

MAYOR OF LONDON



MCIL2 PRELIMINARY DRAFT CHARGING SCHEDULE

Mayor of London Community Infrastructure Levy 2 Preliminary Draft Charging Schedule
Proposed to take effect from April 2019

JUNE 2017

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<https://www.london.gov.uk/what-we-do/planning/implementing-london-plan/mayoral-community-infrastructure-levy>

Planning Act 2008

Community Infrastructure Levy Regulations 2010 (as amended)

Mayor of London Community Infrastructure Levy 2 (MCIL2) Preliminary Draft Charging Schedule

Proposed to take effect from April 2019

The Mayor of London is a charging authority for the purposes of Part 11 of the Planning Act 2008 and may therefore charge the Community Infrastructure Levy in respect of development in Greater London.

The Mayor intends to charge the Community Infrastructure Levy 2 (MCIL2) from April 2019 in Greater London at the rates (expressed as pounds per square metre) presented below in Tables 1, 2 and 3 and the maps in Figures 1, 2 and 3.

- Table 1 and Figure 1 show the proposed charging rates for all development in Greater London (apart from the proposed rates for office, retail and hotel in Central London and the Isle of Dogs, and for health and education in all of Greater London) – in three bands comprising the administrative areas of the London boroughs and the Mayoral Development Corporations.
- Table 2 shows the proposed charging rates for office, retail and hotel in Central London and Isle of Dogs. Figures 2 and 3 show the boundaries of the Central London and the Isle of Dogs charging areas.
- Table 3 shows the proposed charging rates (zero) for health and education in all of Greater London.

Please see Annex 1 on calculation of the chargeable amount.

Please see the Explanatory Note for further detail on reliefs and exemptions, phasing and payment by instalments, and infrastructure to be funded by MCIL2.

Table 1: Proposed MCIL2 charging rates for all development in London¹

MCIL2 charging band	London Boroughs and Mayoral Development Corporations	MCIL2 rate from April 2019 (£ per sq m)
Band 1	Camden, City of London, City of Westminster, Hammersmith & Fulham, Islington, Kensington & Chelsea, Richmond-upon-Thames, Wandsworth	80
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
Band 3	Barking & Dagenham, Bexley, Croydon, Greenwich, Havering, Newham, Sutton	25

¹ except for the proposed 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)

