



City of Westminster

Cabinet Member Report

Councillor Robert Davis MBE DL, Deputy Leader and Cabinet Member for Business Culture and Heritage

Councillor Tim Mitchell, Cabinet Member for Finance, Property & Corporate Services

Date:	4 September 2017
Classification:	For General Release
Title:	Strand/Aldwych Scheme: Funding for Next Steps
Wards Affected:	St James's Ward
Reason for the Report	This report seeks the approval of the Deputy Leader and Cabinet Member for Business Culture and Heritage and the Cabinet Member Finance, Property and Corporate Services for the funding to progress the scheme to the next stage as the bid for central government resources is considered.
City for All Summary	The subject of this report and its recommendations respond to the City Council's commitments to: setting the standards for a world class city attracting visitors, students, employees and investors to the institutions and businesses of the area; creating opportunity and fairness by enhancing the openness and access of our great universities and cultural centres, and working in an open partnership with those organisations to deliver a long-term sustainable new enhanced space.
Key Decision:	Yes
Financial Summary:	The report seeks the approval from the Deputy Leader and Cabinet Member for Business Culture and Heritage and the Cabinet Member for Finance, Property and Corporate Services for the allocation of £790k for the preparation of works to create a new space and remove the gyratory at Strand/Aldwych, and to spend £1.3m in total on the Strand-Aldwych project in 2017/18.

Summary of the Recommendations contained within this report

That formal approval is given:

- **To spend £1.3m (capital & revenue) on the programme, to bring forward improvements to the gyratory at the Aldwych and create a new cultural space, £480k of which is already funded.**
- **To vire £790k from the 'WEP General capital allocation' to the 'Strand'.**

That the Cabinet Member for City Highways notes the potential for future consideration of highways changes and notes that relevant decisions might be needed at the appropriate time.

Report of:

**Executive Director of Growth Planning and Housing
City Treasurer**

Report Author:

Sarah Tanburn, Interim Head of Place Shaping, Growth, Planning and Housing

1. Executive Summary

- 1.1 This report updates members on the programme for the proposals for Strand/Aldwych and seeks approval for funding to maintain the momentum needed to meet prospective funder's timetables for delivery.

2. Recommendations

2.1 That formal approval is given:

- To proceed to the initial design stage of the project by April 2018 and therefore approval to spend £1.3m in 2017/18.
- To process a virement of £790k from the 'WEP General capital allocation' to the 'Strand' within the Capital Programme to fund the project

3. Context

3.1 The Aldwych and eastern Strand is congested, polluted and fragmented. Despite the major cluster of educational and cultural institutions in a small area, visitors, workers, students and owners experience a busy roundabout with almost no active street life. It operates as a barrier between the West End and the South Bank and is particularly unpleasant for pedestrians.

3.2 In 2015 the Northbank BID presented to West End Partnership on the need for improvements. The WEP Board agreed and asked the BID to work on proposals. Local Improvement Programme (LIP) resources were used to commission work in urban design, highway modelling and economic assessment.

3.3 In early 2017, it became clear the area should be included in the Tax Increment Financing (TIF) proposals. Government feedback on the submission makes clear that the project needs to progress faster and with greater focus. To maximise the

likelihood of obtaining central Government funding in this spending round, the Council should submit an Outline Business Case by the end of July 2017 and a Full Business Case in September 2017. A considerable amount of work on options, costs, economic appraisal and risk assessment is required to meet the government's requirements. This report updates members on the project.

- 3.4 It is also clear that both central government and TfL would want to see the scheme started and completed within the next Spending Review Cycle. For this to be achieved, work on feasibility, design and consents needs to proceed directly from the submission of the Business Cases to government, with the aim of achieving feasibility in the second quarter of 2018 and start on site during 2019. As the project formed a smaller part of the Council's programme when the 2016-17 capital and revenue budgets were prepared, this report requests sufficient resources for the work to proceed with the objective of meeting government targets and supporting the proposition for wider investment.

