

**Date:** 11 July 2024

**Item:** Annual Update on Third-Party Funding Secured Through Spatial Planning

---

**This paper will be considered in public**

**1 Summary**

1.1 This paper provides an update on income secured by TfL Spatial Planning to support TfL's objectives. It includes information on the collection of Mayoral Community Infrastructure Levy (Mayoral CIL or MCIL), other developer contributions secured through planning, and wider third-party funding sources (related to housing/growth/ regeneration).

**2 Recommendation**

2.1 **The Committee is asked to note the paper.**

**3 Background/Introduction**

3.1 This report provides information for the 2023/24 financial year on:

- (a) contributions for Crossrail through the Mayoral CIL and the Crossrail Supplementary Planning Guidance;
- (b) local planning authority CIL expenditure;
- (c) section 106 and other developer contributions for transport projects; and
- (d) other third-party funding contributing to transport such as government grants.

3.2 As part of its statutory role, TfL Spatial Planning assesses the transport impacts of proposed developments across London and negotiates appropriate transport 'mitigations' which seek to ensure the transport network is fit for purpose as the city grows. These can be in the form of financial contributions from developers or works in-kind such as the delivery of the new entrance, with lift access, to King's Cross St. Pancras Underground station south of the Euston Road which is currently being built out as part of a development. Later this year the new entrance to Paddington Bakerloo line station will open. It has been delivered as part of the Paddington Cube development and will provide SFA and increased ticket hall and gateline capacity. The team is responsible for:

- (a) advising the Mayor on transport issues associated with planning applications of potential strategic importance referred to him under the Town and Country Planning (Mayor of London) Order 2008 (referable applications). As

part of this TfL Spatial Planning attends the weekly Mayoral/Deputy Mayoral Planning meetings to ensure that TfL’s requirements and priorities are understood;

- (b) responding to consultations carried out by local planning authorities within London on the transport implications of planning applications which are not referable to the Mayor;
- (c) collecting Mayoral CIL and other Crossrail contributions to pay down debt associated with its delivery; and
- (d) masterplanning and development of transport requirements and solutions in key areas of London/interchanges to help unlock development opportunities (and the interface with Places for London, Network Rail and other partners), for example at Victoria and Stratford.

3.3 Table 1 below summarises the income from developers in 2023/24. This continues to be a strong income stream to support the delivery of the Mayor’s Transport Strategy (MTS), despite the challenging economic situation.

Table 1: Developer income received and secured by TfL Spatial Planning in 2023/24

<b>Developer income: received</b>	
Mayoral CIL	£156.3m
Section 106 (paid this year)	£6m
Section 278 (spend)	£14.5m
<b>Developer income: secured/negotiated</b>	
Section 106 (secured through planning)	£38m
Section 278 (secured)	£10.6m

3.4 In addition to the funds set out in Table 1, planning authorities in London spent £109m in Borough CIL, much of which went towards transport and public realm.