Figure 1: Proposed MCIL2 charging bands

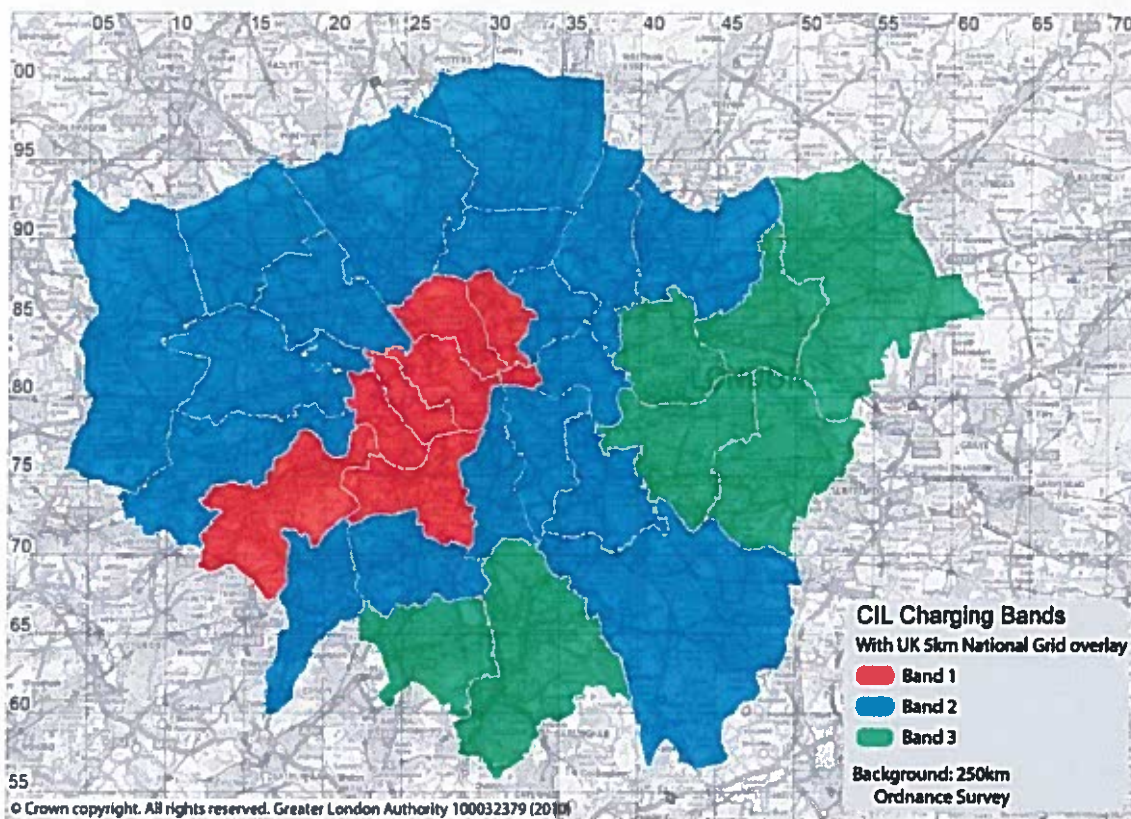


Table 2: Proposed MCIL2 charging rates for office, retail and hotel in Central London and Isle of Dogs

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

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

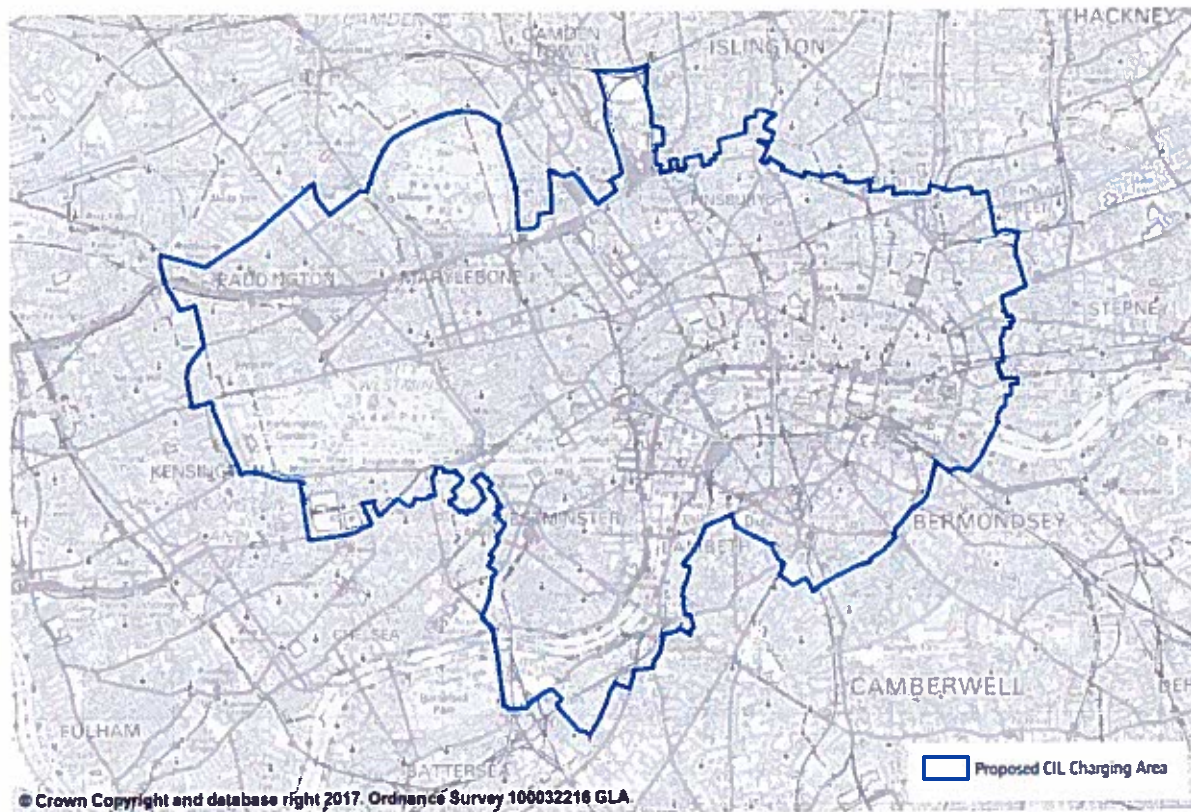


Figure 3: Proposed Isle of Dogs MCIL2 charging area for office, retail and hotel use

