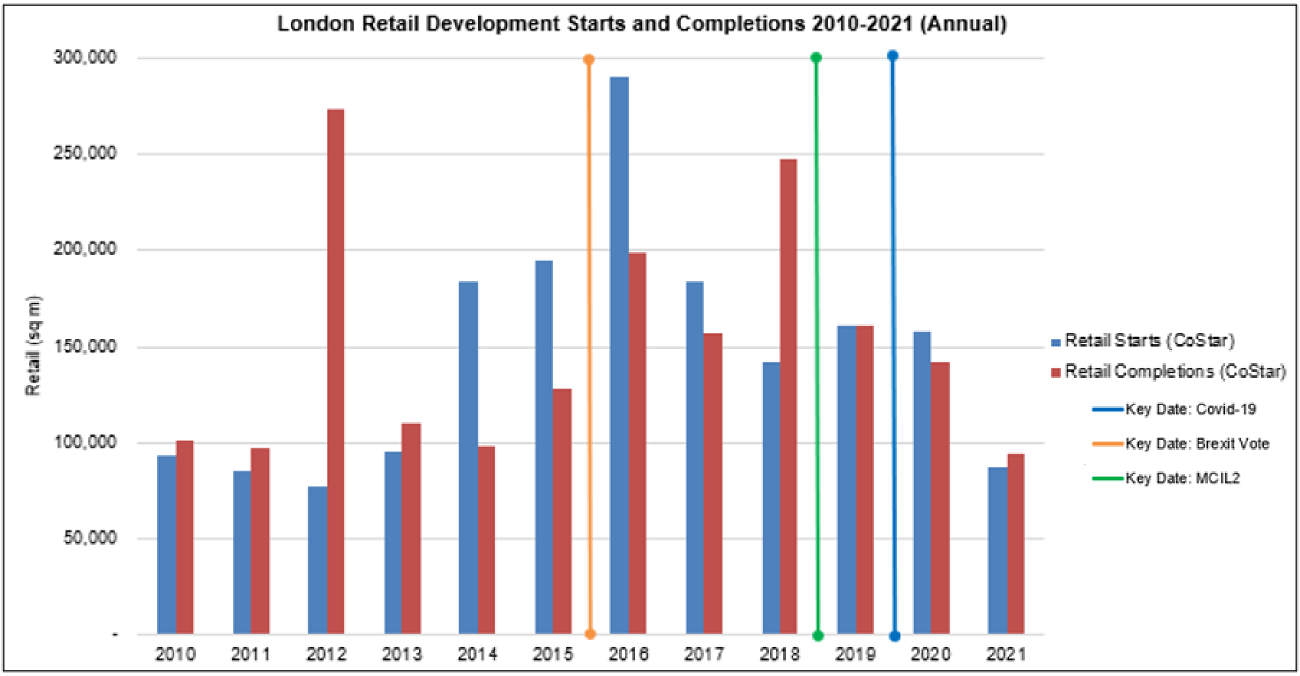
Source: JLL & CoStar

4.1.5 The graph shows that office development has been relatively volatile over recent years following a peak level of development starts in 2015/2016. There was no clear impact on construction starts in 2019, while the reduction shown in 2020 figures will have been affected by the lockdowns imposed due to the Covid-19 pandemic. The volume of development started in any calendar year can be heavily influenced by one or two large schemes getting underway which we believe explains the volatility above and disguises underlying trends. However, we note that the pandemic has changed views on the balance between working from home and in the office which could result in a possible reduction in the overall demand for office space as a result. Countering this impact from a development point of view is a clear focus on Grade A space which meets occupiers increasingly stringent environmental, social and governance (ESG) policies only satisfied by the latest buildings.

Retail Development

4.1.6 We have also analysed retail development activity as shown in Figure 12 below. This shows retail floorspace starts and completions between 2010 and 2021.

Figure 12: London Retail Development Starts and Completions



Source: Co-Star

4.1.7 The graph highlights that retail completions and starts have reduced over recent years, as the market has been severely affected by systemic change in consumer preferences, with the shift in demand to online shopping from high street being accentuated by the Covid-19 pandemic lockdowns over the last two years.

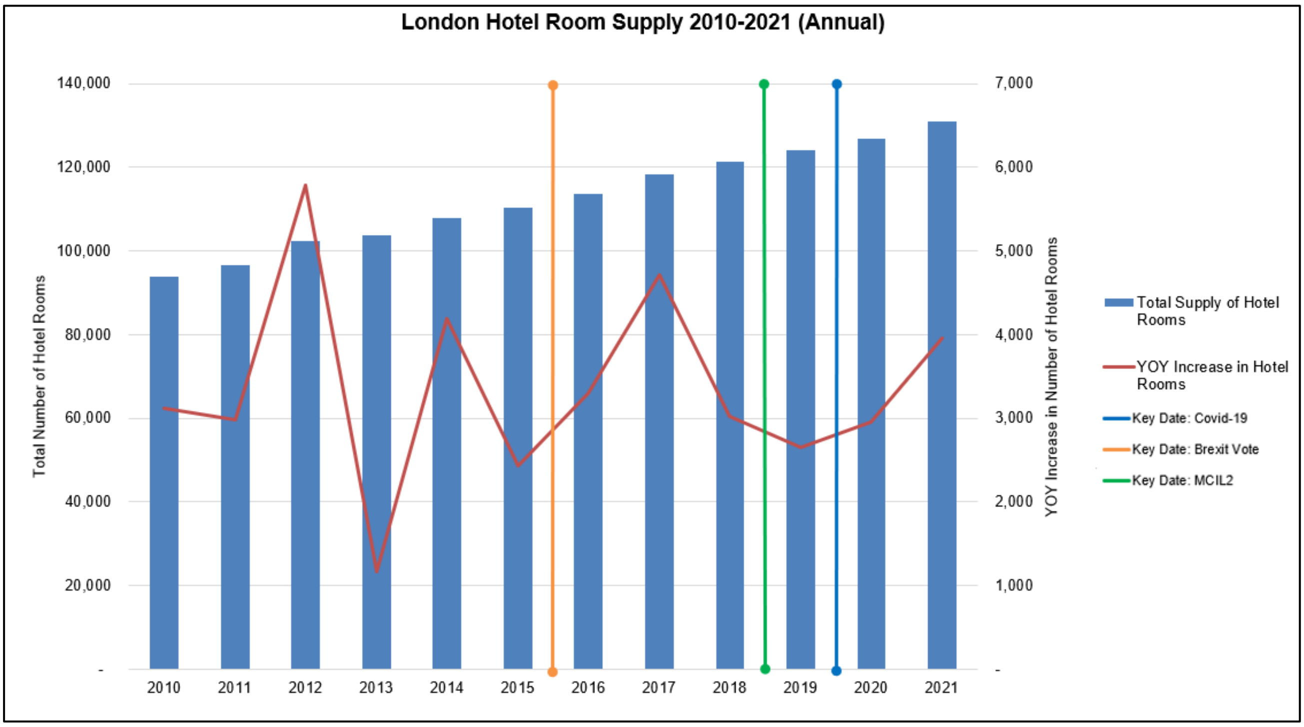
Retail development as a single use will experience difficulties due to viability concerns other than in high value retail locations. Retail development is predominantly (other than in these high value retail locations) developed as a supporting ground floor use in a mixed-use scheme where the viability of other use(s) will be the major determinant of the viability of the scheme in question. The analysis in Figure 12 above shows that retail starts have declined since 2016.

4.1.8 We anticipate that the reduction in the importance of retail in terms of development volumes will continue and the space built is likely to be offset to a considerable degree by space demolished. It is unlikely that the level of MCIL charge for retail uses will significantly impact viability of schemes where retail is an ancillary use e.g. convenience shops as part of a residential development.

Hotel Development

4.1.9 We have also reviewed the total supply of hotel rooms in the London market, with reference to the number of additional hotel rooms delivered to the market each year, as shown in Figure 13 below.

Figure 13: London Hotel Room Supply 2010-2021



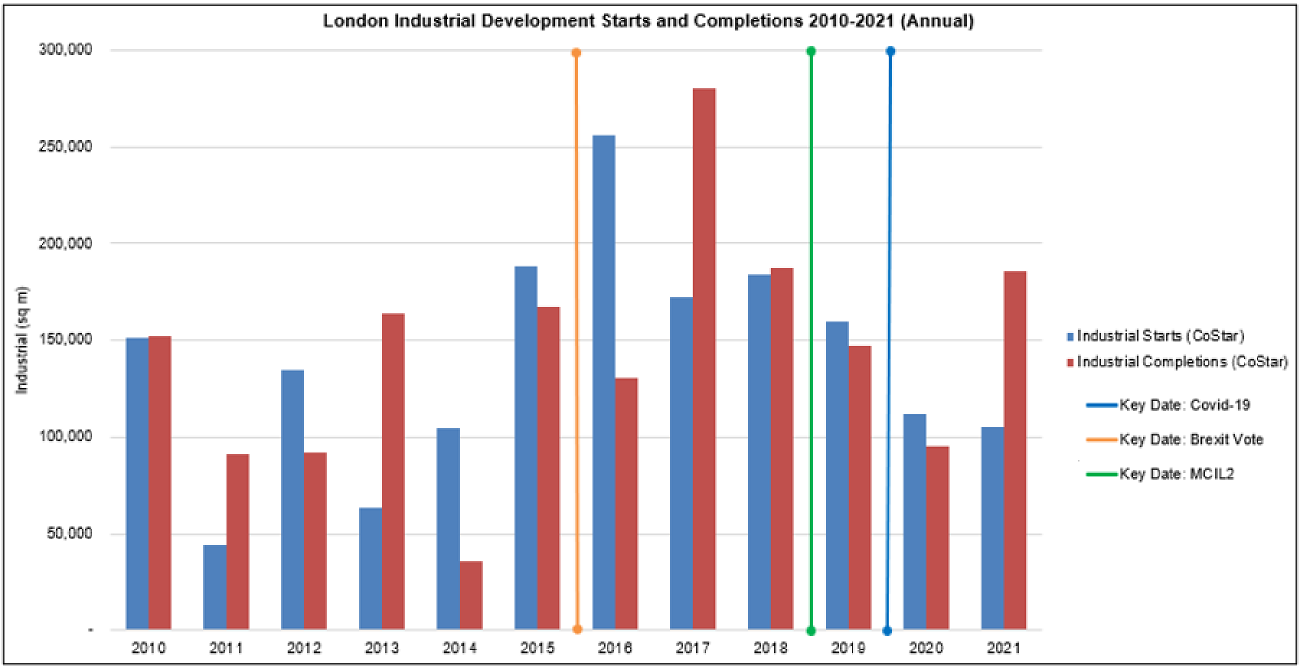
Source: JLL / STR

4.1.10 The amount of additional hotel rooms being developed in any given year is very volatile suggesting that it is the availability of development opportunities rather than economic factors that is having the greatest impact on development volumes. From 2017 there has been a downwards trend in the rate of increase in the supply of hotel rooms, although this reversed slightly between 2019-2021, suggesting no correlation with the introduction of MCIL2. Subject to no overriding economic factors, we see no reason why the upwards trend in the total supply of hotel rooms will not continue fed by development.

Industrial Development

4.1.11 Since the introduction of MCIL2, the industrial market has been subject to high levels of occupier and investor demand which has created significant value growth in the sub-market. The occupier demand within the industrial market has been driven by a greater focus on online retail sales meaning a higher amount of distribution space is required for occupiers. Industrial values in London have reached record levels as a result, and as such we consider it is relevant to include an analysis of industrial development starts and completions across the market from 2010 – 2021, as shown in Figure 14 below.

Figure 14: London Industrial Development Starts and Completions



Source: Co-Star

4.1.12 This analysis of industrial development shows that there has been a reduction in the number of London industrial starts and completions since 2016 / 2017 coinciding with Brexit. There was a notable drop in starts and completions during the Covid-19 pandemic. We see no correlation between the introduction of MCIL2 and any reduction in industrial development starts / completions. Unlike retail where the reduction in volumes is explained by reduction in demand, in the case of industrial, demand has increased (for example due to increased demand for space from online retailers and dark kitchens), which has been compounded in the market by continued shortage of Grade A space. This has resulted in record land values, easily capable of absorbing the additional MCIL2 charging structure. Research published in June 2022 by Savills confirms this shift in relation to industrial land in London, “with the average price per acre in certain locations increasing by 175% to £8.3 million since 2017”[13].

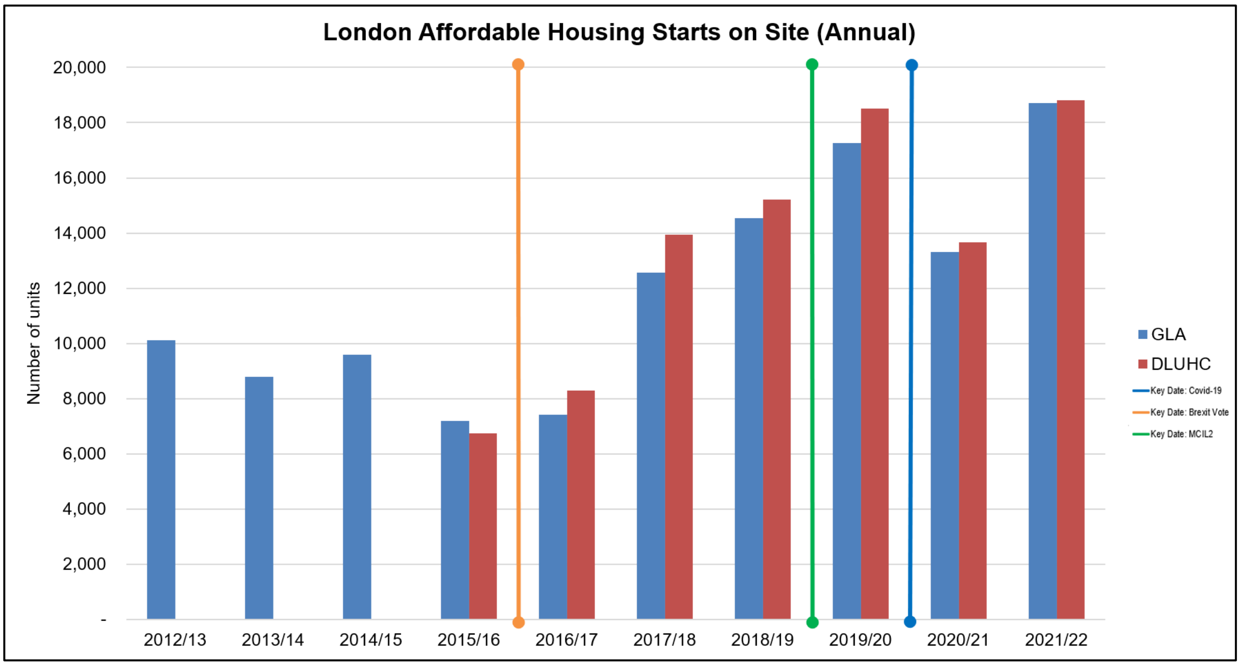
4.1.13 Although an argument can be made for the London industrial market having over-heated due to an imbalance between supply and demand the consequence is that land values have risen notwithstanding the imposition of MCIL2.

4.2 Affordable Housing

4.2.1 The graph below shows the number of affordable housing units started in London over the period 2012/13-2021/22, using both GLA and DLUHC data, though the DLUHC data is only available from 2015/16. The annual data from both the GLA and DLUHC is provided based on the financial years ending 31st March.

13 The London Land Challenge; The Industrial Land Market, Savills, 15th June 2022: https://www.savills.co.uk/research_articles/229130/329623-0

Figure 15: London Affordable Housing Starts on Site



Source: DLUHC / GLA

4.2.2 The graphs show that other than a reduction in 2020/21 (which can be attributed to the Covid-19 pandemic) the number of affordable housing units started has been on an upwards trend since 2015/16. We have also reviewed affordable housing completions in London which have similarly been delivered on an upwards trajectory since 2015/16. On this basis, we see no impact from the introduction MCIL2 on affordable housing development volumes

4.3 Review of Developer Issues

4.3.1 Based on the previous section, we do not see any proven correlation between the introduction of MCIL2 and changes in development activity. However, it is difficult to discern how one factor such as MCIL2 has changed developer decision making when many other things may be changing at the same time. Therefore, as an additional check we have undertaken a review of the latest financial statements (available at the time of writing the report) of 15 major developers to see if CIL / MCIL are major issues worthy of comment by the Chairman / Chief Executive of those companies in their annual reports.