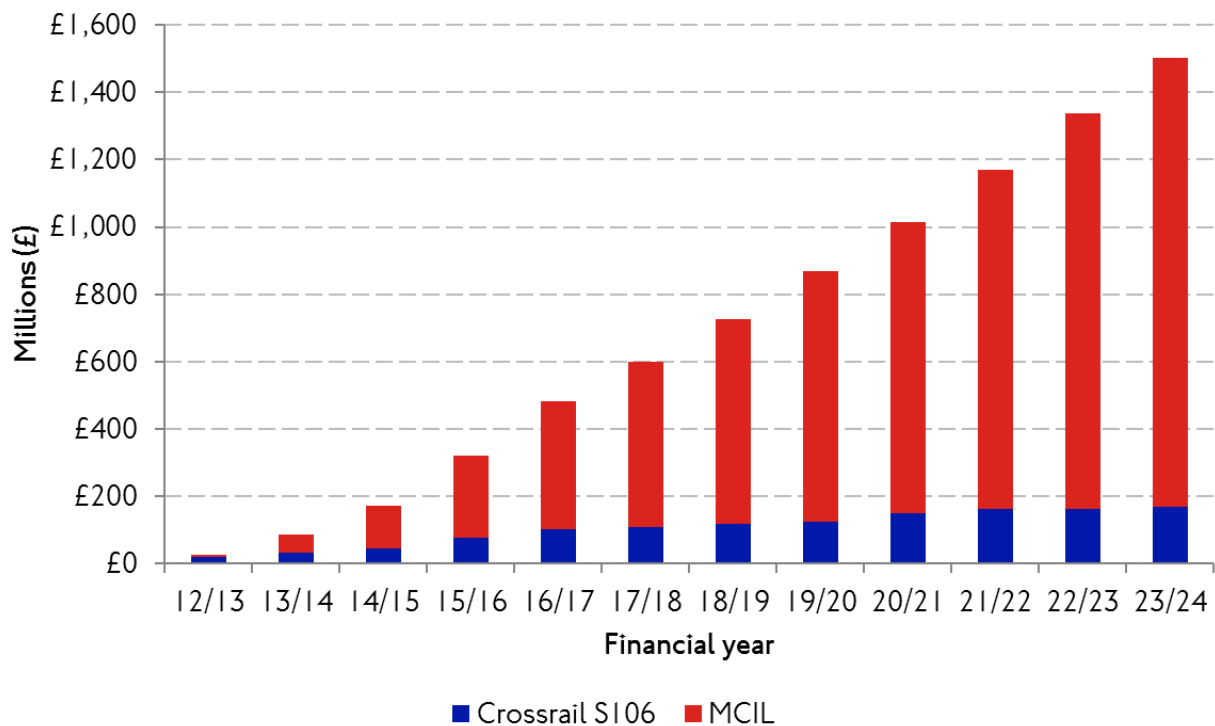
3.5 Through our work, the TfL Spatial Planning team (TfL Spatial Planning) has also continued to leverage other third-party funding, including more than £30m through the Government’s Levelling Up Fund, a significant allocation through the Housing Infrastructure Fund and £150m has been ringfenced for the Docklands 2.0 area through the Brownfield, Infrastructure and Land Fund.

3.6 These third-party funding sources play an increasingly critical role in delivering TfL objectives, such as step-free access (SFA), Healthy Streets, and enabling new homes and jobs and TfL Spatial Planning continues to seek further opportunities. As such one of our Finance roadmap milestones this year is to develop a Third-party Funding Action Plan intended to optimise and better coordinate these opportunities and help manage and mitigate risks.

## 4 Developer contributions for the Elizabeth line

4.1 The Crossrail funding agreement between Government and TfL requires TfL to raise funds towards the Elizabeth line through developer contributions. Most of these funds have been and continue to be raised through Mayoral CIL with additional funds received through historical Crossrail section 106 agreements. Total MCIL receipts have now reached £1.33bn, while Crossrail section 106 receipts amount to £168m. This brings the total collected from both sources to £1.5bn. The value of MCIL and Crossrail section 106<sup>1</sup> receipts since 2012 is set out in Figure 1.