4. Objectives, timing and partners

- 4.1 The Strand/Aldwych programme has the following vision and objectives:

The **Vision** adopted by the partners is of *a new creative thinking quarter for London* to be:

- *a dynamic new model of a civic space inspiring people to learn, contemplate, discuss, mingle, play, and rest;*
- *an international beacon for creativity and learning*

The **Objectives** of the project are to:

- *nurture and promote skills, entrepreneurship, economic growth in the knowledge and creative economies;*
- *create an inspirational, safe and secure destination that offers a meeting place for workers, students, visitors and residents;*
- *encourage exemplary collaboration within and between a cluster of world-class cultural and educational institutions, SMEs and students enabling high-end research, innovation and a public showcase;*
- *reduce congestion, improve air quality and journey times, with associated health and economic benefits.*

The joint board has fine-tuned these before submission of the OBC to government to make clear the importance of inspiration and success in the new civic space.

- 4.2 At its highest level the project has four facets:

- Preparing the outline and full business cases to government for the TIF bid.
- Progressing the highways element to the point where it could be delivered within funding timetables should money be awarded – the key driver for this report.
- Detailed preparation for delivery.

- Delivery of the new spaces and associated activity.

4.3 Two major policy strands inform the project: the draft Industrial Strategy prioritises the cultural and creative industries as essential for the UK's economic future, and all levels of government support removing gyratories to improve journey times and public health. No decisions on the best way forward have yet been made: at this time, the focus is on collecting the information which would allow such a decision to be made and justified in seeking external funding for delivery. This report is focused on the City Council's support for the next phase.

5. Removing the gyratory

5.1 The project aims to make the Aldwych two way and significantly change the eastern end of the Strand to be either almost wholly pedestrianised or to give pedestrians a much higher priority. The shortlisted options are to either 'Do median' (allowing buses and bicycles along the eastern Strand) or 'Do maximum' which would close that area to all but delivery vehicles, putting all the traffic along the Aldwych. At the time of writing, these options are subject to detailed modelling, particularly of journey times and air quality impacts, to determine the most robust case for submission to government. Build and delivery costs are not significantly different between the two options. A preferred option will be identified before submission in the OBC and delivery of any option will be subject to detailed consideration by members, as well as the formal consent regime of TfL.

5.2 The current phase of the project is focused on the Outline Business Case. Using LIP money, FM Conway and WSP have been commissioned to prepare the detailed information needed to inform the economic appraisal of options to enable a proposal to be submitted to government in the summer. Through £270k Local Improvement Programme Funding (LIP) from TfL and £200k of the Council's capital programme, this phase of the project is funded, enabling the further development of options, testing of traffic and other impacts to enable a preferred option to be identified, and undertaking the cost and benefits analysis needed to create the economic case to government.

5.3 The high-level timetable on the project is driven by the government ambition to see such initiatives start and, if possible, complete within a Spending Review period. Although this is not a fixed cycle it is normally five years which would see the project aim to start by 2020 at the latest and complete as soon as possible thereafter. TfL, who are both regulators of the project (as it is part of the Strategic Road Network), and potential funders have also expressed a strong ambition to see the project start before the end of 2019.

5.4 The next phase of the project - to complete the Full Business Case and prepare the highways works to readiness for delivery – therefore faces a demanding timetable; the Council needs to achieve feasibility stage by the end of April 2018, itself reliant on considerable detailed analysis and modelling to ensure that the traffic impacts are well understood and managed through junction layout and signalling.

5.5 This report seeks the funding to move to FBC and feasibility so that funding deadlines could be met should central government decide to invest.

6. Decision-making and project management

6.1 As this decision is primarily financial, the Cabinet Member for Finance, Property and Corporate Services is a key decision-maker. The Strand/Aldwych is one of the Deputy Leader and Cabinet Member for Business Culture and Heritage's special

projects so this is a joint decision. As a West End Partnership priority project, the Leader is also consulted.

- 6.2 At times as the project develops, other Cabinet Members, including those for City Highways and for Planning and Public Realm, will be formal decision makers alongside the Deputy Leader and Cabinet Member for Business Culture and Heritage, given the impact on the highways and public realm. It will also be important that Transport for London support the proposals for funding, regulatory and route management purposes.
- 6.3 Ward Members for St James's ward have been consulted on this report and support its recommendations.
- 6.4 An advisory Joint Board has been established to which the lead Member is an automatic invitee. This group, chaired by Jonathan Reekie (CEO of Somerset House) includes the main freeholders and representatives of the key institutions. It will be asked to advise and comment on proposals and will be a central vehicle for working with partners including to seek private sector resources and use charitable routes to funding.