Table 6: Key Issues highlighted by 15 major developers in Annual Reports

Firm	Document	CIL	MCIL	Infrastructure Levy	Affordable Housing	SDLT	Land Cost/ Avaiiability	Building Cost (inflation)	Planning System	Covid-19	Economic Uncertainty	Retail Values	Sustainability / Net Zero Carbon	Legislation
Berkeley Group	2022 Annual Report	Yes	No	Yes	No	Yes	No	Yes	No	Yes	Yes	No	Yes	Yes
Barratt Developments	2022 Annual Report	No	No	No	No	No	No	Yes	Yes	Yes	Yes	No	yes	Yes
Taylor Wimpey	2021 Annual Report	No	No	No	No	No	No	Yes	Yes	Yes	Yes	No	Yes	Yes
Bellway	2021 Annual Report	No	No	No	No	No	No	Yes	Yes	Yes	Yes	No	Yes	No
U+I	2021 Annual Report	No	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	No
L&Q	2022 Annual Report	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Notting Hill Genesis	2021 Annual Report	No	No	No	No	No	No	No	No	Yes	No	No	Yes	Yes
A2Dominion	2021 Annual Report	No	No	No	No	No	No	No	Yes	Yes	No	No	Yes	Yes
Circle	2022 Annual Report	No	No	No	No	No	No	Yes	No	Yes	Yes	No	No	No
Landsec	2022 Annual Report	No	No	No	No	No	Yes	Yes	No	Yes	Yes	Yes	Yes	No
British Land	2022 Annual Report	No	No	No	No	No	No	Yes	No	Yes	Yes	Yes	Yes	No
Hammerson	2021 Annual Report	No	No	No	No	No	No	No	No	Yes	No	Yes	Yes	No
Great Portland Estates	2022 Annual Report	No	No	No	No	No	No	Yes	No	Yes	No	Yes	Yes	No
Derwent London	2021 Annual Report	No	No	No	No	No	No	Yes	No	Yes	No	No	Yes	No
SEGRO	2021 Annual Report	No	No	No	No	No	Yes	Yes	No	Yes	Yes	No	Yes	No

4.3.2 This analysis (Table 6) suggests that MCIL is not a key issue being considered by major developers in the market. Of greater importance are issues such as the implications of the Covid-19 pandemic, macro-economic headwinds, build cost inflation and needing to act with sustainability incorporated into business models. Only one annual report, by Berkeley Group, mentions local CIL and the proposed Infrastructure Levy as an issue.

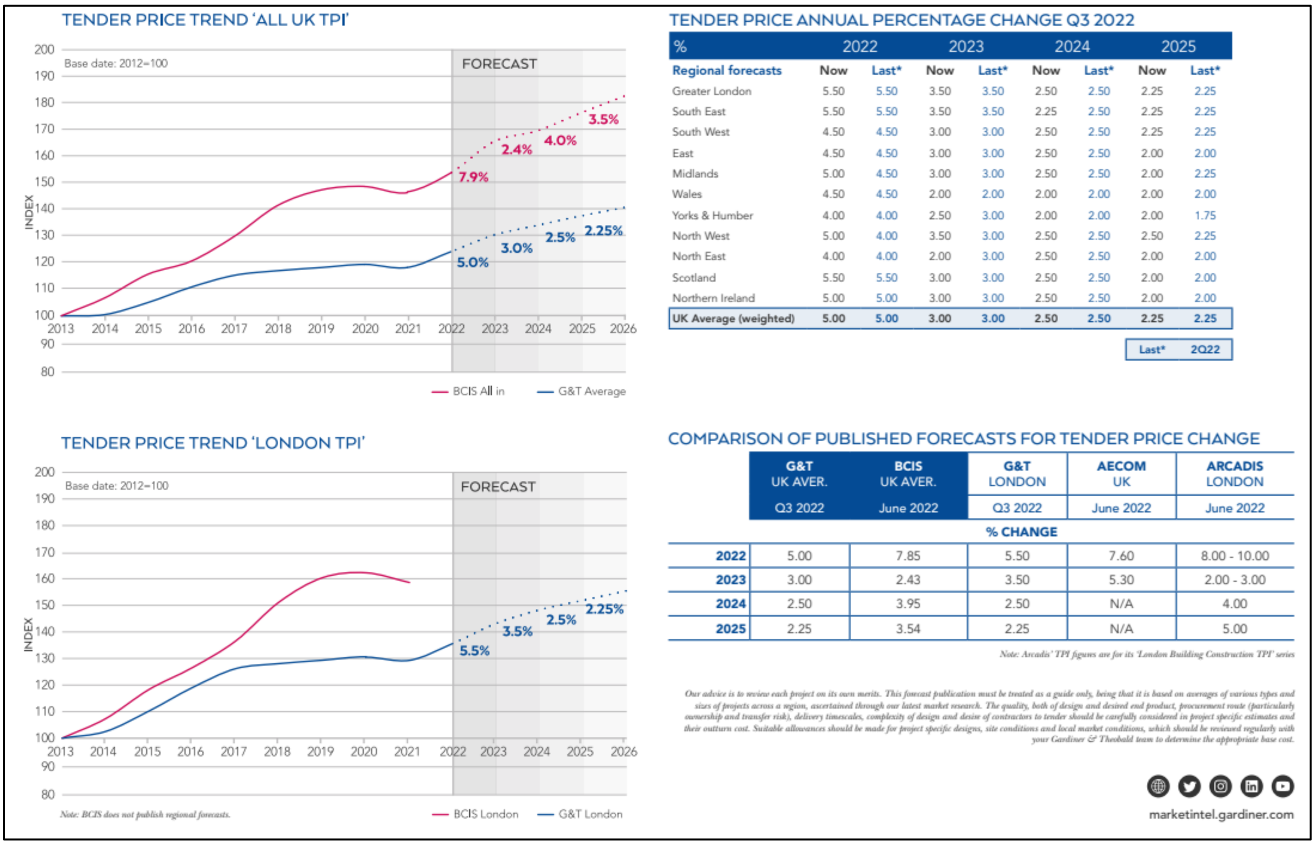
4.3.3 Inevitably looking at financial statements is a case of looking backwards over time periods that have now been superseded. We expect that in future reports the key issues will be even more focussed on the impacts of inflation on building costs, the state of the economy and rising interest rates. In our experience, these are the significant current issues, along with concern around long term occupational demand, particularly for offices, given changes in working practices, with more working from home.

4.3.4 We would not expect any significant debate about the impact on viability of CIL although there may be some commentary on the uncertainty given the government's intention to replace the CIL system with a new Infrastructure Levy. The Government's current intention is that infrastructure levy will apply nationally except for Wales where the CIL will continue to apply and in Greater London Mayoral CIL will also remain. As Borough CIL will be removed as part of the new infrastructure levy system, it will be important to assess the impact on total costs and therefore viability, which will need to be reviewed when more is known about the proposed levy.

4.3.5 Given that build costs are a major part of any development appraisal, we now look more specifically at current build cost inflation.

4.3.6 Build cost inflation across the real estate market has been substantial, with the issues caused by the Covid-19 pandemic compounded by the deterioration in macroeconomic conditions caused by the Russia-Ukraine conflict. We have taken the build cost inflation graphs produced by Gardiner & Theobald and have included this below. This shows a 5.50% increase in build costs over 2022 for London, while Arcadis are predicting an increase of between 8-10% in build costs for London over 2022.

Figure 16: Build Cost Increases (Tender Prices)



TENDER PRICE ANNUAL PERCENTAGE CHANGE Q3 2022

%	2022		2023		2024		2025	
Regional forecasts	Now	Last*	Now	Last*	Now	Last*	Now	Last*
Greater London	5.50	5.50	3.50	3.50	2.50	2.50	2.25	2.25
South East	5.50	5.50	3.50	3.50	2.25	2.50	2.25	2.25
South West	4.50	4.50	3.00	3.00	2.50	2.50	2.25	2.25
East	4.50	4.50	3.00	3.00	2.50	2.50	2.00	2.00
Midlands	5.00	4.50	3.00	3.00	2.50	2.50	2.00	2.25
Wales	4.50	4.50	2.00	2.00	2.00	2.00	2.00	2.00
Yorks & Humber	4.00	4.00	2.50	3.00	2.00	2.00	2.00	1.75
North West	5.00	4.00	3.50	3.00	2.50	2.50	2.50	2.25
North East	4.00	4.00	2.00	3.00	2.50	2.50	2.00	2.00
Scotland	5.50	5.50	3.00	3.00	2.50	2.50	2.00	2.00
Northern Ireland	5.00	5.00	3.00	3.00	2.50	2.50	2.00	2.00
UK Average (weighted)	**5.00**	**5.00**	**3.00**	**3.00**	**2.50**	**2.50**	**2.25**	**2.25**

Last* 2Q22

COMPARISON OF PUBLISHED FORECASTS FOR TENDER PRICE CHANGE

	G&T UK AVER. Q3 2022	BCIS UK AVER. June 2022	G&T LONDON Q3 2022	AECOM UK June 2022	ARCADIS LONDON June 2022
			% CHANGE		
2022	5.00	7.85	5.50	7.60	8.00 - 10.00
2023	3.00	2.43	3.50	5.30	2.00 - 3.00
2024	2.50	3.95	2.50	N/A	4.00
2025	2.25	3.54	2.25	N/A	5.00

Note: Arcadis' TPI figures are for its 'London Building Construction TPI' series

Our advice is to review each project on its own merits. This forecast publication must be treated as a guide only, being that it is based on averages of various types and sizes of projects across a region, ascertained through our latest market research. The quality, both of design and desired end product, procurement route (particularly ownership and transfer risk), delivery timescales, complexity of design and desire of contractors to tender should be carefully considered in project specific estimates and their outturn cost. Suitable allowances should be made for project specific designs, site conditions and local market conditions, which should be reviewed regularly with your Gardiner & Theobald team to determine the appropriate base cost.

Source: Gardiner & Theobald Tender Price Forecast – Q3 2022

4.3.7 At the time of writing this report (July 2022), there is a considerable amount of uncertainty in the real estate market, particularly as it relates to the wider economy and rising interest rates/borrowing costs and build cost inflation (see above). We predict that reducing development volumes may result albeit that impact on MCIL receipts is likely to be lagged.

5 REVIEW OF DIFFERENTIAL RATES IN MCIL CHARGING SCHEDULE

5.1 Review of Borough House Price Data

5.1.1 Average house price data is a key indicator for viability and was used as a proxy for commercial viability in the MCIL2 examination. We continue to use this approach when reviewing the differential rates between collecting authorities other than in the case of the Central London & Isle of Dogs charging zone, where again we follow the approach taken at the MCIL2 Examination in Public (EiP) and we will review this in Section 6 of this report.

5.1.2 In the MCIL2 Examination in Public (EiP) in 2019 both median and mean house price data was used. We have replicated this approach and reviewed median and average (mean) house prices, comparing between April 2019 and current pricing (June 2022). The analysis shows that median and mean pricing are closely aligned and so we continue to use mean house prices for our analysis. Table 7 below shows the median / mean pricing in descending order for each column. The median house price data is from the ONS House Price Statistics for Small Areas, and the data is for the year ending Q1 2019 and Q1 2022. The average price data is UK House Price Index (HPI) data for June 2022, as published in September 2022. We have colour coded each Borough in line with the appropriate MCIL2 charging band (i.e. Band 1: Red / Band 2: Blue / Band 3: Green).

Table 7: London Median and Mean House Prices 2019 & 2022

Borough	Median House Price (Q1 2019)	Borough	Mean House Price (April 2019)	Borough	Median House Price (Q1 2022)	Borough	Mean House Price (June 2022)
Kensington and Chelsea	£1,305,000	Kensington and Chelsea	£1,264,889	Kensington and Chelsea	£1,275,000	Kensington and Chelsea	£1,386,918
Westminster	£950,000	Westminster	£993,115	Westminster	£900,000	Westminster	£953,746
City of London	£930,000	Camden	£820,812	City of London	£790,000	City of London	£833,787
Camden	£765,000	City of London	£738,797	Hammersmith and Fulham	£790,000	Camden	£822,888
Hammersmith and Fulham	£748,750	Hammersmith and Fulham	£713,758	Camden	£755,000	Richmond upon Thames	£768,693
Richmond upon Thames	£635,000	Richmond upon Thames	£639,470	Richmond upon Thames	£748,500	Hammersmith and Fulham	£762,708
Wandsworth	£617,500	Islington	£620,328	Wandsworth	£652,500	Islington	£713,958
Islington	£600,000	Wandsworth	£578,173	Islington	£640,000	Wandsworth	£636,483
Southwark	£574,625	Hackney	£570,456	Hackney	£600,000	Hackney	£623,021
Hackney	£550,000	Haringey	£529,601	Barnet	£585,000	Barnet	£601,705
Lambeth	£517,500	Barnet	£512,343	Haringey	£550,500	Haringey	£590,997
Haringey	£510,000	Merton	£501,459	Lambeth	£550,000	Merton	£574,218
Barnet	£500,000	Lambeth	£499,236	Harrow	£542,550	Southwark	£546,768
Brent	£495,000	Southwark	£486,308	Merton	£540,000	Kingston upon Thames	£545,699
Kingston upon Thames	£490,000	Brent	£486,253	Southwark	£538,750	Lambeth	£543,754
Tower Hamlets	£483,000	Kingston upon Thames	£474,631	Brent	£535,000	Ealing	£536,975

Borough	Median House Price (Q1 2019)	Borough	Mean House Price (April 2019)	Borough	Median House Price (Q1 2022)	Borough	Mean House Price (June 2022)
Merton	£475,000	Ealing	£461,458	Tower Hamlets	£532,100	Brent	£525,733
Ealing	£470,000	Harrow	£446,825	Kingston upon Thames	£530,000	Harrow	£523,681
Harrow	£466,500	Tower Hamlets	£433,632	Ealing	£525,000	Bromley	£504,000
Waltham Forest	£441,000	Waltham Forest	£432,174	Waltham Forest	£500,000	Waltham Forest	£499,717
Greenwich	£440,000	Bromley	£431,643	Bromley	£497,750	Tower Hamlets	£480,866
Bromley	£435,500	Hillingdon	£404,953	Redbridge	£490,000	Redbridge	£471,166
Redbridge	£427,000	Redbridge	£402,053	Hillingdon	£465,000	Hillingdon	£466,304
Lewisham	£425,000	Lewisham	£400,734	Hounslow	£462,000	Lewisham	£453,989
Hillingdon	£415,000	Hounslow	£394,788	Enfield	£450,100	Enfield	£450,499
Newham	£412,000	Enfield	£393,880	Lewisham	£450,000	Hounslow	£446,521
Hounslow	£405,000	Greenwich	£381,586	Greenwich	£440,000	Greenwich	£437,981
Enfield	£400,000	Sutton	£368,212	Sutton	£425,000	Sutton	£437,539
Sutton	£385,000	Newham	£366,957	Newham	£425,000	Havering	£427,241
Croydon	£380,000	Croydon	£363,627	Havering	£411,500	Croydon	£419,690
Havering	£360,000	Havering	£358,877	Croydon	£408,250	Newham	£414,451
Bexley	£355,000	Bexley	£339,330	Bexley	£393,700	Bexley	£394,607
Barking and Dagenham	£310,000	Barking and Dagenham	£295,498	Barking and Dagenham	£345,000	Barking and Dagenham	£343,513

Source: Land Registry HPI & ONS House Price Statistics for Small Areas

5.1.3 We have sourced Land Registry HPI average house price data for London Boroughs for June 2022 and compared this with the April 2019 equivalent figures. We have then ranked the June 2022 average pricing from highest to lowest and compared these with the MCIL2 charging bands. This analysis shows that the charging bands for the London Boroughs remain appropriate based on mean house prices. Whilst the gaps between the bands are small and the figures vary month to month, we do not see any major changes which would justify a change in the banding.