Figure 1: Cumulative MCIL and section 106 Crossrail receipts



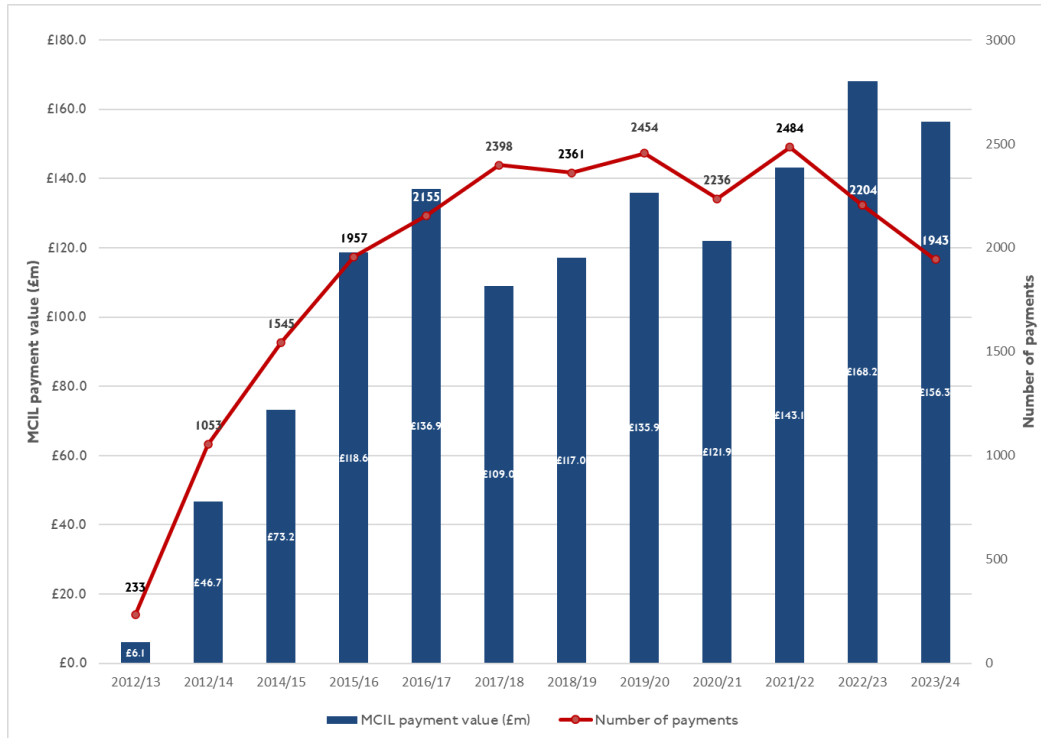
4.2 CIL becomes payable when developments commence, and the number of individual payments can therefore act as an indicator of the level of development activity. In London, the local planning authorities act as collecting authorities, collecting Mayoral CIL on the Mayor's behalf. Figure 2 shows the trends in total annual Mayoral CIL receipts and the number of payments since Mayoral CIL was introduced in 2012. There is some volatility in the past few years, and after an initial bounce back following the coronavirus pandemic, development activity has

<sup>1</sup> While the Crossrail Funding Planning Obligations Supplementary Planning Guidance (2016) was superseded by MCIL2 in 2019, funds are sometimes received from historic planning permissions. Funds are received from retail, office and hotel developments within central London, the Isle of Dogs, and from developments within 1km of a Crossrail station.

slowed for a second consecutive year, reflecting increased pressures, from higher building and borrowing costs.

