

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

First Delegated Legislation Committee

DRAFT COMMUNITY INFRASTRUCTURE LEVY
(AMENDMENT) (ENGLAND) REGULATIONS 2021

Monday 8 February 2021

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Friday 12 February 2021

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The Committee consisted of the following Members:

Chair: SIR GRAHAM BRADY

Andrew, Stuart (*Treasurer of Her Majesty's Household*)
 Creasy, Stella (*Walthamstow*) (Lab/Co-op)
 Docherty, Leo (*Aldershot*) (Con)
 Eagle, Dame Angela (*Wallasey*) (Lab)
 Freer, Mike (*Comptroller of Her Majesty's Household*)
 Harris, Rebecca (*Lord Commissioner of Her Majesty's Treasury*)
 Lloyd, Tony (*Rochdale*) (Lab)
 McCabe, Steve (*Birmingham, Selly Oak*) (Lab)
 † Maclean, Rachel (*Parliamentary Under-Secretary of State for Transport*)
 Mohindra, Mr Gagan (*South West Hertfordshire*) (Con)

Pursglove, Tom (*Corby*) (Con)
 Ribeiro-Addy, Bell (*Streatham*) (Lab)
 Sambrook, Gary (*Birmingham, Northfield*) (Con)
 † Tarry, Sam (*Ilford South*) (Lab)
 † Throup, Maggie (*Lord Commissioner of Her Majesty's Treasury*)
 † Tomlinson, Michael (*Lord Commissioner of Her Majesty's Treasury*)
 † Twist, Liz (*Blaydon*) (Lab)

Liam Laurence Smyth, *Committee Clerk*

† **attended the Committee**

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Monday 8 February 2021

[SIR GRAHAM BRADY *in the Chair*]

Draft Community Infrastructure Levy (Amendment) (England) Regulations 2021

4.30 pm

The Chair: Everybody is already distanced, mask wearing and everything, so I just remind the Committee that *Hansard* would be very grateful if any speaking notes can be sent to hansardnotes@parliament.uk.

The Parliamentary Under-Secretary of State for Transport (Rachel Maclean): I beg to move,

That the Committee has considered the draft Community Infrastructure Levy (Amendment) (England) Regulations 2021.

Sir Graham, it is a great pleasure to serve under your chairmanship, and I welcome all right hon. and hon. Members to this important debate. These draft regulations make a discrete amendment to regulation 60 of the Community Infrastructure Levy Regulations 2010 to enable borrowing to fund Crossrail.

If these draft regulations are agreed, the effect will be an extension of the duration for which community infrastructure levy receipts can be collected by the Mayor of London to fund capital borrowing for Crossrail. Consequently, the Greater London Authority will be able to borrow against future CIL receipts to fund the completion of the Crossrail project. The funding provision inserted into the 2010 CIL regulations, as amended by this instrument, will allow CIL receipts in London to be collected for the purposes of Crossrail until 31 March 2045. This amendment solely affects CIL collected in London, and the borrowing will be limited to funding Crossrail only.

Crossrail is of national importance. It may be situated in London, but the benefits are and will continue to be felt across the UK. Once completed, the Elizabeth line will run from Reading and Heathrow in the west through 42 km of new tunnels under London to Shenfield and Abbey Wood in the east. The new railway, to be operated by Transport for London, will be fully integrated with the existing transport network, along with future High Speed 2 services arriving at Old Oak Common. Crossrail continues to support the wider economy, creating 55,000 full-time jobs, 1,000 apprenticeships and 70,000 supply chain opportunities. The majority of contracts—96%—have been awarded to UK companies, and 62% of those suppliers are based outside London.

In August 2020, Crossrail Ltd announced that the central section between Paddington and Abbey Wood is expected to open in the first half of 2022. It also estimated that the cost to complete the project could be up to £1.1 billion more than forecast. That is in addition to the £2.15 billion funding package agreed by the Government, the Mayor and TfL in December 2018. We are disappointed by the delays the project has faced and the need for additional funding.

On 1 October 2020, TfL implemented new Crossrail governance, bringing the project directly under TfL's responsibility. The transport commissioner is now ultimately accountable for the delivery of the railway, including managing costs. That will benefit the trial running and trial operation phases of the project in anticipation of services opening to the public.

However, we should not forget that the operational benefits of Crossrail are being felt. New Crossrail trains are already improving journeys for passengers from Paddington to Reading and Heathrow airport, as well as between Liverpool Street and Shenfield. Many national rail stations along the route have seen significant upgrades by Network Rail.

To support the completion of Crossrail, on 1 December last year the Government announced that an additional £825 million of borrowing had been made available to the GLA to be repaid by 2043, using two London-specific funding schemes, which are both dedicated to Crossrail: the business rate supplement, which runs until 2041, and a community infrastructure levy, which currently runs until 2033.