Table 8: London Mean House Prices vs MCIL2 Charging Band

London Borough	April 2019 Mean House Price	June 2022 Mean House Price	MCIL2 Charging Band	House Price Growth
Kensington & Chelsea	£1,264,889	£1,386,918	Band 1	9.65%
Westminster	£993,115	£953,746	Band 1	-3.96%
City of London	£738,797	£833,787	Band 1	12.86%
Camden	£820,812	£822,888	Band 1	0.25%
Richmond upon Thames	£639,470	£768,693	Band 1	20.21%
Hammersmith & Fulham	£713,758	£762,708	Band 1	6.86%
Islington	£620,328	£713,958	Band 1	15.09%
Wandsworth	£578,173	£636,483	Band 1	10.09%
Hackney	£570,456	£623,021	Band 2	9.21%
Barnet	£512,343	£601,705	Band 2	17.44%
Haringey	£529,601	£590,997	Band 2	11.59%
Merton	£501,459	£574,218	Band 2	14.51%
Southwark	£486,308	£546,768	Band 2	12.43%
Kingston upon Thames	£474,631	£545,699	Band 2	14.97%
Lambeth	£499,236	£543,754	Band 2	8.92%
Ealing	£461,458	£536,975	Band 2	16.36%
Brent	£486,253	£525,733	Band 2	8.12%
Harrow	£446,825	£523,681	Band 2	17.20%
Bromley	£431,643	£504,000	Band 2	16.76%
Waltham Forest	£432,174	£499,717	Band 2	15.63%
Tower Hamlets	£433,632	£480,866	Band 2	10.89%
Redbridge	£402,053	£471,166	Band 2	17.19%
Hillingdon	£404,953	£466,304	Band 2	15.15%
Lewisham	£400,734	£453,989	Band 2	13.29%
Enfield	£393,880	£450,499	Band 2	14.37%
Hounslow	£394,788	£446,521	Band 2	13.10%
Greenwich	£381,586	£437,981	Band 3	14.78%
Sutton	£368,212	£437,539	Band 3	18.83%
Havering	£358,877	£427,241	Band 3	19.05%
Croydon	£363,627	£419,690	Band 3	15.42%
Newham	£366,957	£414,451	Band 3	12.94%
Bexley	£339,330	£394,607	Band 3	16.29%
Barking & Dagenham	£295,498	£343,513	Band 3	16.25%

Source: Land Registry HPI

5.1.4 The Old Oak and Park Royal Development Corporation (OPDC) and London Legacy Development Corporation (LLDC) are included in the MCIL2 charging schedule however are not London Boroughs and therefore have not been included in the table above. The OPDC includes parts of the London Boroughs of Brent and Ealing, and Hammersmith and Fulham. Both Brent and Ealing are in Band 2, and Hammersmith and Fulham in Band 1. We judge that the OPDC which is in Band 2 is in the appropriate Band

5.1.5 The LLDC is spread across Hackney, Tower Hamlets, Newham and Waltham Forest. Hackney, Tower Hamlets and Waltham Forest are in Band 2 and Newham is in Band 3. As the House Price Index does not cover the LLDC sub-market, we have reviewed Land Registry house price sales data for the period July 2021 – July 2022 for the postcode districts E15 and E20. E15 covers the wider Stratford area and E20 largely covers the former Olympic Park. We have calculated an average sale price of £486,311 for the combined postcodes, which correlates with the pricing in Band 2, therefore we remain of the view that Band 2 is the correct allocation for the LLDC

6 REVIEW OF CENTRAL LONDON & ISLE OF DOGS CHARGING ZONE BOUNDARY

6.1 Introduction

6.1.1 As part of the MCIL 2022 Biennial Review, JLL have been asked to review the boundary for the Central London & Isle of Dogs charging areas. This boundary is shown in Figure 2 within Section 1 of this report.

6.1.2 In the viability evidence produced to support the current MCIL2 charging schedule a section headed “MCIL3” was included looking forward to a possible revised charging schedule in 2024. This envisaged, amongst other things, a review of the boundary of Central London and the rates that apply within it. Central London has a higher charging rate for offices, retail and hotel development due to the superior viability characteristics of the area. This higher rate of charge took effect in April 2019, albeit replacing the previous S106 SPG policy which included payments relating to congestion for Central London and Isle of Dogs commercial uses, and therefore we consider it warrants further examination as part of our review. The changing nature of London markets / areas means that it is important to review the boundary, whilst the emergence of new evidence, for example through Borough CIL review viability evidence, provides further detail on the ability of locations to afford a higher charge.

6.1.3 As previously, the key test in considering whether to adopt new rates and boundaries will be for the Mayor to ensure the balance between the desirability of the infrastructure funding and the impacts on viability across its area.

6.1.4 The purpose of this review is to ensure a best fit boundary that captures commercial markets with similar viability characteristics, satisfies public subsidy criteria but without adding unduly to the complexity of administering MCIL.

6.1.5 We start with the MCIL2 position. The rates adopted are based primarily on viability and reflect the proven ability to afford higher rates in Central London and the Isle of Dogs as evidenced by the track record in paying higher rates under the former Crossrail S106 SPG policy. This approach of using office rental values as the main indicator of viability was supported by the MCIL2 (and MCIL1) examiner. The correlation between offices, retail and hotels showing that higher office rents are commensurate with higher retail and hotel values was demonstrated in the JLL MCIL2 DCS Viability Evidence Base November 2017. In the case of retail, high value locations can occur in close proximity to lower value locations. However, in the lower value areas retail is generally a supporting ground floor use in a mixed-use scheme where the viability of other use(s) will be the major determinant of the viability of the scheme in question.

6.1.6 The area of London where typically tenants are prepared to pay the highest rents is subject to change over time. In the section headed MCIL 3 in the JLL MCIL2 DCS Viability Evidence Base November 2017 (paragraph 12.1.4) we recognised that it would be necessary to keep the boundary under review. This follows a trend where for example parts of Vauxhall, Nine Elms and Battersea were excluded from the S106 SPG (2016) policy on the grounds of prematurity but were included for the purposes of MCIL2.

6.1.7 Our approach is to:

- Undertake a literature review of the published market research reports from major property agents to establish if there is consensus about where the boundaries for Central London and the Isle of Dogs should be;
- Undertake an analysis to detect any areas inside / outside the Central London and the Isle of Dogs charging zone boundary with similar viability characteristics;
- Undertake limited viability appraisal work for locations where evidence suggests that the boundary could be adjusted based on viability considerations.

6.2 Review of Agency Firms Central London Office Research Maps Boundary Comparison

6.2.1 We have reviewed available Central London research reports which have a defined Central London boundary and compared these definitions against the JLL research map definition. The available maps are from the following firms:

- JLL
- Avison Young
- Knight Frank
- CBRE
- Cushman & Wakefield

6.2.2 The maps provide an indication of how Central London is treated for research purposes at different advisory firms. We have included these maps in Appendix 1.

6.2.3 Our review of the definition of the Central London boundary as shown in market research undertaken by JLL and other real estate advisory firms highlights some differences, albeit that these are relatively minor in scope. However, they may be important because for those footloose occupiers who want a Central London location these maps indicate a likely limit of acceptability i.e. these locations tend to compete with one another.

6.2.4 The nature of the market means that the shape of the London market can change. In recent years, the JLL Central London boundary definition has extended to include areas such as White City and Whitechapel. This is because traditional Central London occupiers are now looking at these markets as potential new locations for their offices.

6.2.5 Our review of the definition of Central London as shown in market research undertaken by JLL and other real estate advisory firms suggests that a wider area than the existing MCIL2 Central London & Isle of Dogs boundary could therefore potentially be appropriate. In this next section of the report, we will review in more detail the north, south, east and west boundaries in this context.

6.2.6 From our review of Central London office market reports, we can see that there is a clear consensus from agents that prime office rents in this area range between c.£45 per sq ft and c.£120 per sq ft. This falls considerably in areas such as Greenwich / Royal Docks to £30-£35 per sq ft.

6.3 Central London – Prime Office Rents Comparison – 2019 vs 2022

6.3.1 A key element of judging whether the Central London and Isle of Dogs boundary remains appropriate is to assess whether the rental values have changed significantly since the introduction of MCIL2 which would then justify a change in boundary. We have outlined in the table below (Table 9) a comparison between the rents for the key markets in the Central London and Isle of Dogs charging zones and then in a second table (Table 10) some of the areas outside of the Central London and Isle of Dogs charging zones and their respective rental profiles. The prime rents are taken from the JLL Central London Market Reports for Q2 2019 and Q2 2022.

Table 9: JLL Office Rents Comparison in Sub-Markets within MCIL2 Central London and Isle of Dogs Charging Zones – Q2 2019 vs Q2 2022

Sub-Market	JLL Q2 2019 Prime Rent	JLL Q2 2022 Prime Rent	% Growth
Paddington	£75.00	£82.50	10.00%
Mayfair	£117.50	£120.00	2.13%
Belgravia & Knightsbridge*	£82.50	£80.00	-3.03%
Victoria	£80.00	£85.00	6.25%
Vauxhall	£60.00	£57.50	-4.17%
Waterloo	£62.50	£67.50	8.00%
St. James	£117.50	£120.00	2.13%
Soho	£95.00	£95.00	0.00%
Covent Garden	£82.50	£82.50	0.00%
Fitzrovia	£87.50	£90.00	2.86%
North of Oxford Street	£87.50	£87.50	0.00%
Marylebone	£72.50	£72.50	0.00%
Bloomsbury	£85.00	£80.00	-5.88%
King's Cross	£85.00	£87.50	2.94%
Clerkenwell	£77.50	£79.50	2.58%
City Midtown	£70.00	£72.50	3.57%
Western City	£75.00	£72.50	-3.33%
Southern City	£68.50	£67.50	-1.46%
Southbank	£70.00	£75.00	7.14%
Central City	£70.00	£72.50	3.57%
Eastern City	£72.50	£72.50	0.00%
Aldgate	£57.50	£60.00	4.35%
Northern City	£72.50	£72.50	0.00%
Shoreditch	£72.50	£72.50	0.00%
Canary Wharf	£48.50	£52.50	8.25%
Battersea	£57.50	£57.50	0.00%
Euston	£75.00	£75.00	0.00%

Nine Elms is also included within the MCIL2 Central London and Isle of Dogs Charging Zone. JLL started tracking the prime office rent in 2020, which confirms a current prime rent of £57.50 per sq ft.

* Partially included in the Central London & Isle of Dogs charging zone

Table 10: JLL Office Rents Comparison in Sub-Markets outside of MCIL2 Central London and Isle of Dogs Charging Zones – Q2 2019 vs Q2 2022

Sub-Market	JLL Q2 2019 Prime Rent	JLL Q2 2022 Prime Rent	% Growth
White City	£51.00	£60.00	17.65%
Hammersmith	£56.50	£56.00	-0.88%
Ealing	£42.50	£47.50	11.76%
Chiswick	£53.00	£53.50	0.94%
Uxbridge	£33.00	£35.00	6.06%
Kensington & Chelsea	£72.50	£75.00	3.45%
Richmond	£50.00	£57.50	15.00%
Wimbledon	£52.50	£56.50	7.62%
Croydon	£37.50	£38.50	2.67%
Stratford	£46.50	£45.00	-3.23%
Camden*	£60.00	£57.50	-4.17%

6.3.2 The Whitechapel submarket is partly inside the Central London & Isle of Dogs charging zone and has a prime office rent of £60.00 per sq ft as of Q2 2022.

6.3.3 This analysis shows that there is some variety across London in terms of office rental growth between 2019 and 2022, with some sub-markets witnessing a decline in the prime rental level. For those areas outside of the Central London & Isle of Dogs charging zone, White City, Ealing and Richmond have all seen rental growth in excess of 10% since the previous charging schedule was brought into effect. Hammersmith, Stratford and Camden have seen a decrease in the prime rental level. A preliminary conclusion that can be drawn from this analysis is that there has not been a substantial change in viability characteristics for the majority of markets, since MCIL2 was brought into place, other than for White City, Ealing and Richmond.

6.3.4 Whilst some of the increases in prime office rental level seem significant (e.g. Ealing, Richmond and White City), they are relatively small markets where changes such as the introduction of the Elizabeth Line can be significant. In these relatively small markets transactions can often coincide with new rent levels being established so that trends measured over a short space of time can be problematical as rental value levels tend to jump up as transaction evidence is available or plateau if there is no evidence.

6.3.5 We have undertaken further research into prime office rental levels as defined by other agency firms for Central London. We set out below a summary of the Knight Frank prime office rents for Central London from their report "The London Office Market Report 2022 Q2 in the table below. This table confirms that the JLL prime rents are largely in line with the Knight Frank prime rents, thereby substantiating the use of JLL prime rents for this analysis.

* Partially included in the Central London & Isle of Dogs charging zone

Table 11: Knight Frank prime headline office rents for London Office Market Q2 2022

Sub-Market	KF Q2 2022 Prime Rent
White City	£57.50
Knightsbridge / Chelsea	£95.00
Paddington	£77.50
Marylebone	£95.00
Mayfair / St James	£122.50
Victoria	£80.00
Vauxhall / Battersea	£55.00
Fitzrovia	£90.00
Soho	£92.50
Euston / Kings Cross	£82.50
Bloomsbury	£77.50
Strand / Covent Garden	£80.00
Midtown	£70.00
Southbank Core	£75.00
Clerkenwell / Farringdon	£79.00
City Core	£75.00
Aldgate / Whitechapel	£60.00
Canary Wharf	£52.50
Rest of Docklands	£32.50
Stratford	£46.50

Source: Knight Frank – The London Office Market Report 2022 Q2

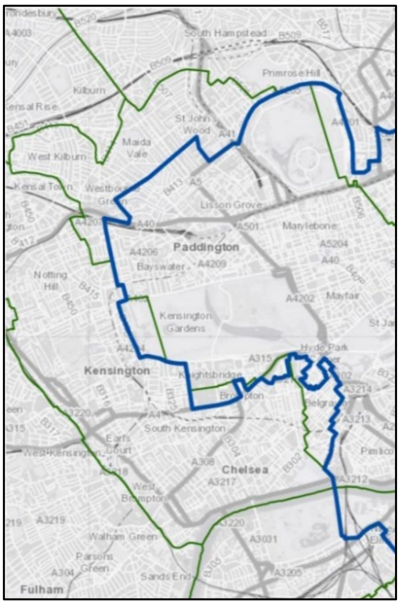
6.4 Central London & Isle of Dogs Viability Analysis

6.4.1 In this next section of the report, we will review in more detail the north, south, east and west boundaries of the Central London & Isle of Dogs charging zone. Our assessment of whether to undertake appraisal analysis testing on areas is primarily based on the prime office rental values of the locations in question.

6.5 West London Boundary Review

6.5.1 The westernmost boundary of the Central London & Isle of Dogs charging zone for MCIL2 extends to Bayswater / Paddington. In comparison, our review of Central London market research reports, shows that a majority of firms extend their boundary further west. For example, Hammersmith is included in most of the maps, together with Kensington and Chelsea, and White City.

Figure 17: MCIL2 Western Boundary



6.5.2 Looking further at the Central London research maps and specifically their western boundary, we conclude the following:

- Hammersmith is included within Central London.
- Kensington / Chelsea is included within Central London.
- The majority exclude Fulham although in practice this is largely academic as this location is substantively residential in character.
- White City is included within Central London.
- Ealing is not included within Central London.

White City

6.5.3 White City has transformed in recent years, from what was a secondary office location into an established office market and has become a hub for life sciences occupiers due to its proximity to Imperial College and for retailers due to Westfield.

In 2009 Imperial College completed its first purchase of land at White City and in the years up to 2012 acquired further large sites to facilitate the development of a 23-acre integrated collaborative campus at the heart of the White City Opportunity Area. White City is home to multidisciplinary research facilities and innovation spaces which include the i-Hub, and Scale Space alongside traditional office buildings which have been successfully adapted to accommodate life science users.

The Hammersmith & Fulham CIL charging schedule (adopted 2015) sets a nil rate for all development in White City East Opportunity Area and highlights White City as one of the locations in the borough most likely to see new build office development.

According to JLL research, prime rents in White City have now reached £60 per sq ft and it is included within the definition of the Central London Market. The prime rental level for the sub-market means that consideration should be given to including White

City within the Central London & Isle of Dogs charging zone, subject to viability testing and any other potential factors.

Hammersmith

6.5.4 Hammersmith is an established office market in West London, with its historic core being on Hammersmith Road and in the surrounding area. While Hammersmith has traditionally been the dominant office market in West London, White City is becoming more popular and prime rents in White City (£60 per sq ft) have now exceeded those in Hammersmith where prime rents are approximately £56 per sq ft.

Hammersmith provides an estimated total office stock in the region of 7 million sq ft. While there has been limited new build development in recent years, there is a major development in the pipeline for the nearby location of Kensington Olympia which had planning permission approved in 2019 for the mixed-use redevelopment of the Olympia conference and exhibition centre for cultural and commercial purposes. This redevelopment will include a significant provision of new space, with planning for 550,000 sq ft of offices.

Peter Brett undertook the CIL viability work for the London Borough of Hammersmith & Fulham in June 2014. For office development, the appraisals showed a gap between the benchmark land value and residual land value of £534 per sq m, with a recommended £80 per sq m rate for borough CIL within Hammersmith Town Centre. Whereas the appraisals showed that no CIL could be afforded elsewhere in the borough due to viability concerns. The Peter Brett report states that rents in Hammersmith were at £47.50 per sq ft for new office space and £37.50 per sq ft for refurbished office space in Hammersmith at the time of writing. As the JLL prime rent shows, prime rents have moved on significantly since this Peter Brett analysis was undertaken.

Based on the prime rental level, we consider that there is potentially a case to include Hammersmith within the Central London & Isle of Dogs charging zone, subject to viability testing and any other potential factors.

Ealing

6.5.5 Ealing lies further to the west and in recent years has seen limited new office development, with residential, and leisure development being preferred. There have however been a number of office refurbishments which have been undertaken and with four Elizabeth line (Crossrail) stations delivered in the borough of Ealing, occupiers will be looking at Ealing as a more cost-effective location compared to Central London.

British Land have long term plans to develop offices in this market as part of their mixed-use development proposals for Ealing Broadway, with a significant provision of office space along with cultural space, retail, restaurants and bars being proposed.

BNP Paribas undertook the CIL viability analysis in April 2013, which outlined that office development was unlikely to come forward in the short to medium term unless rents increased significantly over the life of the charging schedule. Those appraisals confirmed a base rental assumption of £20 per sq ft for prime office space in Ealing at that time.