4.3 Notwithstanding, the 2023/24 annual receipt remains healthy (£156.3m) and is the second highest ever received.

Figure 2: Annual MCIL receipts and numbers of payments since April 2012



## Mayoral CIL2 biennial review

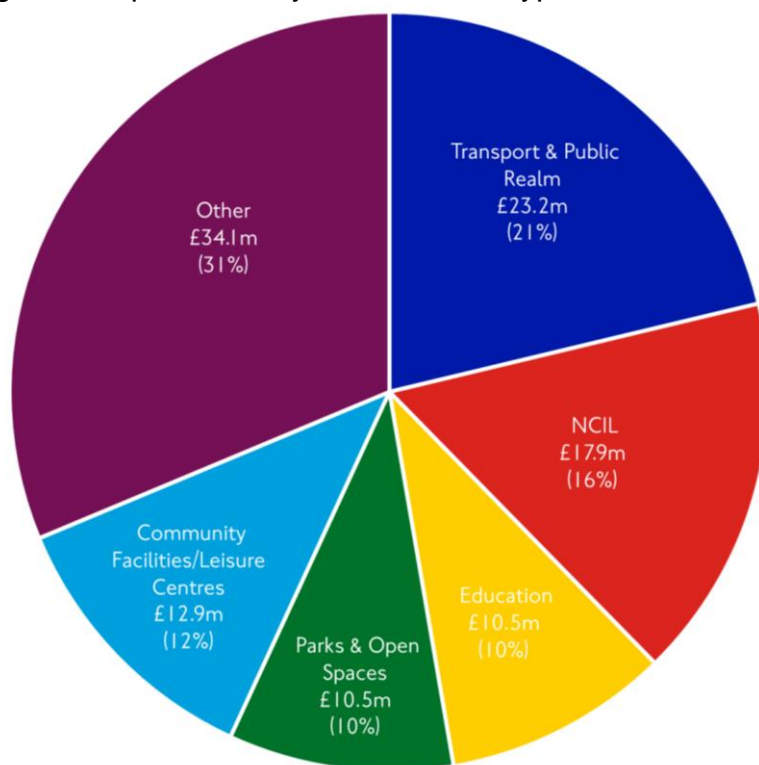
4.4 As part of the Mayor’s commitment to monitor the operation of MCIL, there is ongoing monitoring of MCIL income and rates, and biennial reviews which consider potential opportunities and options for change over time. The next biennial review is due to be published towards the end of this calendar year and procurement for this will commence shortly.

4.5 MCIL receipts are paid across to the GLA as part of the agreements in 2018 and 2020 to provide additional Crossrail funding. The GLA undertook additional borrowing against MCIL and Business Rate Supplement income.

## 5 Borough CIL

5.1 Planning authorities can set Borough CIL which is an infrastructure levy similar to the Mayoral CIL. The funding collected from developers through Borough CIL can be put towards the provision, improvement, replacement, operation, or maintenance of infrastructure. Borough CIL receipts make an important contribution to the delivery of a range of infrastructure projects across London. Figure 3 shows the ways in which local authorities spent Borough CIL in 2023/24.

Figure 3: Borough CIL expenditure by infrastructure type 2022/23



### TfL and Borough CIL

- 5.2 TfL Spatial Planning works with planning authorities across London to identify opportunities for Borough CIL income to deliver transport infrastructure. Historically, spend has been relatively high on transport and public realm, however, with increasing financial pressures we have observed a downward trend as funding has been directed toward other types of infrastructure. Year-on-year data shows that in the space of two years spend on transport and public realm has reduced from 47 per cent in 2020/21 to 21 per cent in 2022/23. However, expenditure in this category was still £23m in 2022/23. Expenditure in the ‘other’ category<sup>2</sup> has increased from three per cent in 2020/21 to 31 per cent in 2022/23, and spending on parks and open spaces has doubled from five per cent to 10 per cent in the same period.
- 5.3 We will continue to work closely with planning authorities across London on prioritising the delivery of transport infrastructure to help deliver the MTS. There are opportunities to leverage this funding through programmes such as SFA, and we have some notable examples, including:
- (a) Hounslow West, where the borough have committed £1m towards improving SFA, with acknowledgement of the need for future additional commitments as the scheme progresses; and
  - (b) West Hampstead station where Camden have acknowledged the potential for significant monies to be allocated to match fund planning obligations already secured.

<sup>2</sup> The ‘other’ category applies to those projects where there was limited information available and/or a project transcends categories.

- 5.4 These would deliver further step free stations on the network, supporting a key Mayoral priority.
- 5.5 Having a prioritised pipeline of deliverable schemes would help optimise opportunities and we are working with colleagues across TfL to support design and feasibility work for potential future priorities e.g. through the Sustainable Housing and Accessibility Fund.

### **Neighbourhood CIL**

- 5.6 Authorities in receipt of Borough CIL funds are required, in line with regulations, to spend at least 15 per cent of their income in consultation with local communities where they are collecting these monies. We have previously successfully bid for allocation of these funds for feasibility work in relation to pedestrian improvements along the A41 Finchley Road, which have had community support and support from local political leaders. This area of Borough CIL represents opportunities where the delivery of TfL priorities align with those of local communities. Where boroughs have high Borough CIL income, (at least) 15 per cent of receipts represents significant levels of funding, and therefore we will continue to liaise with boroughs on this.