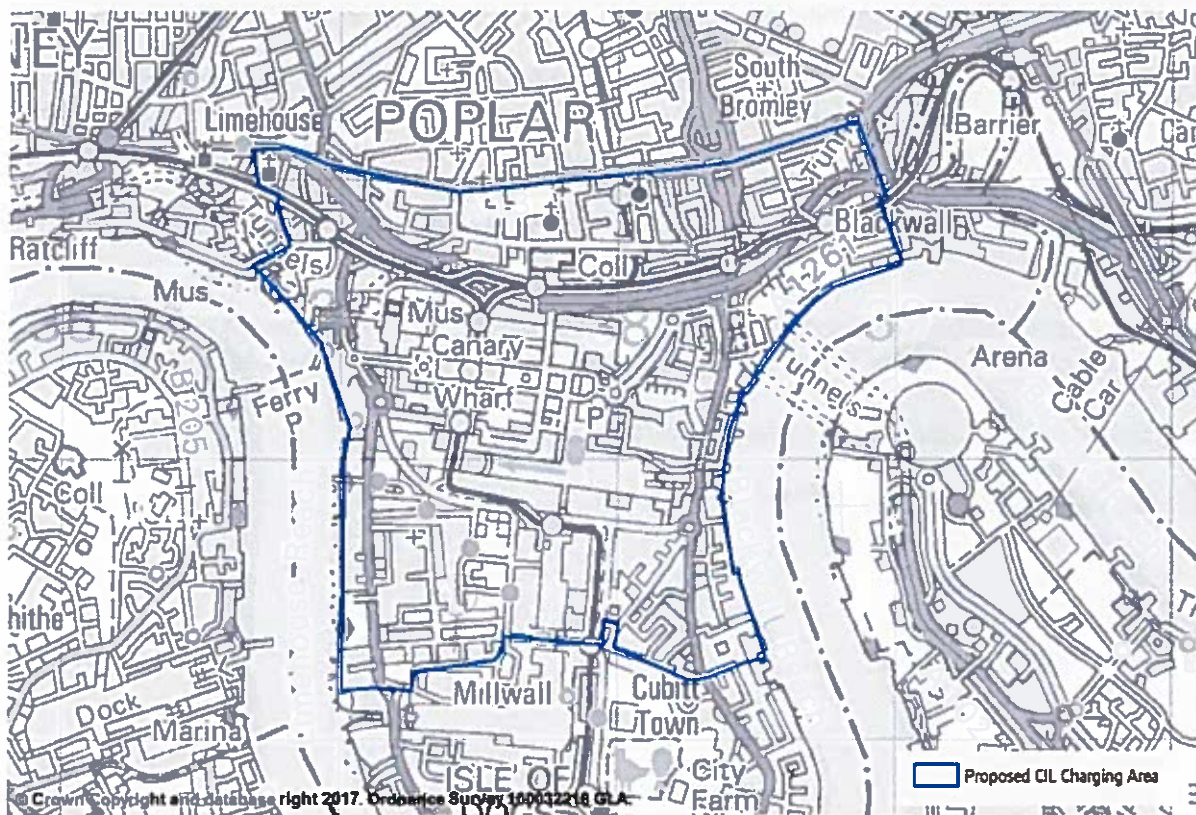


Table 3: Proposed MCIL2 charging rates for health and education in London

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

The amount to be charged for each development will be calculated in accordance with Regulation 40 of the Community Infrastructure Levy Regulations 2010 (as amended).

For the purposes of the formulae in paragraph 5 of Regulation 40 of the Community Infrastructure Levy Regulations 2010 (as amended) (set out in Annex 1), the relevant rate (R) is the Rate for each charging zone shown in Table 1 above, other than in respect of the office, hotel and retail uses in Central London and Isle of Dogs shown in Table 2 and in respect of the intended uses shown in Table 3, for which the rates shown therein will apply.

This Schedule has been issued, approved and published in accordance with Part 11 of the Planning Act 2008 and the Community Infrastructure Regulations 2010 (as amended).

This Schedule was approved by the Mayor of London on ***

This Schedule takes effect on ***

Annex One

to the MCIL2 Preliminary Draft Charging Schedule

Extract from the Community Infrastructure Levy (amendment) Regulations 2010 (as amended)

(nb: this Annex is formally part of the MCIL2 Preliminary Draft Charging Schedule)

PART 5 – CHARGEABLE AMOUNT

Regulation 40 (calculation of chargeable amount)

- (1) The collecting authority must calculate the amount of CIL payable (“chargeable amount”) in respect of a chargeable development in accordance with this regulation.
- (2) The chargeable amount is an amount equal to the aggregate of the amounts of CIL chargeable at each of the relevant rates.
- (3) But where that amount is less than £50 the chargeable amount is deemed to be zero.
- (4) The relevant rates are the rates, taken from the relevant charging schedules, at which CIL is chargeable in respect of the chargeable development.
- (5) The amount of CIL chargeable at a given relevant rate (R) must be calculated by applying the following formula—

$$\frac{R \times A \times I_p}{I_c}$$

where—

A = the deemed net area chargeable at rate R, calculated in accordance with paragraph (7);

I_p = the index figure for the year in which planning permission was granted; and

I_c = the index figure for the year in which the charging schedule containing rate R took effect.