JLL research outlines a prime rent of £47.50 per sq ft for Ealing as at Q2 2022 showing a significant increase on the rent outlined in the 2013 CIL viability analysis. Whilst this prime rent is below the rental level of locations regarded by agents as part of Central London, the potential for office development in this location means we have undertaken viability analysis to test our preliminary conclusion that Ealing should not be included in the Central London & Isle of Dogs charging zone.

Chiswick

6.5.6 Chiswick is another example of an established office market albeit situated further west of the Central London & Isle of Dogs charging zone, though it is a market which is substantially focussed on one development. Chiswick Park is the main office scheme in the area, comprised of 12 office buildings and totalling over 1.8m sq ft. The final phase of the park was the speculative construction of Building 7, which completed in 2014 and comprises 330,000 sq ft. We are not aware of any further new build office development being proposed at the park. Prime rents in Chiswick, as at Q2 2022, are estimated by JLL to be £53.50 per sq ft.

There might be an argument based on rental values that Chiswick Park should be included within the western boundary of the Central London & Isle of Dogs charging zone, but this is likely to be academic as all the buildings at the park have been constructed already and there is very limited scope for further new build office development. However, we have undertaken viability analysis to test our preliminary conclusion that Chiswick should not be included in the Central London & Isle of Dogs charging zone.

Uxbridge

6.5.7 The Uxbridge office market is focussed around the town centre and Underground station, with large office schemes at the Charter Building and Belmont House. The JLL estimate of prime office rent in Uxbridge is £35 per sq ft as at Q2 2022. Prime rents in Uxbridge remain some way below other West London locations and as shown in section 6.3.1 of this report, the prime rent of £35 per sq ft is some way below those rents within the area generally accepted as Central London. We consider that as Uxbridge has a significantly lower prime office rent, we can judge the viability of development in Uxbridge by reviewing the findings from another appraisal, for example Ealing where rents are higher.

Old Oak Common

6.5.8 We have considered whether the opportunity to build offices close to the prospective Old Oak Station at the junction of the Elizabeth line and the planned HS2 justify the inclusion of this area within a higher band of charging. We note the following:

- The Old Oak and Park Royal Development Corporation (OPDC) have not yet adopted a CIL, however it consulted upon a draft charging schedule produced in 2016. We are aware that further consultation will be taking place on a new draft charging schedule later this year.

- The development of any commercial content around the future Old Oak Common station is still a long way from being delivered.
- There is no critical mass of office space in the area at present and we are not aware of any in the pipeline.

We conclude that it is premature to consider including any part of the Old Oak Common development area in an office boundary of the Central London & Isle of Dogs charging zone, due to the preliminary nature of the plans and long timeline for development in this area.

Chelsea / Kensington / Belgravia

6.5.9 Kensington / Chelsea / Belgravia are included as sub-markets within most Central London research reports with a prime rent estimated at £75.00 - £80.00 per sq ft by JLL. The strength of existing use values, primarily the residential market, means that office development is often unlikely to be the highest use value and therefore new office development has been limited. However, with high rental values there is potential for office development to take place.

Conclusion

6.5.10 Based on the above analysis we think there is a potential case to include Kensington / Chelsea / Belgravia, White City and Hammersmith but not Ealing, Uxbridge, Old Oak Common or Chiswick within the western boundary of the Central London & Isle of Dogs charging zone. Office locations which are situated further west of Hammersmith / White City display a step down in rental values and therefore we do not consider that they should be included due to viability concerns (e.g. £56 per sq ft in Hammersmith vs £47.50 per sq ft in Ealing). Whilst Chiswick has a similar prime rent to Hammersmith / White City, this rent has only been achieved in the discrete and localised area at Chiswick Park, which has no development land for further new build development.

For reasons that are expanded upon in Section 7 we do not believe there is persuasive evidence available to justify a change from the Examiner's position set out at the time the MCIL2 charge was introduced. We recommend keeping the western boundary under review.

6.6 South London Boundary Review

6.6.1 Central London agents tend to define the southern boundary as the Thames but with specific exceptions typically being South Bank, Waterloo, Vauxhall, Nine Elms, and Battersea. However, the geographical extent of these submarkets varies between different real estate advisory firms.

6.6.2 The Examiner at the MCIL2 Examination considered the southern boundary in detail and decided that there was insufficient evidence to include the Elephant & Castle Opportunity Area. We do not believe that there has been sufficient change since the Examination to warrant further consideration.

6.6.3 Rents on this southern boundary are typically £57.50 - £67.50 per sq ft.

Figure 18: MCIL2 Central London Southern Boundary

6.6.4 Beyond this boundary, we have considered whether there are any office markets which warrant inclusion in the Central London & Isle of Dogs charging zone. Our research has found three established office markets to review, based on their viability characteristics. These are set out, along with their prime rents in the table below.

Table 12: Prime rents for office markets south of the Central London Charging Zone boundary

Sub-market	JLL (Unpublished – Q2 2022)	Knight Frank (M25 Key Markets Report Q2 2022)
Richmond	£57.50 psf	n/a
Wimbledon	£56.50 psf	£57.00 psf
Croydon	£38.50 psf	£39.50 psf

Richmond

6.6.5 Richmond has limited new build office development, meaning there is a lack of critical mass of large-scale Grade A offices. Refurbishments are a major route to providing Grade A office supply in this market. Due to the strength of the residential market, permitted development has removed a large amount of older office stock from the market; high residential values mean that office rents must be high in order to produce land values which allow office development to be competitive. The local council enforced Article 4 directives on two areas, preventing further office to residential permitted development, without planning permission. The adopted Local Plan (2018) outlines the desire to encourage new office development, especially in the designated key office areas, whilst it recognises that the shortage of office space has led to increases in rental values.

The London Borough of Richmond CIL charging schedule was introduced in 2014 and includes a charge of £25 per sq m for offices inside Richmond Town Centre. We have reviewed the examiner's report, which summarises the viability work undertaken. Within Richmond town Centre, the report outlines a rent of £323 per sq m (£30 per sq ft) was appropriate for a 465 sq m office in in Richmond Town Centre, whilst a rent of £190 per sq m (£17.65 per sq ft) was used for the appraisal outside the town centre. The town centre appraisals showed an overage of £140 per sq m whereas outside the town centre, the appraisals showed that offices were not viable.

The JLL estimation of prime rent for Richmond is £57.50 per sq ft, which shows how this market has moved on since the viability work was undertaken in 2013 for the Borough CIL. Whilst the rent levels might suggest inclusion in the Central London & Isle of Dogs charging zone, the size of the market area, scale of potential development likely to come forward together with viability analysis we have undertaken would counter this. On balance we do not support the inclusion of Richmond within the Central London & Isle of Dogs charging zone approved at Examination.

Wimbledon

6.6.6 Wimbledon has a lack of large new build modern office stock. Some refurbishment projects have been built out to address this lack of stock, with 22 Worple Road being an example of modern refurbished office stock in the area.

The future Wimbledon SPD was adopted by Merton Council in November 2020. The SPD outlines that office development providing modern spaces with large floor plates is limited in the area (Wimbledon town centre). It also outlines that demand is high from occupiers, supply is limited and rents and values rising.

The BNP Paribas CIL viability evidence for London Borough of Merton (dated November 2012) sets out that at current rent levels, office development is unlikely to come forward in the short to medium term as it is not viable, therefore a nil rate for office development was adopted. At the time, BNP Paribas used a rent of £28 per sq ft in their appraisals for offices in Wimbledon. BNP Paribas comment that rents would need to increase substantially for office developments to become viable.

From discussions with our agency colleagues, we have found that prime rents in Wimbledon are currently around £56.50 per sq ft, which shows a significant increase on the rental level in 2012. Whilst the prime rent level suggests that Wimbledon could possibly warrant inclusion in the Central London & Isle of Dogs charging zone, the scale of potential development in Wimbledon suggests otherwise. There has been limited new build office development in Wimbledon with the majority of Grade A stock being refurbished space while the majority of lettings have been on a relatively small scale.

Taking into consideration the lack of new build development and the relatively small nature of lettings in the market, and our own viability analysis we do not consider that it is appropriate to include Wimbledon within the Central London and Isle of Dogs charging zone approved at Examination.

Croydon

6.6.7 Croydon is situated some distance from Central London and is home to several companies who have relocated from the central area. Croydon is comprised of a mix of new office stock and a majority of secondary office stock, though permitted development has removed some of this stock from office use.

The pre-letting of 330,000 sq ft at 2 Ruskin Square by the Government Property Agency in 2020 on a 25 year lease was a major boost for the office market, whilst we understand that further office development is planned at Ruskin Square. JLL do not publish a prime rent for Croydon, but JLL agents consider that a rent of £38.50 per sq ft could be achieved on new Grade A office stock.

In December 2020 Gerald Eve produced the Croydon Council Local Plan Review Whole Plan Viability Study and Community Infrastructure Levy Charging Schedule Review on behalf of the London Borough of Croydon. The study looked at commercial development within the Croydon Metropolitan Centre (CMC) and showed that within the CMC on an office appraisal, an office rent of £25 per sq ft was appropriate. The appraisals factored in MCIL of £25 per sqm. The report concluded that offices in the CMC area can accommodate an increase in CIL levels from a base charge of £120 per sqm to between £180-£240 per sqm.

We conclude following viability analysis that office development is marginal in Croydon and that the area should not be included within the Central London & Isle of Dogs charging zone.

Conclusion

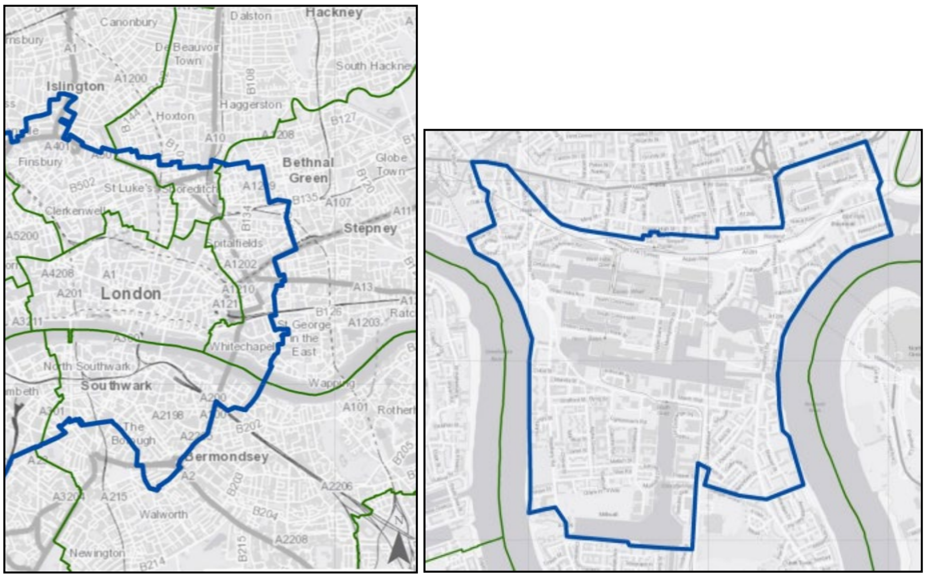
6.6.8 Our investigations relating to locations south of the Central London & Isle of Dogs charging zone have shown that whilst Wimbledon and Richmond exhibit rental values comparable with some parts of the existing Central London & Isle of Dogs charging zone, the lack of new build development and paucity of office lettings of any scale means that we do not believe it is appropriate to consider including these areas in the Central London & Isle of Dogs charging zone. Croydon has a lower prime rent, but has seen new build office development, with potential for more at Ruskin Square but our view is that rents are not high enough to justify including Croydon in the Central London & Isle of Dogs charging zone.

Overall, we are not persuaded that there is the depth of evidence available to justify a change from the Examiner’s position set out at the time the MCIL2 charge was introduced. We recommend keeping the southern boundary under review.

6.7 East London Boundary Review

6.7.1 The neighbouring areas beyond the eastern boundary of the City (Aldgate/Whitechapel) are usually included by agents in their definition of Central London together with Canary Wharf / Isle of Dogs and in most cases, Stratford. JLL and Knight Frank have a wider Docklands area than other agents, as they include the Royal Docks. The CBRE map excludes Stratford. The geographical extent of the Whitechapel area varies from agent to agent.

Figure 19: Eastern Boundary of current Central London and Isle of Dogs Zones



London Borough Tower Hamlets – Borough CIL Examination

6.7.2 We have reviewed the evidence from the London Borough of Tower Hamlets (LBTH) CIL examination which took place in 2019. BNP Paribas undertook the viability assessment in connection with LBTH's proposed revision to their charging schedule. The new charging schedule took effect from January 2020. The BNP Paribas report is dated March 2019 and states that rents have increased, and yields moved in since the last LBTH charging schedule was examined (previous schedule adopted in April 2015). BNP Paribas appraisals which anticipated the higher rate of MCIL2 charge for Central London and the Isle of Dogs confirmed that the City Fringe area could accommodate a significant increase in CIL rate, with a potential CIL rate of between £0 and £1,929 per sq m possible. The BNP Paribas appraisals for the North Docklands area show it can accommodate a CIL charge of between £0 and £1,292 per sq m. The examiner concluded that increasing the office rate from £90 per sq m to £100 per sq m in City Fringe and from £0 to £100 per sq m in North Docklands was justified.

Whitechapel

6.7.3 The Whitechapel sub-market has become a hub for technology and media occupiers, whilst the introduction of an Elizabeth line station at Whitechapel will likely improve occupier demand. At present, there is limited Grade A office supply in Whitechapel, but the area is starting to see some new office stock. For example, the Rowe is an example of a Grade A office redevelopment in this market, being situated on Whitechapel High Street and providing 162,000 sq ft of Grade A office floorspace.

The eastern boundary of the MCIL2 Central London & Isle of Dogs charging zone goes through Whitechapel and largely corresponds with the map boundary outlined in the LBTH evidence which shows the higher rate of charging zone for the Borough CIL in the area identified as City Fringe. Accordingly, we do not currently consider it is necessary to consider extending the boundary further east in this location. The

LBTH CIL viability evidence also shows that the higher rate of charge applicable in Central London & Isle of Dogs is affordable in this location.

Canary Wharf / Isle of Dogs northern area

6.7.4 When MCIL2 was brought into place in 2019, JLL research outlined that Canary Wharf had a prime rent of £48.50 per sq ft, which was the lowest prime office rent in the Central London and Isle of Dogs charging zone, as such we have decided to review whether the inclusion of this location in the zone remains justified from a viability perspective.

Canary Wharf is an established office location in London which continues to see large scale office development and occupiers. In total, Canary Wharf provides an estimated 14m sq ft of office stock. In 2019 a largescale office at 5 Bank Street completed, totalling 695,000 sq ft. In the development pipeline, Wood Wharf is the largest new project which covers a site of 23 acres, with the office space being delivered across multiple buildings and should total around 2m sq ft, with 20 Water Street being the first office building completion followed by 15 Water Street both in 2021. Further development is planned at Canary Wharf, for example with a joint venture between Kadans Science Partner and Canary Wharf Group proposing a 750,000 sq ft life science focussed building on the North Quay site.

JLL research outlines that Canary Wharf prime rents currently stand at £52.50 per sq ft. Tenant controlled supply is being marketed at rents of up to £45.00 per sq ft, while pre-let space is being marketed at rents in excess of £60.00 per sq ft.

Taking into consideration the prime rent of £52.50 per sq ft and the scale of office development which continues to be built in this sub-market, we think it is appropriate to keep Canary Wharf within the Central London & Isle of Dogs charging zone, and we have undertaken viability analysis to verify our conclusion.

Stratford

6.7.5 Since the 2012 Olympic Games, Stratford has established itself as a shopping, sporting and growing office hub in London. International Quarter London (IQL) has seen major office development, with further planned. Office rent levels here are generally perceived to be a little lower than in other central locations and Canary Wharf.

BNP Paribas viability evidence submitted in October 2018 as part of LLDC's CIL examination is a useful starting point for this exercise. Their study showed that the market in Stratford had matured over the five preceding years since their last CIL study in 2012. The evidence shows that the office space in Stratford is competing with other established office areas in London.

There has been a large amount of office development in recent years, for example the International Quarter will include 3m sq ft of office space when complete, with a number of office buildings already completed. This development includes a number of public sector occupiers who have re-located to Stratford, including large new office buildings for TfL and the FCA. Lendlease formed a 50:50 joint venture with Canada Pension Plan Investment Board (CPP Investments) in early 2022 which has plans to develop the Turing Building in addition to other buildings totalling approximately 1.6m sq ft when complete.

There is an existing historic outline consent in place for a maximum of 465,000 sq m gross commercial B1 space. This consent was granted before CIL charging schedules were introduced in this area and therefore no MCIL will be payable on buildings constructed pursuant to this consent.

JLL research from the Q2 2022 Central London Office Report shows that prime office rents in Stratford are at £45.00 per sq ft. We have reviewed other agency firms' prime rental levels for comparison. For example, Knight Frank have a similar prime rental level for Stratford of £46.50 per sq ft.