## **6 Section 106 agreements**

- 6.1 Planning applications, whether referred to the Mayor or not, are often approved subject to a package of transport mitigation measures which reflect negotiations by TfL Spatial Planning with developers and the local planning authority. We seek to ensure that transport requirements are prioritised as far as possible and aim to ensure that developments promote active travel, contribute appropriately to public transport, and minimise adverse traffic impacts.
- 6.2 The measures that are negotiated vary in type and scale but must accord with the legal test for section 106 planning obligations (which requires that contributions be for infrastructure/services that are directly related to the development, necessary to make the development acceptable in planning terms, and fairly and reasonably related in scale and kind to the development). These obligations can cover works at any scale from multimillion pound projects to small – but still important and impactful - interventions such as wayfinding and bus stop improvements. In 2023/24 more than £38m in section 106 planning obligations were successfully secured through negotiations with developers and boroughs, a slight increase on the level secured in 2022/23. Meanwhile, we received £6m against previously secured planning obligations as they reached their trigger points during the development process.
- 6.3 As well as financial contributions, TfL Spatial Planning secures mitigations delivered as works 'in-kind'. These are built by developers, often on-site, and can be significant in both cost and scale. A significant 'in-kind' scheme negotiated in 2023/24 is in relation to the O2 redevelopment at Finchley Road. As well as a significant contribution to West Hampstead station highlighted above, this will also require delivery of improvements for multiple modes, including delivery of a station box for Finchley Road station and new bus stands and driver facilities.

6.4 TfL Spatial Planning also negotiates and manages the delivery of highway improvements on the TfL Road Network under section 278 agreements. The total value usually amounts to millions of pounds each year, often delivering critical infrastructure that contributes to the delivery of Healthy Streets and Vision Zero as well as renewing our assets through these opportunities. These schemes are funded and maintained by developers at no expense to TfL. We currently have 380 projects in our programme worth around £150m.

6.5 In 2023/24, more than 80 projects were completed, with associated spend during that year of £14.5m. These have delivered bus service improvements, enhanced public realm and safety, optimised junction movement and subway works, traffic calming measures and tree planting, with project highlights for the team including the completion of:

- (a) 27-83 Brompton Rd (£1.4m) delivering widened footways to better serve people walking near the new Knightsbridge station entrance and a more convenient crossing that enables straight across movements rather than a staggered crossing;
- (b) 1 Hook Rise (£1.1m) which includes traffic calming, widened footways, parking restrictions and tree planting to complement the TfL Healthy Streets scheme at Tolworth roundabout;
- (c) Victoria Nova Contra flow (£5m) delivering a new signalised pedestrian crossing improving safety and convenience for people walking and significant bus journey time improvements through highway redesign and better signal timings at this complex crossing;
- (d) 1-5 Grosvenor Place (£800,000) improving the public realm and footway, including safeguarding the underpass structure. This involved relocating street furniture and optimising walking movements; and
- (e) New Kent Rd (£1m) delivering improvements to our assets such as repaving and landscaping and provision of a new signalised crossing and improved cycleways.

## **7 Other third-party funding**

7.1 In line with previous updates to the Committee, this section gives an overview of our work leveraging wider funding opportunities with a particular focus on housing, infrastructure and regeneration. Where funding agreements have been reported previously, the update focuses on the latest status and any changes over the past year.

### **Sustainable Housing and Accessibility (SHA) Fund**

7.2 The SHA Fund has been established in the Business Plan in recognition of the increasingly important contribution that leveraging third-party funding makes to delivering additional public transport capacity and SFA and in unlocking and supporting sustainable growth. Delivering housing is clearly a key priority politically and for Londoners and the focus on it is likely to continue to grow. SHA Fund projects also deliver wider objectives around mode shift, inclusion, decarbonisation and revenue generation. On average, we aim to raise one to two

pounds of third-party funding for every pound spent by TfL through the SHA Fund at a programme level.