The amendment to the 2010 regulations contained in this statutory instrument is our focus today. Its approval is necessary to extend the period for which CIL can be collected for the purposes of Crossrail until 2043, allowing the GLA to repay the additional Crossrail borrowing. A further funding shortfall may remain after that additional borrowing has been fully utilised. Any shortfall will be subject to further discussions between the Government, TfL and the GLA. The TfL commissioner remains confident that the project can be delivered within the additional £825 million borrowing, and I welcome his commitment to managing costs.

I conclude my remarks by reminding the Committee that the Crossrail project continues to support jobs and apprenticeships right across the UK. Once open, it will transform the travel experiences of 200 million passengers a year. It will also help to deliver significant benefits to the UK economy, supporting economic growth at a critical time. It is vital the project is completed as safely and as quickly as possible to release those benefits. By approving the draft regulations, the Committee will support the delivery of Crossrail.

4.35 pm

Sam Tarry (Ilford South) (Lab): It is a great honour to serve under your chairmanship for my first statutory instrument as shadow Minister, Sir Graham. I thank the Minister for her remarks. I put on the record that the Labour party does not oppose the changes made on 1 December 2020, in accordance with the Crossrail funding agreement between the GLA and the Department for Transport.

By directly taking on the governance of Crossrail in October last year, Transport for London stepped up to the plate at a time when many thought that the Government should perhaps do more to support it. Despite the project being jointly sponsored, with enormous benefits for the whole of the UK economy, as the Minister rightly pointed out, Crossrail's shortfall will be covered initially by the GLA borrowing up to £825 million from the DfT in the form of a grant.

The ambition is to stay within that figure—one hopes that that remains the case—but it is far from a given, in the light of the huge complexity and various pressures

of the project. The GLA will pay that loan from business rate supplements and mayoral community infrastructure levy revenues. Importantly, the statutory instrument enables repayment by extending the period within which the Mayor of London can collect and apply the CIL for borrowing for Crossrail projects from 2030 right through to 2043.

This is a statutory instrument, so I do not mean to play politics, but I will make the small point that the Government could perhaps have done more at an earlier stage in the project so that Londoners were not asked to chip in. That comes despite the fact that the Treasury receives the overwhelming majority of the economic benefit of Crossrail. It is important to state that it is generally forecast to generate at least £42 billion for the wider UK economy. Furthermore, more than 60% of the project's suppliers are based outside London, which is incredibly important because it means that the additional funding will support the economy across the country. That is a further example of London supporting the economy, in stark contrast to the way that the Government sometimes talk about London and its payback to the rest of the country.

Members may well point to the recent deal struck between the Government and the GLA, but in reality, far from providing urgently needed grant funding, the deal only forced the Mayor to borrow more, meaning that ultimately, Londoners and businesses will pay. That was the only deal on the table, but it makes available only an initial £825 million of the potential £1.1 billion shortfall that is projected—that is a concern. I know that Crossrail Ltd and TfL are working incredibly hard to deliver the project within that funding structure. I hope that, should the full £1.1 billion be needed, the Government will adopt a more responsible approach to those discussions with the Mayor, and end the brinkmanship on such an important project that benefits so much of the country.

London needs the Elizabeth line more than ever as we emerge post-covid, and UK-wide, the railway will help the UK economy to recover as life returns to normal

in, I hope, the not-too-distant future. Although the pandemic has significantly impacted transport ridership, as London reopens to business, the Elizabeth line's capacity will, I hope, enable passengers to adhere to social distancing guidelines more easily when they travel, and provide relief to other methods of travel, including the London underground. The Elizabeth line—I think this is where the Opposition and the Government agree—can and should be the spearhead of that recovery.

4.39 pm

Rachel Maclean: I thank the Committee for its consideration of the regulations, and I thank the hon. Member for Ilford South for his support of the statutory instrument. I agree that this is not the place to discuss the wider finances of Crossrail and Transport for London, but I put on the record that the Mayor of London has actually delayed the opening of Crossrail for more than three years, forgoing considerable revenue in the bargain, and has mismanaged the finances, leaving the project's budget with a £275 million hole.

Today, however, we are considering the statutory instrument. It is a vital part of the December 2020 funding package for Crossrail, to place the project and Crossrail Ltd on a stable financial footing, which is something that we all agree with. We have agreed that the GLA will borrow additional funding to meet Crossrail costs overruns. The instrument will extend the period for which the GLA can use the community infrastructure levy in London to repay sums borrowed for Crossrail, ensuring that it has the funding necessary to complete the project and open to the public. I hope that the Committee has found the sitting informative and will join me in supporting the regulations.

Question put and agreed to.

4.40 pm

Committee rose.