The LLDC Viability Study from 2018 undertaken by BNP Paribas which anticipated MCIL2 outlined a rent of £45 per sq ft for Stratford. The study concluded that the proposed CIL rate for offices within the 'Stratford Office Area' of £123.17 per sq m was capable of being absorbed without impacting viability.

Overall, we are not persuaded that changes in the viability characteristics of Stratford since the MCIL2 Examination in Public are sufficient to propose an inclusion of this area in the Central London & Isle of Dogs charging zone and our viability analysis supports this conclusion.

Conclusion

6.7.6 Viability testing is not required in relation to Whitechapel as LBTH recently updated the Borough CIL and the supporting evidence clearly shows that the higher rate of charge for MCIL2 can be afforded. Similarly, Canary Wharf was tested in the LBTH CIL review and the Examiner concluded that the North Docklands' area could afford Borough CIL at £100 per sq m in addition to the higher Central London & Isle of Dogs charging rate of MCIL2. As the rental value gap has widened between Stratford and Canary Wharf (see Tables 9 & 10 above) since the Examination, in our opinion it is still correct that Stratford lies outside of the Central London & Isle of Dogs charging zone.

6.8 North London Boundary Review

6.8.1 We have reviewed the areas north of the current Central London and Isle of Dogs charging zone boundary to evaluate whether there are any sub-markets which warrant inclusion. We have also reviewed the areas in the northern section to assess their viability characteristics.

Figure 20: Northern boundary of Central London & Isle of Dogs Charging Zone

6.8.2 The northern section of the existing central charging zone includes sub-markets such as Paddington, Marylebone, Euston, Kings Cross, Camden, Clerkenwell and Shoreditch. The JLL Central London Office market report Q2 2022 outlines that these markets have the following prime rents:

- Paddington: £82.50 per sq ft
- Marylebone: £72.50 per sq ft
- Euston: £75.00 per sq ft
- Kings Cross: £87.50 per sq ft
- Camden: £57.50 per sq ft
- Clerkenwell: £79.50 per sq ft
- Shoreditch: £72.50 per sq ft

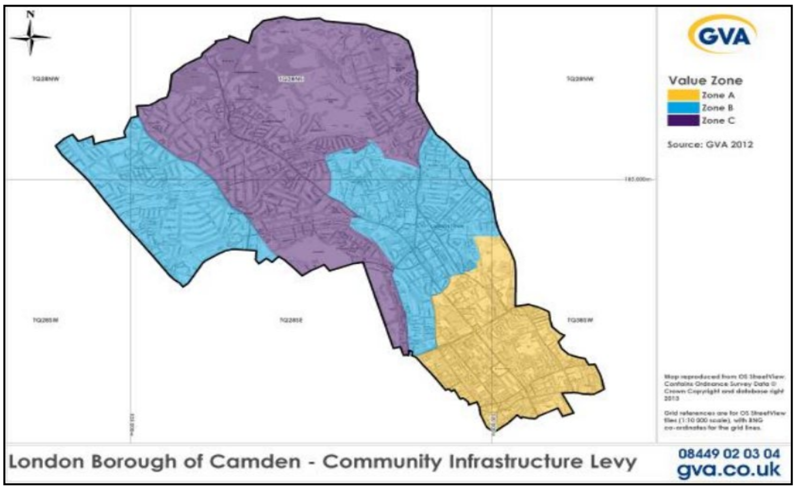
6.8.3 These rental levels mean that we have no concerns over the viability justifications of the higher rate of charge for the current boundary. Upon review of the above markets, the Borough of Camden extends further north than the current MCIL2 Central London & Isle of Dogs charging zone, therefore we have reviewed the viability evidence from the London Borough of Camden CIL viability report, undertaken by BNP Paribas.

Camden

6.8.4 BNP Paribas undertook a review of the London Borough of Camden's CIL charging rates, dated September 2019, prior to the adopting of a new charging schedule in October 2020.

As shown in Figure 21 below, the Camden CIL charging schedule refers to different areas, with the area referred to as Zone A (Central) largely correlating with the MCIL2 Central London & Isle of Dogs charging zone boundary, whilst the area referred to as Zone B in the Camden charging schedule is situated outside of this boundary, further to the north. BNP Paribas concluded that a higher rate of charge was justified within Zone A, indicating that a maximum CIL rate of between £0 and £1,925 per sq m could be levied in the Central area (excluding Kings Cross) with a rate of £110 per sqm being adopted for Zone A offices, research and development uses (increased from £45 per sqm) and for Zone B and Zone C charges for office development were only increased in line with indexation.

Figure 21: London Borough of Camden CIL Charging Map



Source: London Borough of Camden – Community Infrastructure Levy Charging Schedule – September 2020

BNP Paribas noted that the majority of office development is located within CIL Zone A, which has seen a significant improvement in the office market since the last CIL charging schedule was assessed in 2015.

As CIL Zone A is largely covered by the existing MCIL2 Central London & Isle of Dogs charging zone boundary and no increased charge (other than indexation) for the remainder of the borough was proposed, we see no reason to consider extending the boundary to areas outside of Zone A. We do however consider it could be appropriate to consider aligning the MCIL2 Central London & Isle of Dogs charging zone boundary with the boundary of Zone A of the Camden CIL charging map as the viability analysis undertaken by BNP Paribas dated September 2019 demonstrates that MCIL2 at the higher Central London commercial rates can be afforded in Camden Zone A.

6.8.5 Within the London Borough of Islington, we have identified Angel as an office market situated on the margin of the MCIL2 Central London & Isle of Dogs charging zone boundary. The critical mass of offices in close proximity to the station is already included within this higher rate of charging boundary. As such, we do not consider there is reason to alter the boundary in this location.

6.8.6 Looking further to the north, we have identified no further established office markets which we consider could be suitable for inclusion within the MCIL2 Central London & Isle of Dogs charging zone boundary.

Conclusion

6.8.7 Our review of areas north of the boundary has shown no additional sub-markets which could warrant inclusion within the MCIL2 Central London & Isle of Dogs charging zone boundary. While we consider that CIL Zone A within the Camden CIL could be aligned with the MCIL2 Central London & Isle of Dogs charging zone boundary, as this is a relatively insignificant change it is perhaps best left to be considered alongside wider changes to the MCIL2 charging schedule in the future.

7 CONCLUSION

7.1 Conclusion

7.1.1 Overall, we continue to conclude that MCIL is a relatively minor element of developers' appraisals and developers are instead focussed on structural changes to the property market and building cost inflation. The office market, post Covid-19, is impacted by concerns over long term utilisation of offices (vs working from home) counteracted by a requirement for space with high ESG credentials. Start on site data suggests that office development has continued more or less in line with the average over the last 10 years but the impact may be delayed.

7.1.2 The Covid-19 pandemic has accelerated a structural change in retail from high street to home delivery. In general, therefore there is an oversupply of shops with little new supply other than as part of mixed-use schemes. We conclude that retail viability will depend on being part of schemes dominated by other uses.

7.1.3 The industrial market has strengthened over the last three years as the trend for buying online and need for distribution space has increased. Since the introduction of MCIL2 the industrial land market (mainly outside of Central London) has reached record levels well able to afford MCIL2. Although the market has cooled a little, we have no concerns about MCIL2 affordability.

7.1.4 Residential exhibits widely different viability characteristics across London, is influenced by grant availability (infrastructure and affordable housing), reacts to planning policy (e.g. percentage of whole that is affordable) and is often controversial ("not in my back yard"). In this context MCIL2 as a low fixed component of the developer's appraisal remains in our judgement a minor issue unlikely to impact on overall residential development. The viability evidence also confirms that there is no compelling argument for altering the current banding for collecting authorities.

7.1.5 Hotel development has been fuelled by a continuing demand for more hotel rooms. There have been no indications that hotel development has been impacted by MCIL2.

7.1.6 Given current economic uncertainty and the potential for a new Infrastructure Levy system in the Boroughs, it is difficult to make robust recommendations about making changes to the MCIL2 charging structure and our preference would be to gather more evidence by letting the system carry on in its existing format before looking to make changes.

7.1.7 Since our data collection for this review (July 2022) significant economic and political turbulence has occurred with rising interest rates and building cost inflation directly impacting development. This further confirms our approach for MCIL2 to continue unchanged and our preference would be to wait for a further two years before looking to make changes.

7.1.8 If you were minded to make an exception there are three areas which could be considered:

a) Given the strength of the industrial market, there could be an argument to say that industrial should be subject to increased rates of MCIL, over and above those used for other uses in each London authority charge band. However, such an approach would mean that the purity / simplicity of the MCIL approach would be adversely impacted with industrial being set at a different level to other uses (except in Central London where industrial is not a significant component).

b) Given the challenges for retail property, there could be an argument for reducing the charge for retail development within the Central London and Isle of Dogs charging zone, however there is little retail being developed and it is masked as is often ancillary to the main use. Again, a differential retail rate would add more complexity to MCIL which was praised in the report “A New Approach to Developer Contributions” a report by the CIL Review Team submitted in October 2016, for its “simplicity” and “universal applicability”.

c) The definition of Central London is changing and increasingly locations as far west as White City and as east as Stratford are being included by market participants. In making recommendations for changes, we are conscious that Boroughs CILs have been set with the existing Central London & Isle of Dogs boundary in mind.

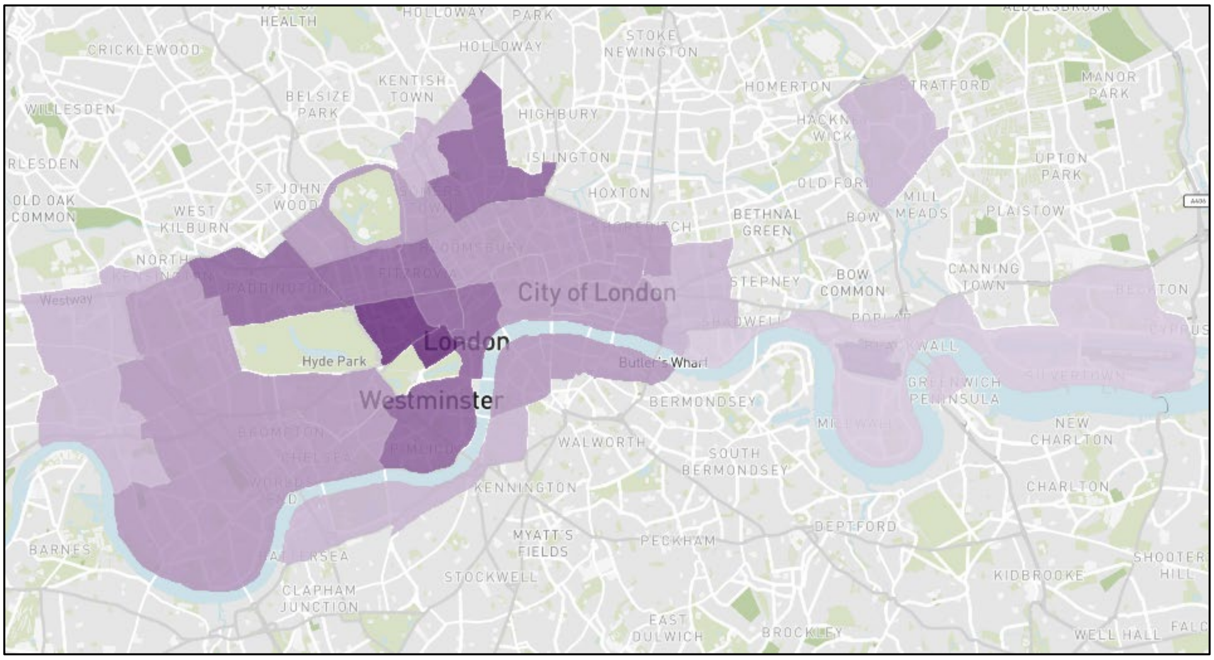
Using prime office rents as an indication, Canary Wharf (Isle of Dogs) has the lowest rental value in the current Central London & Isle of Dogs charging area. However, we note that the current position was endorsed by the MCIL2 Examiner and since then the gap in rental values between Isle of Dogs and the nearest comparable location outside the Central London & Isle of Dogs charging zone, Stratford, has widened. We have considered whether it would be appropriate to include areas such as Wimbledon, Richmond and White City into the Central London & Isle of Dogs charging zone. We have weighed up the advantages of geographic simplicity against arguments of unfairness if rates were not equalised. In considering the fairness argument we have taken into account the likelihood that the locations in question are likely to directly compete with the submarkets currently contained in the Central London & Isle of Dogs charging zone. Only White City is likely to directly compete and given that the majority of the large development opportunities are already consented, it would suggest that there is little competitive advantage to be gained if it is decided not to include them in the higher charge area. We have also undertaken high level viability analysis which supports this conclusion.

When reviewing the boundary around Camden we note that within the viability analysis undertaken for the Borough CIL, it was demonstrated that CIL Zone A of the Camden CIL charging map could afford to pay the higher rate of Central London charge for commercial development and as such a realignment of the Central London & Isle of Dogs charging zone boundary could be appropriate in this location.

7.1.9 We note from a review of a select number of developers annual reviews, that there are no clear concerns from developers to show that MCIL is an issue, equally our review of development volumes does not show a clear correlation that MCIL has negatively impacted upon development viability.

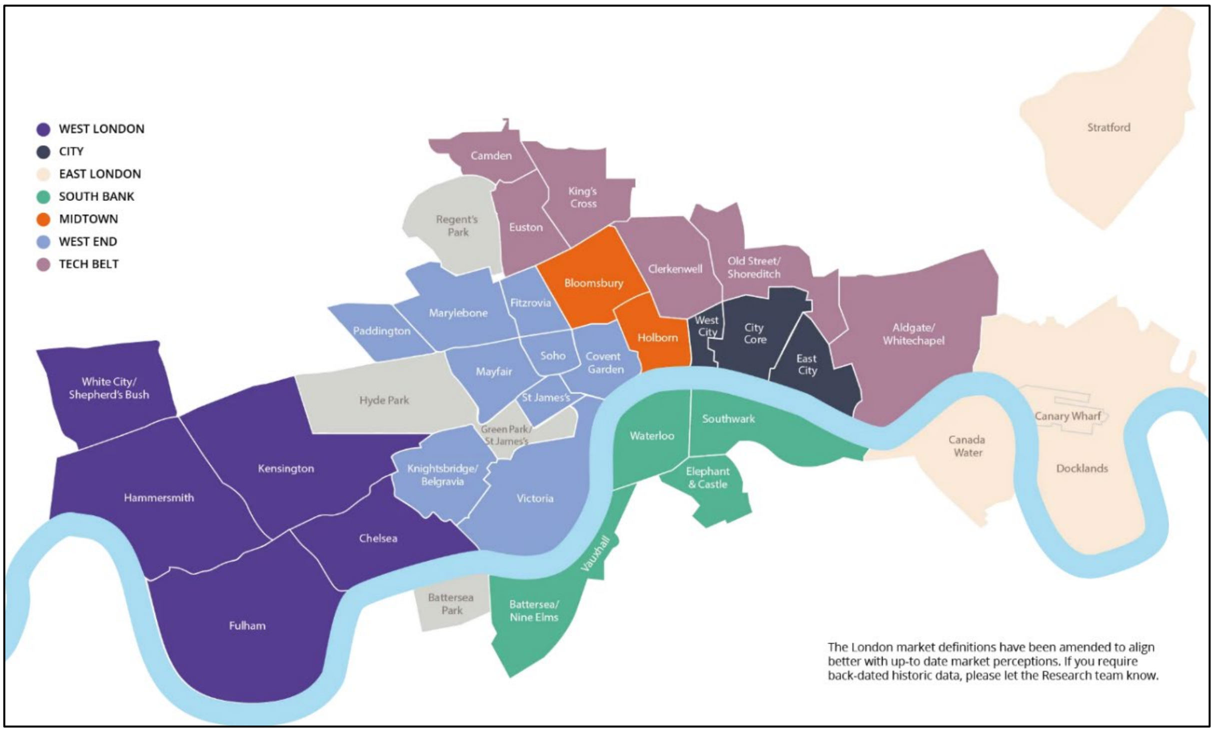
8 APPENDIX 1 – AGENCY FIRMS CENTRAL LONDON OFFICE RESEARCH MAPS

1. JLL – Central London Submarket Overview Map Q2 2022



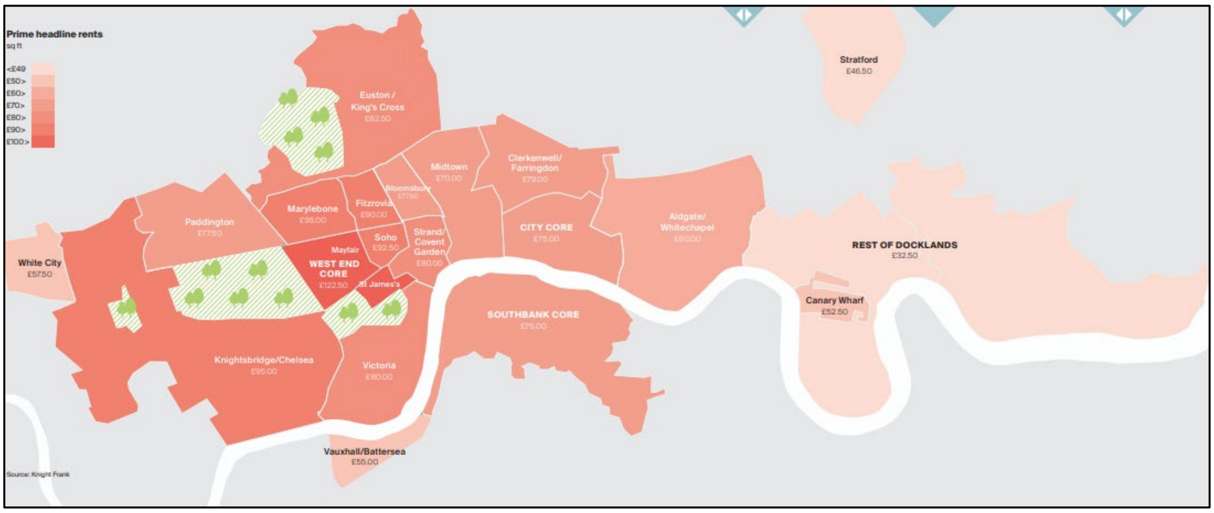
Source: JLL Central London office market report Q2 2022