7.3 The SHA Fund has £128m budgeted to 2029/30 with £8m in 2024/25 allocated to short-listed upgrades at Northolt, West Hampstead, North Acton (announced in summer 2023 as part of our forward programme of SFA schemes) and Pontoon Dock stations:

- (a) Northolt was due to be constructed prior to the pandemic and further work was undertaken to analyse the design, constructability and cost. Although this project may be fully funded by TfL it aligns with local sustainable growth objectives;
- (b) the West Hampstead project has been prioritised for concept design following the significant third-party funding highlighted earlier in the paper;
- (c) North Acton station has been prioritised for concept design as it plays a key role in Old Oak and Park Royal Development Corporation infrastructure plans and has also secured significant planning obligation funding; and
- (d) Pontoon Dock forms part of our DLR Royal Docks programme and is discussed later under Royal Docks Enterprise Zone.

7.4 The projected benefits of the SHA Fund include unlocking more than 12,100 new homes, supporting tens of thousands of jobs and four new SFA stations through the current committed pipeline, with the potential for 10 to 12 additional station upgrades. More than £130m of third-party funding will be leveraged from allocated projects and we aim to achieve approximately a 7,000-tonne reduction in carbon dioxide emissions through reducing car use linked to the mode shift associated with car free developments. Such developments also deliver revenue benefits given the level of expected public transport use from car-free households. We will be continuing to work across TfL and the Greater London Authority (GLA) and with boroughs and other partners to optimise the role of the SHA Fund in delivering SFA and unlocking homes in a sustainable way.

### **Levelling Up Fund (LUF) round three**

7.5 The £4.8bn LUF contributes to infrastructure across the UK, including regenerating town centres and high streets, upgrading local transport, and investing in cultural and heritage assets.

7.6 In November 2023 55 projects were awarded a share of £1bn from the third and final round of the LUF. Five transport schemes were allocated £150m and 50 town centre regeneration schemes were given £825m. The awards were for bids submitted in round two which were not originally funded but were assessed as high-quality and able to deliver quickly. London was awarded £30.39m for two projects: Reconnected Croydon (£18.9m) and Levelling Up Angel Edmonton (£11.9m).

7.7 In addition, the government decision to allocate £43m for Colindale and Leyton station upgrades as part of LUF round 2 was formally confirmed in December 2023 following the approval of the business case. This is alongside significant contributions secured in previous years by the boroughs for Colindale station



(London Borough of Barnet, £14.8m section 106) and Leyton station (London Borough of Waltham Forest, £9m Borough CIL). At Colindale, works commenced on site in early 2024 with a six month station closure starting on 7 June 2024 to enable the installation of hoardings at platform level, demolition of the canopy and staircases, and construction of a deck across the railway cutting and new platform infrastructure. At Leyton, detailed design is wrapping up soon and a construction contract will be let in autumn this year. Works are expected to start in winter 2024.

- 7.8 In total, London has received £200.39m for transport related projects through the three rounds of the LUF.

### **Housing Infrastructure Fund (HIF)**

- 7.9 The Government introduced the HIF in 2017 and so far, more than £4bn has been allocated to local authorities across the country. The HIF is divided between 'marginal viability funding' (MVF) schemes and 'forward funding' (FF) schemes. MVF is aimed at providing a missing piece of infrastructure to unlock housing while FF schemes are for strategic/high impact infrastructure projects.
- 7.10 Three London schemes are in receipt of HIF FF: DLR additional capacity (£257.4m); the East London line (£80.8m); and Meridian Water Infrastructure (£170m). The DLR and East London line schemes are both TfL schemes whereas Meridian Water is led by the London Borough of Enfield. Additionally, there are nine HIF MVF schemes in contract including South Circular Road/Catford (Lewisham, £10m). Updates on TfL HIF FF schemes are below.