(6) In this regulation the index figure for a given year is—

- (a) the figure for 1st November for the preceding year in the national All-in Tender Price Index published from time to time by the Building Cost Information Service of the Royal Institution of Chartered Surveyors¹; or
- (b) if the All-in Tender Price Index ceases to be published, the figure for 1st November for the preceding year in the retail prices index.

(7) The value of A must be calculated by applying the following formula—

$$G_R - K_R - \frac{(G_R \times E)}{G}$$

where—

G = the gross internal area of the chargeable development;

G_R = the gross internal area of the part of the chargeable development chargeable at rate R;

K_R = the aggregate of the gross internal areas of the following—

- (i) retained parts of in-use buildings, and
- (ii) for other relevant buildings, retained parts where the intended use following completion of the chargeable development is a use that is able to be carried on lawfully and permanently without further planning permission in that part on the day before planning permission first permits the chargeable development;

E = the aggregate of the following—

- (i) the gross internal areas of parts of in-use buildings that are to be demolished before completion of the chargeable development, and
- (ii) for the second and subsequent phases of a phased planning permission, the value E_x (as determined under paragraph (8)), unless E_x is negative,

provided that no part of any building may be taken into account under both of paragraphs (i) and (ii) above.

¹ Registered in England and Wales RC00487

- (8) The value E_x must be calculated by applying the following formula—

$$E_P - (G_P - K_{PR})$$

where—

E_P = the value of E for the previously commenced phase of the planning permission;

G_P = the value of G for the previously commenced phase of the planning permission;
and

K_{PR} = the total of the values of K_R for the previously commenced phase of the planning permission

- (9) Where a collecting authority does not have sufficient information, or information of sufficient quality, to enable it to establish that a relevant building is an in-use building, it may deem it not to be an in-use building.
- (10) Where a collecting authority does not have sufficient information, or information of sufficient quality, to enable it to establish—
- (a) whether part of a building falls within a description in the definitions of K_R and E in paragraph (7); or
 - (b) the gross internal area of any part of a building falling within such a description, it may deem the gross internal area of the part in question to be zero.

- (11) In this regulation—

“building” does not include—

- (i) a building into which people do not normally go,
- (ii) a building into which people go only intermittently for the purpose of maintaining or inspecting machinery, or
- (iii) a building for which planning permission was granted for a limited period;

“in-use building” means a building which—

- (i) is a relevant building, and
- (ii) contains a part that has been in lawful use for a continuous period of at least six months within the period of three years ending on the day planning permission first permits the chargeable development;

“new build” means that part of the chargeable development which will comprise new buildings and enlargements to existing buildings;

“relevant building” means a building which is situated on the relevant land on the day planning permission first permits the chargeable development;

“relevant charging schedules” means the charging schedules which are in effect—

- (i) at the time planning permission first permits the chargeable development, and**
- (ii) in the area in which the chargeable development will be situated;**

“retained part” means part of a building which will be—

- (i) on the relevant land on completion of the chargeable development (excluding new build),**
- (ii) part of the chargeable development on completion, and**
- (iii) chargeable at rate *R*.**

Explanatory Note

to the MCIL2 Preliminary Draft Charging Schedule

(nb: this Explanatory Note is not formally part of the MCIL2 Preliminary Draft Charging Schedule)

COSTS OF ADMINISTRATION

- 1** Under Regulation 61 of the Community Infrastructure Levy Regulations 2010 (as amended) (the 'Regulations'), charging and collecting authorities (in this case the Mayor and the London boroughs) can use CIL proceeds to cover administrative expenses incurred in collecting the Levy up to specified limits – 4% of CIL collected in each year by collecting authorities, and 1% by charging authorities. The Mayor assumes that the full use of this provision will be made during the life of MCIL2.