2. Avison Young – Central London Rent Map Q2 2022



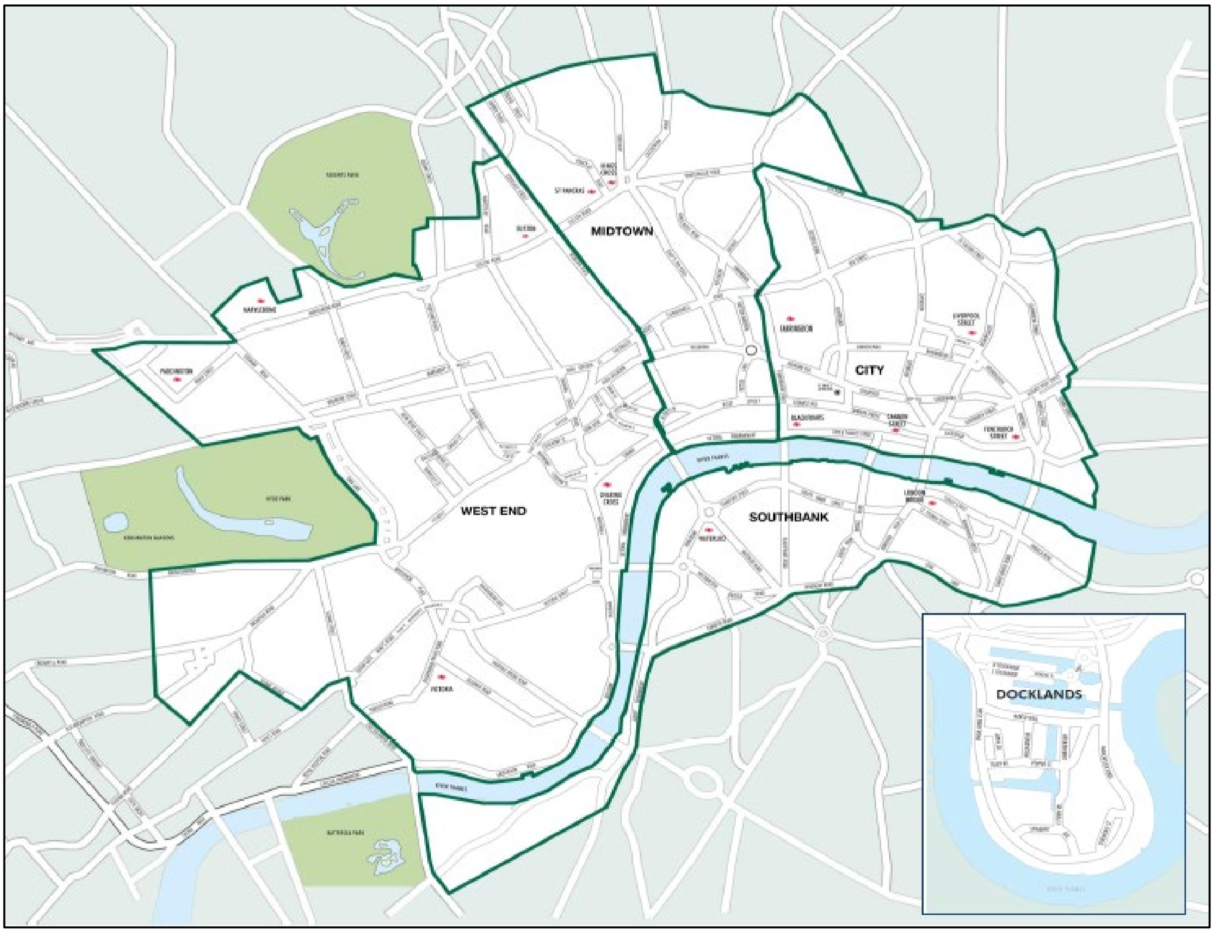
Source: Avison Young - Central London Office Analysis – Q2 2022

3. Knight Frank – London Office Market – Prime Headline Rents Maps Q2 2022



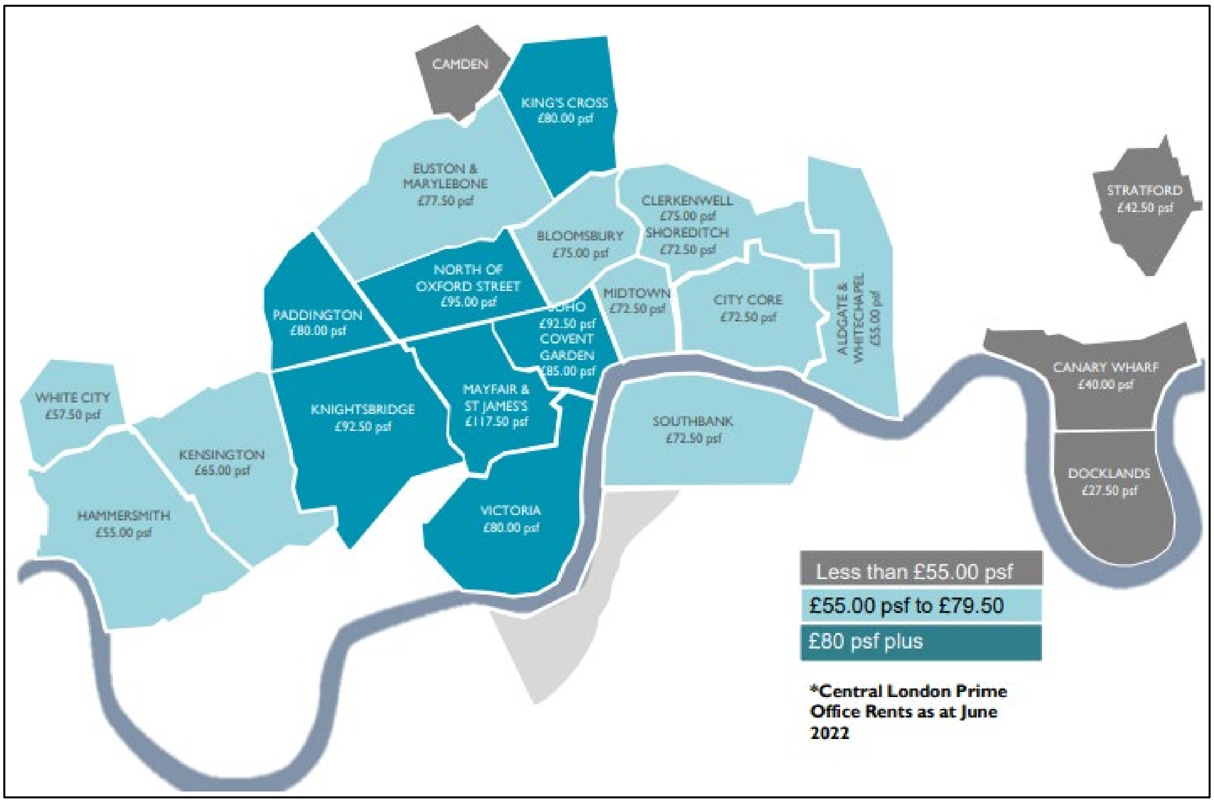
Source: Knight Frank - The London Office Market Report 2022 Q2

4. CBRE – Central London – Market Area Overview Q1 2022



Source: CBRE Central London Offices Research – Q1 2022

5. Cushman & Wakefield – Central London Prime Rents Map Q2 2022



Source: Cushman & Wakefield - Central London Report – Marketbeat – Q2 2022

ANNEX B

SPG EXTRACT / SCOPE OF MCIL REVIEW

Extract from London Plan Supplementary Planning Guidance on the 'use of planning obligations in the funding of Crossrail, and the Mayoral Community Infrastructure Levy' (March 2016)

3.18 The Mayor will keep the operation of the MCIL and the position regarding the funding and implementation of Crossrail under continual review. He intends to conduct biennial formal reviews of the working of his CIL. These reviews will consider in particular whether the MCIL rates set continue to be appropriate, and whether there is evidence that would justify the Mayor in allowing either or both of the forms of discretionary relief. He will publish the results of these and any changes will be subject to public consultation in accordance with the CIL Regulations or the Mayor's usual practice, as appropriate. The first of these reviews took place in 2014. At the appropriate time, the Mayor will make announcements about future uses of his CIL powers.

3.19 The development of any successor CIL to the current Mayoral CIL would need to go through the formal process as defined in the CIL Regulations, as well as clarifying transition arrangements. The CIL Regulations currently constrain the Mayor to spending MCIL on strategic transport infrastructure including Crossrail.

ANNEX C

ADDENDUM JLL MARKET UPDATE FOR MCIL2 BIENNIAL REVIEW (December 2022)

1 INTRODUCTION

1.1 Summary

1.1.1 This document is an addendum report to the MCIL2 Biennial Review document undertaken using data available in July 2022 and should be read in conjunction with this report. We provide this addendum document as the market has changed substantially since we undertook our research and the data contained within the main Biennial Review document in response to political and economic events.

1.1.2 This addendum report is written in December 2022.

2 MARKET UPDATE – DECEMBER 2022

2.1 Economic Overview

2.1.1 The UK's 'mini-budget' on 23rd September 2022 caused some significant turbulence in the financial markets. Questions over how spending promises announced at the UK's mini budget would be funded left investors questioning the fiscal rectitude of the UK government. Bond yields, swap rates, and other debt costs soared, nearly causing an insolvency crisis in the pensions industry before the Bank of England was forced to intervene. A financial crisis was narrowly avoided but at the likely cost of higher inflation and a deeper recession. Following a leadership change the government issued an Autumn Statement reversing many of the previous mini-budget plans, stabilising the currency and interest rates.

2.2 London Office Market

2.2.1 Despite a strong start to the year, Q4 2022 has been relatively slower in take up volumes for the West End office market. Take-up reached 170,000 sq ft in November, a fall on the previous month and well below the 10-year monthly average of 305,000 sq ft. Despite the relatively quiet month, year-to-date take-up totalled 3.7 million sq ft, 5% ahead of the same period in 2021 and 10% higher than the 10-year YTD average of 3.3 million sq ft. Total space under offer fell marginally at month-end to stand at 1.2 million sq ft at the end of November. Despite the fall, total under offers remain 52% above the long-term average. Active demand remained stable over the month at 3.3 million sq ft and remains in-line with the 10-year average.

2.2.2 Take up over November in the City has been strong, with over 750,000 sq ft transacted, 29% higher than the November 10-year average of 580,000 sq ft. Year-to-date leasing volumes of 4.9 million sq ft are 29% ahead of those recorded in the same period last year (3.8 million sq ft) but remain 4% below the 10-year YTD average of 5.1 million sq ft. Pre-let activity continues across the market with the largest transaction in 2022 to date being a 321,000 sq ft pre-let at 2 Aldermanbury Square, EC2 to Clifford Chance. A total of 480,000 sq ft of pre-lets have transacted this month, which accounted for 64% of overall leasing volumes. Year-to-date pre-lets now stand at 1.4 million sq ft. Total space under offer stands at 1.6 million sq ft, 33% above the 10-year average of 1.2 million sq ft. Of the total space under offer, 52% is for pre-let stock with a further 23% for newly built/refurbished stock. Active demand increased to 6.3 million sq ft from the 6.1 million sq ft recorded in October.

2.2.3 Take up over November in East London (covering the submarkets of Canary Wharf, Docklands, Greenwich, Stratford & Whitechapel) was just 19,000 sq ft, marginally higher than the 13,000 sq ft leased during the previous month but lower than the long-term monthly average of 77,000 sq ft. Year-to-date leasing volumes in East London reached 535,000 sq ft which is 71% ahead of those recorded in the same period last year (313,000 sq ft) but 34% below the 10-year YTD average of 809,000 sq ft. Total space under offer in East London remained relatively stable at the end of November at 257,000 sq ft, 32% lower than the 10-year quarterly average of 377,000 sq ft. Of the total space under offer, 0% is on pre-let stock, 77% for newly built/refurbished units and the remaining 23% is 2nd hand stock. Active demand remained stable over the month at 1.4 million sq ft and is now 44% below the 10-year average of 2.5 million sq ft. Total supply levels stabilised at 3.9 million sq ft at the end of November, equating to an overall vacancy rate of 14.5%. The total vacancy rate remains significantly higher than the 10-year average of 8.4% as well as the latest rates recorded in the City and West End where vacancy stood at 8.7% and 6.6% respectively.

2.2.4 The investment market across Central London has been impacted over the last few months. In the City there were no significant transactions with only £16 million traded in November across three transactions, well below the £530 million traded across 10 deals in November 2021. In East London there were no investment transactions in November, and this was also the case in the previous month. East London year to date investment volumes totalled £132.9 million, which is below the £197 million traded during the corresponding period in 2021 and is 74% lower than the 10-year year to date average of £518 million. In the West End, investment volumes reached £122 million across six transactions in November. This was an increase from the previous month but remained significantly below the 10-year monthly average of £472 million. This meant year to date investment volumes in the West End were £4.4 billion, 10% above the £4.0 billion transacted during the same period in 2021 but 3% lower than the 10-year YTD average of £4.6 billion.

2.2.5 There is a spread between where buyers see pricing and where vendors are willing to sell. Due to the limited investment market activity, there are few data points to benchmark where pricing is currently and therefore vendors are not willing to accept reduced pricing without the evidence. There does remain some activity, primarily from investors who have the ability to transact with existing cash reserves or where vendors are pragmatic in their approach.

2.2.6 According to JLL research, prime yields have moved out. For example, for offices in the City the prime yield stands at 4.50%+ and trending weaker, moved out from 4.00% in July 2022. In the West End, yields are between 3.75% - 4.00%, moved out from 3.50%-3.75% in July 2022. The prime yield for Greater London offices now stands at 6.00% compared with 5.00% in July 2022.

2.2.7 Overall, there has been a weakening in the leasing and capital markets since the data in the Biennial Review was assembled but the long-term supply / demand fundamentals for Grade A stock with good sustainability credentials are good.

2.3 Industrial Market:

2.3.1 Whilst the persistently low vacancy rate in the industrial sector means that prime rental performance continues to be positive and is forecast to continue in the short and medium term, there are a number of challenges facing occupiers, including rising energy costs, fuel, labour costs, business rates changes and inflation. This uncertainty could result in a more subdued occupational market as tenants forego acquiring new space until economic conditions stabilise.

2.3.2 The investment market has been adversely impacted since July 2022 by the change in debt costs, which was heightened by the market previously being dominated by private equity backed purchasers who are very sensitive to debt cost movements. A number of transactions have not reached agreement over pricing with vendors not meeting their pricing aspirations. Where vendors are willing to accept price reductions there is good demand for stock at a newly established pricing equilibrium.

2.3.3 Prime investment yields for industrial in London currently stand at 5.00% compared with 3.25% in July 2022, showing the severity of the impact on the industrial market in particular.

2.3.4 After a period of significant growth in rental and capital values this market correction now presents a more durable level.

2.4 Retail Market:

2.4.1 The cost-of-living crisis continues to have an impact on consumer spending, particularly on non-essential goods and alongside the increased operating and running costs for businesses means that retailers are likely to continue to struggle. Whilst this will have a negative impact on retailer's performance / plans, the recent business rates revaluation means that rateable values have come down significantly across the retail sector which will reduce total occupational costs for retailers, though this is counteracted by an increase in service charges for retailers.

2.4.2 Within the investment market there has been a varied impact across the sub sectors. For example, while the high street sector has not been immune due to macroeconomic challenges, it has been relatively resilient due to the small lot sizes compared with the out of town and shopping centre market, meaning there are more cash buyers in the market. However, the depth of the investment market has thinned and there is a shorter list of investors active in the market. Secondary stock remains very difficult, with investors reluctant to take stock with any risk involved (i.e. vacancies or capital expenditure) therefore this has been reflected in pricing.