### **DLR additional capacity update**

- 7.11 Government has provided £257.4m for 11 new trains (to supplement 43 funded by TfL), an expanded depot at Beckton for stabling and servicing, power upgrade and signalling modifications to enable access to the new sidings. The programme also included enabling works to support oversight development at Poplar depot.
- 7.12 We continue to make progress on the HIF DLR scheme as part of TfL's wider DLR programme in accordance with the grant development agreement. Regular updates have been provided to the HIF London Delivery Board as well as the HIF DLR Project Board. We have made significant progress both in train manufacture and testing, delivery of depot works, and delivery of lineside infrastructure works, with the first new trains set to enter service in 2024.
- 7.13 In March, we submitted a material change request to the Department for Levelling Up, Housing and Communities (DLUHC) for c£20m funding to be transferred from the Poplar project to protect the Beckton depot works which have been subject to significant cost pressures. The Poplar element is no longer feasible within HIF timescales. The outcome of this request is due in summer 2024.
- 7.14 In March we hosted DLUHC and Department for Transport (DfT) colleagues at a Beckton depot site visit to demonstrate progress. The programme remains on track to unlock over 10,000 homes across Royal Docks and Isle of Dogs.

## **East London line (ELL) update**

- 7.15 Six projects along the ELL were awarded £80.4m originally, however, the initial design work revealed cost inflation which meant that four projects were prioritised as part of a first phase (against the £80m envelope):
- (a) Canada Water bus station upgrade to enable a new route;
  - (b) Surrey Quays station upgrade including new entrance and SFA; and
  - (c) traction power and signalling upgrade to enable an uplift in frequency to 18 trains per hour.
- 7.16 We remain in discussions with government, the London Borough of Lewisham and developers about the potential for additional funding to support the now unfunded Phase 2 scope which includes a new station at Surrey Canal Road between Queen's Road Peckham station and Surrey Quays station and associated resilience measures to enable a frequency increase to 20 trains per hour.
- 7.17 The phase 1 programme is on track to meet its milestones and we are due to complete delivery in 2026. The programme remains on track to unlock over 7,000 homes across Southwark and Lewisham.

## **Brownfield, Infrastructure and Land Fund (BIL)**

- 7.18 The BIL was announced in July 2023 to unlock strategic housing sites where brownfield, infrastructure or land projects face delivery and/or viability challenges. On inception £53m was confirmed for Old Oak and Park Royal Development Corporation with an additional £150m for other London projects. Homes England were delegated to assess, contract and manage the portfolio of strategic sites in London in line with Homes England's established mechanisms.
- 7.19 Thamesmead Bus Transit (as an early phase of the DLR to Beckton Riverside and Thamesmead) has been allocated £23m subject to business case approval. Securing this funding will support sustainable public transport led growth in Thamesmead. Other shortlisted schemes include a £6m contribution to the Pontoon Dock station upgrade (see following section). All projects are subject to the BIL governance process established by the DLUHC, Homes England and the GLA. Final decisions are expected to be taken in 2024 with funds granted in the same year.
- 7.20 We continue to work with DLUHC, Homes England and the DfT on both the business case and potential funding package for the DLR extension to Beckton Riverside and Thamesmead. We submitted a strategic outline case in May 2023, which resulted in government launching the 'Docklands 2.0' concept which has seen greater national focus on housing delivery in London.

## **Royal Docks Enterprise Zone**

- 7.21 The Royal Docks Enterprise Zone Programme Board was established in June 2023 as a joint partnership Board between the London Borough of Newham and the GLA. The Royal Docks has significant infrastructure requirements to support

and accelerate housing delivery and commercial development. TfL is working with the GLA on several key station projects and TfL has so far received £3.75m to support feasibility and design work for this. We hope to be in a position to tender for a final design for Pontoon Dock station later this year and we are working to identify further third-party funding to help deliver the station, alongside TfL and GLA contributions. We will also continue to look at opportunities to progress the other priority stations.