DIFFERENTIAL CHARGING

- 2** The Mayor proposes to set differential charges for different boroughs of Greater London to reflect the different levels of development viability within the Greater London charging area. The Mayor considers that given the nature of the judgement he is required to draw under the CIL legislation and guidance to use an area-based approach for land uses in London – taking a broad judgement about viability across London as whole – and a specific approach to office, retail and hotel use in Central London and Isle of Dogs. The charges proposed are set out in Tables 1 and 2.
- 3** In 2011, the then Mayor took a decision to set nil charge rates for education, medical and health developments in order not to undermine the economic viability of their provision. The Mayor proposes to continue applying this policy from April 2019 and to set nil charge rates (as he is empowered to do by Regulation 13(2)) for the following two types of development (as set out in Table 3):
 - 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.
 - 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.

RELIEFS AND EXEMPTIONS

- 4** Under Regulation 44, charging authorities may allow relief for development by charities where the whole or greater part of the development is held by the charity as an investment for charitable purposes. The Mayor does not propose to make this relief available. He considers that the better approach is to apply the Mayoral CIL on the basis of uses rather than ownership, and to keep the overall figure set low. Allowing this relief would also make administration of the Mayoral CIL across London as a whole unduly complex and burdensome.
- 5** Under Regulations 55 and 58, the Mayor may allow relief for exceptional circumstances (relating specifically to developments in respect of which there is also a section 106 agreement, where sums payable under that agreement are higher than the amount of Mayoral CIL payable). The Mayor does not intend to make this relief available. He considers that it would be better to address problems of viability caused by the combined demands of Mayoral CIL and section 106 agreements by making any necessary adjustments to the latter, in accordance with well-understood and applied planning principles. Disputes could be dealt with through the appeals procedures under the Town and Country Planning legislation. This approach would also avoid making administration of Mayoral CIL across London as a whole unduly complex and burdensome.
- 6** For the avoidance of doubt the following are exempt from MCIL under the 2008 Act and the Regulations:
- development of social housing
 - development by charities of their own land for their charitable purposes
 - development of less than 100 sq m (unless a whole house) and residential annexes or extensions
 - residential development by Self Builders

PHASING AND PAYMENT BY INSTALMENTS

- 7** The Mayor proposes to continue applying his current (MCIL1) instalment policy for MCIL2. The Mayor will continue to keep his instalments policy under review. Where a development attracts both the Mayoral and the local authority's CIL charge, the instalment policy of the local authority will continue to prevail. Details of the Mayor's CIL instalments policy can be found on the GLA's website.

REPORTING

- 8** As required by the Regulations, the Mayor will publish annual reports showing, for each financial year:
- how much has been collected in MCIL by the boroughs on his behalf;
 - how much of that money has been spent;
 - the items of infrastructure on which it has been spent;
 - any amount used to repay money borrowed;
 - the amount of MCIL used to cover administrative expenses; and
 - the amount of MCIL retained at the end of the reported year.
- 9** In addition to the annual reports, the Mayor will continue to publish his MCIL biennial reviews.

INFRASTRUCTURE TO BE FUNDED UNDER MCIL2 (REGULATION 123 LIST)

- 10** Regulation 59(2) restricts CIL spending by the Mayor to funding roads or other transport facilities, including Crossrail.
- 11** For the purposes of CIL Regulation 123(4)(a), the Mayor intends that the proceeds of MCIL2 will be put towards the funding of Crossrail 2.
- 12** The Mayor will keep the operation of MCIL2 and the position regarding the funding and implementation of Crossrail 2 under review. At the appropriate time he will make announcements about future uses of Mayoral CIL powers.

Responding to this document

HOW TO GIVE YOUR VIEWS

This MCIL2 Preliminary Draft Charging Schedule and supporting documents are open to public consultation from 19 June to 31 July 2017. *(dates to be confirmed)*

The supporting documents are:

- MCIL2 Preliminary Draft Charging Schedule Supporting Information
- MCIL2 Viability Evidence Base for Preliminary Draft Charging Schedule – JLL for the Mayor of London and TfL

You can view these documents online and download them from:

<https://www.london.gov.uk/what-we-do/planning/implementing-london-plan/mayoral-community-infrastructure-levy>

Please respond in writing, referencing your comments to the relevant section of the MCIL2 Preliminary Draft Charging Schedule or its supporting documents:

- by email to mcil2@london.gov.uk with "MCIL2 PDCS" in the email subject title. If you send in a response by email it is not necessary to also send us a hard copy.
- by post (no stamp required) to:

MCIL2 Preliminary Draft Charging Schedule
FREEPOST LON15799
GLA City Hall post point 18
The Queen's Walk
London SE1 2BR

Please respond by **6pm on Monday 31 July 2017**.

Please note that all responses will be made available for public inspection.

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