2.4.3 We do not believe that the markets (capital and occupational) are substantially different from those in July 2022.

2.5 Residential Market:

2.5.1 The JLL UK Residential Forecasts for Q4 2022 were published in October 2022. We have set out a summary of key points below.

2.5.2 The last 15 years have seen UK house prices reach new highs on the back of a period of record low borrowing costs. Never prior to 2008 had the UK base interest rate dipped below 2%. But in the period since the Global Financial Crisis (GFC) it has averaged 0.5% and hit a low of 0.1% during Covid. With an increase in the UK Base Rate to 3% as of November 2022, there has been a major spike in mortgage costs and coupled with continued high inflation and the rising cost of living, the residential market has been severely impacted. However, JLL consider that there is likely to be far less distress in the market than there was in previous housing market downturns as long as there is no sharp rise in unemployment, though there will likely be a steep fall in the number of UK housing transactions.

2.5.3 Lack of quality rental housing persists, highlighted by recent rental growth and students and renters struggling to find accommodation. This fundamental demand for quality rental housing stock remaining at unprecedented levels is reflected in strong institutional investor appetite for purpose built rental homes. Demand for rental properties looks set to continue, and forecasts of rising rents and falling prices suggest we could see a rise in yields across the board. But the cost to service debt will remain a key issue for more highly geared landlords.

2.5.4 House prices are still expected to grow in Central London which is predicted to see the highest level of house price growth of any UK housing market in the 12 months to Q4 2023 with values forecast to rise by 2.5%. This relatively strong performance will be driven by a significant shortage of homes for sale. In the most exclusive central markets strong overseas buyer demand on the back of a weaker Sterling will also underpin price growth. Prices in Central London are then expected to steadily rise through the five-year period to Q4 2027 with cumulative price growth of just under 20%. Across London as a whole, the continuing and long running housing undersupply is expected to worsen. JLL forecasts that construction will commence on just 83,000 new homes over the next 5 years in London, which equates to just 32% of the 260,000 new homes that will be needed over the period.

2.5.5 Relatively strong demand characteristics in this sector should hold up pricing.

2.6 Hotel Market:

2.6.1 With the sustained return of international visitors, London's hotel performance continued to rebound with September results seeing an uptick in both occupancy and rates, leading to a 20% increase on 2019 RevPAR levels, being one of its highest this year. International visitor numbers increased in part due to the funeral of the late Queen Elizabeth II, with the week of her mourning and funeral drawing visitors from all over the globe.

2.6.2 Central London luxury hotels have fared relatively well and the luxury sector is driving growth in the market. A weak sterling against the dollar has attracted overseas visitors from places like the U.S. and the Middle East, further enabling hoteliers to drive pricing at the upper end of the market.

2.6.3 Despite many challenges, hotel development has not stalled. CoStar estimates that approximately 10,000 rooms are under construction, representing a 7% rise on the existing stock over the next two to three years. This is the largest increase in supply since the lead-up to the London 2012 Olympics and the years that followed on the back of its success. The luxury end of the market is expected to see the greatest growth in new rooms as a share of supply, further highlighting the strength of demand for high-end rooms.

2.6.4 With rising costs and challenges ahead, as interest rates increase and inflation continues on an upward trajectory, investment volumes in the hotel market are likely to slow. However, a weak sterling may attract foreign investors to the capital, as London remains an attractive destination for buyers globally.

2.6.5 JLL estimate that prime investment yields for hotels in London currently stand at 4.25% compared with a prime yield of 3.75% in July 2022.

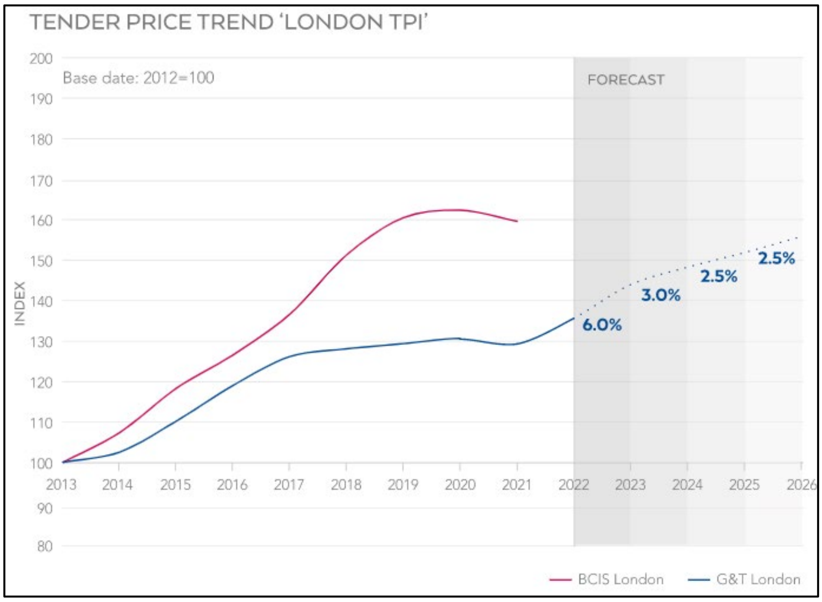
2.7 Build Cost Inflation

2.7.1 Over the course of 2022 building cost inflation has been a major issue within the real estate development market. We have reviewed the Gardiner & Theobald (G&T) Q4 2022 Tender Price Indicator report to understand the significance of this issue.

2.7.2 G&T have raised their UK and London forecasts from last quarter's (Q3 2022) TPI report by 50 basis points, to 5.5% and 6% respectively for 2022. These figures represent an average inflationary increase across all project types, values and sub-sectors of the property sector.

2.7.3 Figure 1 and 2 below shows the tender price trend for London and a comparison of published forecasts for tender price change, as published in the Q4 2022 Gardiner & Theobald Tender Price Indicator report.

Figure 1



Source: Q4 2022 Gardiner & Theobald Tender Price Indicator

Figure 2

COMPARISON OF PUBLISHED FORECASTS FOR TENDER PRICE CHANGE

	G&T UK AVER. Q4 2022	BCIS UK AVER. Sep 2022	G&T LONDON Q4 2022	AECOM UK Oct 2022	ARCADIS LONDON Autumn 2022
	% CHANGE				
2022	5.50	7.85	6.00	9.00	10.00
2023	3.00	6.20	3.00	4.00	2.50
2024	2.50	3.30	2.50	N/A	3.00
2025	2.25	3.44	2.50	N/A	3.00

Source: Q4 2022 Gardiner & Theobald Tender Price Indicator

2.7.4 After suffering a significant increase in building cost resulting from rising time and material costs, increases are expected to moderate in 2023 and beyond.

3 CONCLUSION

3.1 Conclusion

3.1.1 Since the data collection was undertaken for the Biennial Review in July 2022, the real estate market has been subject to challenging economic and political headwinds which have impacted investor appetite and pricing for real estate.

3.1.2 Whilst underlying occupational demand appears to be stable with no significant oversupply the squeeze between reducing capital values and increasing building costs will have suppressed land values as well as the benchmark land values that need to be overcome to make a development viable.

3.1.3 It is too early to come to firm conclusions about the longer-term impacts on viability. MCIL remains a relatively small element of cost in most development appraisals. However, the current uncertainty in the marketplace confirms our opinion that now is not the time to suggest making changes to the current charging schedule.

ANNEX D

NUMBER OF MAYORAL CIL PAYMENTS TO DATE

MAYORAL CIL PAYMENTS TO DATE																					
Borough	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20		20/21		21/22		Q1 22/23		Q2 22/23		No. of Payments		
								MCIL 1	MCIL 2	MCIL 1	MCIL 2	MCIL 1	MCIL 2	MCIL 1	MCIL 2	MCIL 1	MCIL 2	MCIL 1	MCIL 2	Total
B & D	2	11	16	21	12	19	29	27	1	3	6	1	16	0	2	0	3	141	28	169
Barnet	4	72	71	84	79	87	123	176	19	74	53	78	85	12	26	16	20	876	203	1079
Bexley	8	25	42	33	43	35	55	32	4	27	26	9	22	1	6	1	14	311	72	383
Brent	4	31	56	76	71	110	102	78	21	39	47	27	81	10	21	3	30	607	200	807
Bromley	15	46	123	101	89	120	89	51	23	24	38	20	44	4	6	2	19	684	130	814
Camden	6	45	43	50	69	68	90	46	6	36	14	15	17	4	4	2	8	474	49	523
City	5	13	17	34	30	14	26	25	2	5	1	5	22	1	5	0	6	175	36	211
Croydon	11	47	56	79	108	117	152	57	7	163	52	54	74	6	23	5	17	855	173	1028
Ealing	3	28	56	39	24	63	43	111	27	67	79	26	89	7	24	4	24	471	243	714
Enfield	3	18	27	42	44	42	68	52	7	36	34	55	67	5	37	6	27	398	172	570
Greenwich	3	25	23	73	88	70	45	38	2	17	17	33	29	2	7	4	20	421	75	496
Hackney	8	38	62	74	88	115	125	83	12	45	24	23	24	3	6	4	10	668	76	744
H&F	10	71	76	79	63	67	55	43	9	18	22	22	25	2	6	0	4	506	66	572
Haringey	8	17	28	45	46	43	54	45	6	21	18	13	22	4	8	5	6	329	60	389
Harrow	4	18	26	23	34	54	56	36	6	14	18	8	30	1	5	0	5	274	64	338
Havering	4	4	30	34	63	68	77	59	25	31	45	16	47	1	9	2	12	389	138	527
Hillingdon	0	20	19	58	47	34	40	27	5	30	18	26	41	3	8	2	16	306	88	394
Hounslow	2	17	56	65	57	46	61	70	14	26	24	20	28	3	10	1	11	424	87	511
Islington	16	34	46	70	61	82	42	32	11	11	20	23	16	3	4	2	3	422	54	476
K & C	0	26	31	30	39	36	41	28	2	15	8	19	19	0	3	5	8	270	40	310
Kingston	4	18	17	27	43	29	26	31	2	18	22	18	41	3	9	1	4	235	78	313
Lambeth	14	51	62	76	81	146	99	78	17	31	28	12	43	1	16	2	6	653	110	763
Lewisham	5	6	13	39	68	55	30	32	3	39	25	10	27	3	11	2	5	302	71	373
LLDC	0	2	7	24	20	10	5	15	2	5	0	3	6	0	3	2	0	93	11	104
Merton	9	36	57	67	66	124	111	70	13	63	45	32	82	10	21	8	12	653	173	826
Newham	0	4	26	27	45	67	41	79	11	54	32	32	36	10	11	6	13	391	103	494
OPDC	0	0	0	1	5	6	2	3	1	1	1	4	9	1	0	0	1	23	12	35
Redbridge	15	29	29	23	19	28	62	64	3	18	16	32	48	0	10	0	9	319	86	405
Richmond	8	20	23	24	21	45	91	58	3	32	20	28	31	6	8	2	8	358	70	428
Southwark	10	28	63	109	103	94	46	101	7	45	21	33	57	7	23	12	18	651	126	777
Sutton	3	22	16	26	42	46	70	56	18	22	16	12	33	3	10	0	5	318	82	400
Tower Hamlets	7	35	62	66	72	59	58	59	4	90	38	102	44	19	13	14	15	643	114	757
Waltham Forest	3	16	34	19	56	106	52	37	7	36	24	23	40	2	10	1	9	385	90	475
Wandsworth	19	81	125	221	249	201	214	214	30	78	83	76	203	5	61	7	47	1490	424	1914
Westminster	20	99	107	98	110	99	81	93	18	28	39	28	48	8	15	2	10	773	130	903
TOTAL	**233**	**1053**	**1545**	**1957**	**2155**	**2405**	**2361**	**2106**	**348**	**1262**	**974**	**938**	**1546**	**150**	**441**	**123**	**425**	16288	3734	**20022**

ANNEX E

MAYORAL CIL RECEIPTS TO DATE

CIL Quarterly Return Overview						
CIL Receipt in Value order 2022-23						
Borough	Total 12-20	Total 20-21	Total 21-22	Q1 2022-23	Q2 2022-23	Overall Total
Tower Hamlets	65,372,962	25,121,248	12,166,815	1,057,390	2,129,541	105,847,956
Westminster	77,376,311	8,784,949	11,815,041	4,034,833	1,675,420	103,686,553
City	44,537,156	2,031,248	10,019,927	5,047,670	6,353,597	67,989,599
Southwark	36,303,638	5,447,229	12,985,082	6,370,151	6,049,226	67,155,326
Wandsworth	40,729,084	5,464,781	11,098,609	2,822,955	3,391,201	63,506,629
Hammersmith & Fulham	32,179,317	14,570,158	7,280,379	857,557	83,283	54,970,694
Brent	33,940,928	4,290,054	4,510,413	2,333,489	1,611,941	46,686,825
Barnet	26,841,534	4,265,690	7,074,911	3,085,184	673,012	41,940,330
Lambeth	31,497,826	1,322,120	2,295,750	1,880,076	441,989	37,437,761
Hounslow	28,570,387	3,258,231	2,470,163	1,029,668	721,780	36,050,228
Camden	25,041,263	2,955,331	3,943,441	1,594,473	866,437	34,400,946
Hackney	25,978,460	3,168,290	2,795,907	910,051	1,291,911	34,144,620
Greenwich	27,954,857	578,204	3,056,502	399,518	913,301	32,902,382
Islington	24,015,991	2,759,421	3,739,131	696,018	35,677	31,246,238
Hillingdon	16,095,907	4,972,531	7,951,143	394,938	1,087,423	30,501,941
Ealing	17,037,547	6,796,204	4,471,616	264,806	832,457	29,402,630
Haringey	18,151,773	1,362,270	3,706,647	253,895	955,981	24,430,565
LLDC	22,469,253	699,153	546,889	427,658	7,228	24,150,180
Newham	15,712,424	1,967,152	4,677,280	970,482	500,645	23,827,983
Kensington & Chelsea	14,932,698	890,376	2,891,980	46,748	813,973	19,575,776
Bromley	12,734,273	2,057,231	2,283,462	53,294	539,759	17,668,019
Lewisham	11,034,573	2,066,628	2,697,472	1,508,260	116,114	17,423,048
Croydon	8,845,175	5,628,037	1,448,391	320,944	206,889	16,449,436
Waltham Forest	7,843,387	933,760	3,553,025	787,478	2,373,900	15,491,550
Harrow	11,141,901	801,952	1,266,432	595,434	397,889	14,203,607
Merton	10,449,783	1,244,136	1,810,513	268,398	295,089	14,067,919
Kingston	9,147,350	2,738,822	1,786,372	262,568	96,326	14,031,438
Enfield	8,139,064	735,607	2,324,552	303,172	529,580	12,031,975
Bexley	7,211,910	1,041,989	1,266,821	459,700	558,440	10,538,861
OPDC	7,178,539	558,108	1,458,983	124,266	257,069	9,576,965
Richmond	6,898,741	347,264	745,615	110,622	131,816	8,234,059
Havering	5,989,520	755,301	789,907	109,151	318,195	7,962,074
Barking & Dagenham	5,557,715	492,045	826,458	39,958	147,150	7,063,327
Sutton	3,785,642	1,100,717	431,206	46,397	15,416	5,379,377
Redbridge	2,664,377	722,300	956,840	186,876	104,849	4,635,243
Total	743,361,266	121,928,536	143,143,675	39,654,079	36,524,504	1,084,612,060

	£35+
	£25m +
	£15m +
	<£15m

ANNEX F

MCIL2 RECIPTS IN THE CENTRAL LONDON AND ISLE OF DOGS CHARGE ZONE AREAS

Central London & IOD MCIL2 charge zones	**FY 22/23 (Q1&Q2 only)**			**FY 21/22**			**FY 20/21**			**FY 19/20**			**Borough Total**
	Retail	Hotel	Office	Retail	Hotel	Office	Retail	Hotel	Office	Retail	Hotel	Office	
Camden	£40,766	£0	£470,830	£149,457	£0	£167,627	£9,605	£0	£259,310	£0	£26,342	£0	**£1,123,938**
City	£605,204	£0	£9,768,256	£386,970	£0	£4,684,678	£0	£0	£46,886	£61,776	£0	£1,598	**£15,555,369**
Hackney	£0	£208,179	£145,347	£0	£0	£0	£0	£0	£283,183	£0	£0	£0	**£636,709**
Islington	£18,019	£0	£82,024	£47,141	£0	£542,354	£23,178	£0	£384,986	£0	£0	£0	**£1,097,703**
Lambeth	£0	£0	£0	£0	£0	£499,829	£0	£0	£0	£0	£3,047	£0	**£502,876**
Kensington & Chelsea	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	**£0**
Southwark	£46,417	£124,125	£6,172,900	£194,923	£0	£7,884,746	£1,908	£22,234	£45,163	£0	£0	£0	**£14,492,415**
Tower Hamlets	£110,555	£101,989	£208,276	£132,813	£723,308	£2,594,385	£837,808	£804,696	£841,036	£24,551	£0	£816,485	**£7,195,902**
Wandsworth	£21,999	£0	£1,028,085	£71,144	£0	£1,787,202	£0	£0	£0	£0	£0	£0	**£2,908,430**
Westminster	£147,157	£450,983	£2,751,745	£604,806	£1,677,689	£5,609,229	£370,791	£1,475,422	£1,778,917	£70,801	£538,415	£210,336	**£15,686,292**
Total	**£990,117**	**£885,277**	**£20,627,461**	**£1,587,255**	**£2,400,997**	**£23,770,050**	**£1,243,290**	**£2,302,353**	**£3,639,483**	**£157,128**	**£567,804**	**£1,028,420**	
Combined Total			**£22,502,856**			**£27,758,302**			**£7,185,125**			**£1,753,351**	**£59,199,635**