### **Interchange programme**

- 7.22 TfL Spatial Planning is working with the Investment Planning team to establish a programme of small-scale feasibility studies which work towards a future pipeline of station investments. Projects arising from the programme will exploit opportunities for third-party funding to minimise the cost of schemes to TfL/HM Treasury. We are also working with partners in order to part fund early feasibility work wherever possible.
- 7.23 We are also working with partners (including TfL Places for London, Network Rail and the local boroughs) on a number of strategic interchanges, including Victoria, Stratford and Waterloo. This involves wider masterplanning and working with other teams across TfL to try to identify solutions to challenging operational/other issues in order to unlock development opportunities while continuing to enable effective transport operations and/or capitalise on transport enhancement opportunities.
- 7.24 At Stratford, the development of the Strategic Outline Business Case (SOBC) was submitted to Government in July 2023. Network Rail, the London Borough of Newham and the London Legacy Development Corporation (LLDC) funded the SOBC studies totalling £800,000, with TfL providing in-kind support. Work to develop the SOBC further has now commenced. The enhanced study could require up to £4m from the joint sponsor group, which includes TfL Spatial Planning and Places for London. In addition to a financial contribution, TfL is providing specialist input around transport planning and modelling, masterplanning, and engineering, among other disciplines. Network Rail, the London Borough of Newham, LLDC and TfL have each pledged 25 per cent towards development costs between now and summer 2025.

### **Third-party Funding Action Plan**

- 7.25 Our finances remain constrained and our current capital settlement with government is insufficient to deliver all our priority capital projects. As discussed through this paper, third-party funding can enable us to deliver more, providing us with additional funds to support growth and other priorities. A pro-active approach can attract funding from developers, the government, local authorities and other partners, while improved coordination is important to help manage complexity and risk.
- 7.26 We are therefore developing a Third-party Funding Action Plan for completion later in 2024 with three emerging priorities to:
- (a) support the delivery of the Finance strategy;

- (b) support the delivery of the Customer strategy and wider priorities in the Green and Safety strategies; and
  - (c) coordinate and manage third-party funding related accountabilities in TfL.
- 7.27 The Plan is being developed by a working group reporting to the Network Development and Third-Party Pipeline investment portfolio. Next steps include finalising the Action Plan for approval by the Investment Group and looking at how we reflect third-party funding in the upcoming Business Planning round and in key programmes such as SFA and enhancements.

## **8 Conclusion and next steps**

- 8.1 Income from developers in 2023/24 has continued to be an important funding stream, supporting the delivery of the MTS and key TfL priorities. Funding generated through MCIL and Crossrail section 106 agreements has hit £1.5bn, a significant milestone and MCIL continues to play a vital role in the funding and financing arrangements for the Elizabeth line.
- 8.2 We have continued to work closely with government and boroughs to make the most of opportunities to access available funding. While London is still at a disadvantage in how some of these funds are prioritised, our work has ensured that London has not lost out. This has brought tens of millions of pounds to support the delivery of our investment.
- 8.3 Moving forward significant work is taking place in developing the Third-party Funding Action Plan which will increase the visibility of this work; enable us to have a better understanding of the opportunities and risks (and the optimal balance of these); and help inform how best to integrate these funding sources into TfL's investment programmes and decisions.

### **List of appendices to this report:**

None

### **List of Background Papers:**

MCIL2 Charging Schedule: Mayor of London Community Infrastructure Levy 2 Charging Schedule (January 2019)

Supplementary Planning Guidance: Use of planning obligations in the funding of Crossrail and the Mayoral Community Infrastructure Levy (March 2016).

Community Infrastructure Levy Charging Schedule – Mayor of London (February 2012)

CIL Regulations 2010, as amended 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018 and 2019

Contact Officer: Lucinda Turner, Director of Spatial Planning  
Email: [LucindaTurner@tfl.gov.uk](mailto:LucindaTurner@tfl.gov.uk)