	Retail	**Hotel**	**Office**
Cumulative total	**£3,977,790**	**£6,156,431**	**£49,065,414**

ANNEX G

LOCAL CIL REVIEW STATUS INCLUDING KEY CHARGE RATES

Local CIL Tracker 1

	Borough	Adoption Date	Rates (sqm)											Comments
			Residential			Office			Retail			PDCS	DCS	
1	Redbridge	01-Jan-12		70			70			70				See CIL Tracker 2 - at DCS stage
2	Mayoral CIL	01-Apr-12	50	35	20	50	35	20	50	35	20			Superseded - See CIL Tracker 2
3	Wandsworth	01-Nov-12	575	265/250	0	100		0	100		0			
4	Croydon	01-Apr-13	120		0	120		0		120				
5	Barnet	01-May-13		135			0			135				Superseded - See CIL Tracker 2
6	Brent	01-Jul-13		200			40			40				
7	Harrow	16-Sep-13		110			0			100				
8	Newham	01-Jan-14	80		40		0			30				
9	Merton	01-Apr-14	220		115		0		100		0			
10	Sutton	01-Apr-14			100		0		120		0			
11	Waltham Forest	15-May-14	70		65		0		150		0			See CIL Tracker 2 - at PDCS stage
12	City	01-Jul-14	150		95		75			75				
13	Hillingdon	01-Sep-14		95			35		215		0			
14	Islington	01-Sep-14	300		250	80		0	175	125	0			
15	Lambeth	01-Oct-14	265	150	50	125		0		115				Superceded from 1 January 2022 - See CIL Tracker 2
16	Richmond	01-Nov-14	250		190	25		0		150				
17	Haringey	01-Nov-14	265	165	15		0		95	25	0			Superseded - See CIL Tracker 2
18	Lewisham	01-Apr-15	100		70		0			80				See CIL Tracker 2 - at PDCS stage
19	Hackney	01-Apr-15	190	55/25	0	50		0	150	65	0			
20	Camden	01-Apr-15	500	250	150	45		25		25				Superseded - See CIL Tracker 2
21	Tower Hamlets	01-Apr-15	200	65/35	0	90		0	120	70	0			Superseded - See CIL Tracker 2
22	Southwark	01-Apr-15	435	218	54	76		0		136				Superseded - See CIL Tracker 2
23	Barking & Dagenham	03-Apr-15	70	25	10		0		175		10			
24	Kensington & Chelsea	06-Apr-15	750/590/430	270	190/110/0		0			0				
25	Greenwich	06-Apr-15	70		40		0		100		0			
26	Bexley	30-Apr-15	60		40		10		100		10			
27	Hounslow	14-Jul-15	200	110	70		20		155		20			See CIL Tracker 2 - at DCS stage
28	Hammersmith & Fulham	01-Sep-15	400	200/100	0	80		0		80				
29	Kingston	13-Oct-15	210	130/85	50		20		200		20			
30	Enfield	01-Apr-16	120	60/40	0		0			60				
31	LLDC	06-Apr-16		60			0		100		0			Superseded - See CIL Tracker 2
32	Westminster	01-May-16	550	400	200	200	150	50	200	150	50			
33	Havering	10-Jul-19	125		55		0		175		50			
34	Bromley	19-Apr-21		100			0			100				
	Not yet adopted													
35	Ealing	DCS	100		50		0		100		30	Feb-Apr 2014	27 Mar - 8 May 2015	Awaiting adoption by Full Council
36	OPDC	DCS		80		80		35		35		Oct-Nov 2016	28 Nov 2022 - 23 Jan 2023	

Local CIL Tracker 2

	Borough	PDCS*	DCS	Examination	Adoption	Rates (£ sqm) Residential (zones)				Office (zones)		Retail (zones)			Hotel			Student Accom.	Others
1	Camden		18.Oct.19 - 02.Dec.19	27.May.20	30.Oct.20	193	322	644		110	32	32			110	38	38	225, 515, 515	32
2	Haringey*	10.Mar.17 - 21.Mar.17	18.Dec.19 - 11.Feb.20	11.Nov.21	14.Mar.22	368	229	50		Nil		131	35		0			368.229.85	Nil
3	Hounslow	02.Jul.19 - 14.Aug.19	13.Jan.20 - 10.Feb.20			290	160	100		25		165	25		25			25	25
4	Lambeth	22.Oct.18 - 17.Dec.18	31.Jan.20 - 13.Mar.20	25.May.21	22-Sep-21	500	350	250	200	225	Nil	225	0		200	75		400	
5	Lewisham	26.Jul.18 - 06.Sep.18				200	125			0		0			0				160
6	LLDC	05.Nov.18 - 17.Dec.18	14.Jan.19 - 15.Feb.19	20.Sept.19	01.July.20	74				123		123			123			123	123
7	Redbridge	21.Nov.18 - 16.Jan.19	Mar – Apr.19			175	150			5 - 10		150			150			150	
8	Southwark	30.Jan.17-13.Mar.17	25.May.17	26.Jul.17	31.Oct.17	435	218	54		76	0	136			272	136		109	
9	Tower Hamlets	11.Jan.18 - 22.Feb.18	22.Nov.18 - 10.Jan.19	1.Aug.19	17.Jan.20	280	150	50		100	Nil	100-130	TBC		190			450	Nil
10	Waltham Forest	21.Jan.19 - 04.Mar.19				120	76			0		176	106	94	23			120	
11	Barnet		18.Feb.21 - 21.Mar.21	25.Nov.21	01.Mar.22	300				20		200			200				0

	Mayoral CIL	PDCS	DCS		Adoption	MCIL Charging Zones			Central London and Isle of Dogs Charging Zone Office	Retail	Hotel
1	Mayoral CIL 2	26.Jun.17 - 07.Aug.17	18.Dec.17 - 4.Feb.18		01.Apr.19	80	60	25	185	165	140

This CIL Tracker is intended to be used as a comparative guide for residential, office and retail CIL rates across London. Please be aware that Charging Authorities may have further rates for different uses. It is therefore advisable to check an Authority's Charging Schedule for more detail.

ANNEX H

LOCAL CIL INCOME

	BCIL Income							
Collecting Authority	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Cumulative
B & D	£1,781	£1,283,622	£787,950	£875,627	£3,329,928	£747,451		£7,026,360
Barnet	£10,434,894.23	£8,935,429	£10,701,220	£12,151,861	£16,024,622	£11,070,900	£18,449,835	£87,768,760
Bexley	£149,390	£1,243,484	£429,425	£2,893,515	£2,574,659	**£1,387,985**	£1,438,522	£10,116,980
Brent	£9,400,911	£8,005,015	£28,860,719	£42,145,615	£26,524,110	£15,299,528	£17,469,785	£147,705,683
Bromley							£58,848	£58,848
Camden	£3,512,731	£9,307,000	£4,085,000	£8,620,000	£6,687,577	£6,736,894	£6,211,918	£45,161,120
City	£2,483,229	£18,628,780	£4,854,327	£5,433,259	£6,382,780	£2,562,724	£9,673,095	£50,018,194
Croydon	£2,060,859	£2,383,166	£7,407,695	£5,457,239	£9,158,135	£8,973,176	£11,936,645	£47,376,915
*Ealing								£0
Enfield		£207,305	£477,719	£6,078,573	£2,165,724	£1,470,732	£5,996,177	£16,396,230
Greenwich	£19,445	£1,437,630	£2,646,174	£3,017,631	£1,278,112	£1,016,563	£3,185,945	£12,601,500
H & F	£148,608	£652,796	£2,588,969		£13,293,949	£11,949,034	£9,888,018	£38,521,374
Hackney	£116,446	£6,305,185	£9,390,753	£7,049,160	£4,306,459	£3,782,270	£4,461,569	£35,411,842
Haringey	£805,112	£2,004,869	£1,887,688	£3,964,224	£9,426,172	£2,944,037	£4,457,240	£25,489,341
Harrow	£527,344	£5,405,000	£4,553,913	£3,441,838	£2,449,744	£2,067,566		£18,445,405
Havering					£28,999	£510,664	£2,412,710	£2,952,373
Hillingdon	£1,920,409	£3,679,397	£3,455,020	£3,287,260	£4,541,329	£2,981,840	£6,537,450	£26,402,705
Hounslow	£756,178	£1,247,109	£3,444,492	£6,102,300	£5,505,015	£2,986,499	£3,845,304	£27,732,202
Islington	£3,041,369	£6,808,070	£7,834,832	£2,937,833	£9,397,133	£4,050,931	£6,737,106	£40,807,274
K & C	£405,661	£764,378	£4,700,741	£8,607,279	£5,149,194	£1,652,280	£17,966,478	£39,246,011
Kingston	£466,488	£704,858	£1,071,445		£2,193,096	£5,220,380	£3,812,688	£13,468,955
Lambeth	£3,258,552	£14,467,985	£2,626,147	£12,549,046	£10,133,295	£2,707,952	£3,741,200	£49,484,177
Lewisham	£1,368,441	£4,263,386		£713,555	£5,514,604	£1,806,135	£4,647,030	£18,313,151
LLDC		£3,120,040	£2,664,946	£758,467	£13,616,061	£2,070,873	£1,618,020	£23,848,408
Merton	£2,782,229	£3,154,486	£2,537,371	£9,312,615	£10,190,703	£3,914,006	£5,825,026	£37,716,435
Newham	£1,616,325	£2,149,215	£7,225,689	£11,833,267	£5,694,257	£5,317,123	£16,813,572	£50,649,447
*OPDC								£0
Redbridge	£1,564,295	£1,629,961	£466,124		£2,159,350	£1,264,000	£1,888,600	£8,972,330
Richmond	£344,324	£6,530,848	£2,272,502	£2,615,934	£2,008,529	£1,089,799	£1,526,135	£16,388,071
Southwark	£531,370	£6,581,836	£7,255,408	£4,371,314	£10,858,295	£12,835,011	£12,492,002	£54,925,236
Sutton	£624,676	£619,025	£1,736,710	£1,058,128	£3,099,235	£1,761,266	£2,184,782	£11,083,822
Tower Hamlets	£6,435,720	£18,338,813	£13,291,999	£7,176,682	£23,282,723	£47,655,881	£15,079,438	£131,261,256
Waltham Forest	£91,658	£1,805,721	£6,370,869	£5,385,367	£2,683,780	£1,536,006	£3,744,040	£21,617,441
Wandsworth	£24,856,125	£28,082,210	£24,686,343	£21,779,472	£31,678,570	£22,964,138	£31,127,402	£185,174,260
Westminster		£2,564,232	£14,248,828	£24,375,558	£36,898,897	£20,703,428	£29,042,000	£127,832,943
Total	£79,724,570	£172,310,852	£184,561,018	£223,992,618	£288,235,037	£213,037,071	£264,268,580	£1,429,975,050

ANNEX I

LOCAL CIL EXPENDITURE 2021/22

	BCIL Expenditure 2021/22							
Collecting Authority	Transport & Public Realm	NCIL	Education	Parks and open spaces	Community Facilities/ Leisure Centres	Health	Other	Total Spend
B & D								
Barnet	£1,736,877	£1,059,541	£136,202	£952,334	£526,049		£817,069	£5,228,073
Bexley	£361,516		£623,181	£69,965	£2,980,725		£171,264	£4,206,651
Brent	£7,058,222	£4,575,043						£11,633,265
Bromley								£0
Camden	£4,000,000	£1,640,056			£1,106,549			£6,746,605
City	£965,967	£618,708				£1,016	£2,921,588	£4,507,279
Croydon	£4,780,831	£349,825	£1,298,922	£323,379	£128,039		£19,951	£6,900,947
*Ealing								£0
Enfield	£1,019,973	£349,548						£1,369,521
Greenwich	£1,348,116							£1,348,116
H & F					£10,359,591			£10,359,591
Hackney	£1,977,461	£312,523		£2,098,401	£730,179		£753,718	£5,872,282
Haringey	£786,799	£117,309		£20,830				£924,938
Harrow								
Havering							£69,000	£69,000
Hillingdon		£1,344,177			£450,752			£1,794,930
Hounslow	£335,575	£61,402		£557,280	£85,000			£1,039,257
Islington		£965,289						£965,289
K & C		£65,777	£2,123,057				£464,422	£2,653,256
Kingston		£12,000						£12,000
Lambeth	£5,880,347	£1,263,487	£246,509	£319,369	£88,000	£709,592	£1,904,642	£10,411,946
Lewisham								£0
LLDC	£715,555	£1,480,387						£2,195,942
Merton	£936,489	£833,468	£1,125,670	£549,492	£83,773		£1,648,874	£5,177,764
Newham	£100,000	£505,399		£1,510,800	£1,489,200			£3,605,399
*OPDC								£0
Redbridge	£953,000	£124,009	£600,000	£364,000	£100,000		£202,000	£2,343,009
Richmond	£41,934	£507,575		£31,180	£313,331			£894,020
Southwark	£4,800,000	£765,672						£5,565,672
Sutton		£365,629		£66,030			£572,727	£1,004,386
Tower Hamlets	£5,236,753	£1,736,072		£414,127	£4,989,227		£472,245	£12,848,424
Waltham Forest	£291,198	£796,765		£566,467	£114,824		£1,550	£1,770,804
Wandsworth	£8,240,990	£1,708,561	£884,479	£595,884	£930,106		£2,274,504	£14,634,524
Westminster	£2,947,000	£922,000	£7,000		£731,000		£23,000	£4,630,000
Total	**£54,514,603**	**£22,480,223**	**£7,045,020**	**£8,439,538**	**£25,206,344**	**£710,608**	**£12,316,553**	**£130,712,889**

ANNEX J

CIL INSTALMENT POLICIES

Authority	MCIL/Local Instalments Policy	Threshold (£)													
Barking & Dagenham	MCIL		100k												
Barnet	MCIL		100k												
Bexley	MCIL		100k												
Brent	Local				500k			3m							
Bromley	MCIL		100k												
Camden	Local				500k	1m	2m		4m		8m				
City	Local				500k										
Croydon	Local			250k	500k										
Ealing	MCIL - Not yet charging		100k												
Enfield	MCIL		100k												
Greenwich	Local		100k		500k	1m			4m						
Hackney	Local				500k		2m				8m				
Hammersmith & Fulhar	Local		100k							5m			15m		25m
Haringey	Local				500k										
Harrow	Local		100k	250k	500k										
Havering	MCIL		100k												
Hillingdon	Local			250k	500k										
Hounslow	Local				500k										
Islington	Local				500k		2m				8m				
Kensingon & Chelsea	MCIL		100k												
Kingston	Local		100k	250k	500k										
Lambeth	Local		100k									10m	15m	20m	
Lewisham	Local				500k										
LLDC	MCIL		100k												
Merton	Local		100k	250k	500k										
Newham	Local				500k										
OPDC	MCIL - Not yet charging		100k												
Redbridge	Local		100k	250k	500k										
Richmond	Local			250k	500k										
Southwark	MCIL		100k												
Sutton	Local	50k		250k		1m									
Tower Hamlets	MCIL		100k												
Waltham Forest	MCIL		100k												
Wandsworth	Local	20k			500k		2m				8m				
Westminster	Local	50k				1m		3m							

ANNEX K

LOCAL CIL DISCRETIONARY RELIEF

Authority	Reg 44/45 Discretionary Charitable Relief	Reg 49 Discretionary Social Housing Relief	Reg 55 Exceptional Circumstances Relief
Barking & Dagenham			03-Apr-14
Barnet			01-May-13
Bexley			
Brent			01-Jul-13
Bromley			
Camden			
City			
Croydon			
Ealing			
Enfield*[14]			
Greenwich			
Hackney			01-Apr-15
Hammersmith & Fulham			
Haringey			
Harrow		01-Nov-21	
Havering			
Hillingdon			
Hounslow			
Islington			
Kensington & Chelsea			
Kingston			01-Nov-15
Lambeth	01-Oct-14	01-Dec-14	01-Oct-14
Lewisham			
LLDC			
Merton			
Newham			
OPDC			
Redbridge		13-Aug-21	20-May-19
Richmond			
Southwark			
Sutton			

[14] Enfield are proposing to introduce a discretionary social housing relief policy in 2023

Tower Hamlets			
Waltham Forest			15-May-14
Wandsworth	01-Nov-12	01-Aug-14	
Westminster	01-May-16	04-May-16	01-May-16

Transport for London

MAYOR OF LONDON