7. Financial Implications

Capital costs:

- 7.1 The total expected capital cost for 2017/18 is £1.1m. A breakdown of this is shown below:

Cost Category	2017/18	
	Total cost £'000	Description
Outline Business Case Design & Surveys	210	Initial costings, Air Quality & Lighting surveys, signalling & traffic flow modelling, topographical survey
Final Business Case Design & Surveys	278	Ground penetrating radar survey, sub-pavement investigation survey
Pre Initial Design & Surveys	546	Further traffic, signalling & VISSIM modelling, landscaping architectural design (signage, street lighting etc.), vehicle impact design advice
Contingency (10%)	103	
Net Total	1,137	

- 7.2 Initial estimates show that the full scheme is expected to cost between £26m and £32m.

Capital funding:

- 7.3 It is proposed that the project's 2017/18 capital spend & funding sources are:

Category	2017/18 £'000	Description
Total expected cost	1,137	As above
External - LIP	(146)	Portion of total 2017/18 LIP funding (£270k), allocated against capital spend, as detailed above
Capital Programme – Strand	(200)	This was approved by Council as part of the Capital Programme on 20th February 2017
Funding gap	791	
Capital Programme – WEP general	(791)	Proposed virement
Net surplus/deficit	0	

7.4 There is an allocation of £1.3m in the capital programme for ‘WEP General’ capital costs (including slippage from 2016/17). As the West End Partnership Programme is a developing programme, this was intended to be used as a contingency, if required for WEP projects. The allocation of £0.8m leaves £0.5m available in the ‘WEP General’ allocation budget for 2017/18. The existing capital programme for the Strand plus the additional WEP general allocation being requested gives a total Council budget allocation of approximately £1m against capital spend.

7.5 The funding for the full scheme is expected to come from the TIF bid. There is currently no additional funding available for the Strand project within the Council’s capital programme.

Revenue implications:

7.6 Revenue spend to date (incurred in 2016/17) is £200k. This has been spent on the publication of “A vision for Aldwych” (Publica), NRP traffic analysis and on Arup’s input to the economic strategy. These 2016/17 revenue costs were funded by a £200k LIP allocation provided by TfL in 2016/17. Additional revenue costs of £135k are expected in 2017/18 for project management, public consultation work, economic impact studies and lobbying and advisory services. These are expected to be partly funded by an additional LIP allocation (£125k of the total 2017/18 £270k LIP allocation), and £10k BID funding, as detailed below.

7.7 The Northbank BID has allocated £10k to support lobbying and advocacy of the project, well begun by its winning first place in the London First West End Streets programme. This is reflected as both income and expenditure in the budget.

Key financial risks:

7.8 If approved, this virement will use approximately 60% of the WEP general capital budget, leaving limited contingency available for other schemes. Current estimates indicate that there is adequate capital budget available for the other WEP schemes in 2017/18.

7.9 If the central Government bid is successful, future capital spend is likely to be funded either via a grant or TIF funding. If the central Government bid is unsuccessful, another source of funding would need to be identified to fund the project going forward or the project would have to be stopped. If the central Government bid is unsuccessful and the project does not go ahead, there is a risk that approximately

£490k would need to be written off to revenue (being the estimated capital costs up to the point where the central Government funding decision is known in November 2017), thus affecting in year revenue budgets.

- 7.10 A contingency of 10% is assumed for 2017/18 costs. This is based on some cost estimates being based on quotes from suppliers and others being initial estimates. There is a risk that some costs incurred will be higher than estimates. Actual costs are to be closely monitored to ensure that there is no cost creep over and above the current estimates.

8. Legal Implications

- 8.1 The Director of Law has considered the contents of this report and does not have any additional comments.

9. Ward Member Consultation

- 9.1 St James's Ward Councillors have been consulted on the proposals. Councillor Louise Hyams has expressed her support for the project.

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ANNEX 1: Other Implications

1. Resources Implications

The body of this report is concerned with the resource implications

2. Business Plan Implications

This project supports objectives in City For All, as follows:

World Class City: The Aldwych area is home to the sixth most visited attraction in the UK, its premier art-history institution and two top-35 universities alongside two High Commissions. The area is a unique global cluster of high-value learning and culture split apart by its appalling public realm. Removing the gyratory to create a new extraordinary space and true campus enhances and strengthens London's role as a long-term attractor of talent, creativity and excitement on a global level.

Civic leadership: the City Council is taking a strong lead on this project at the specific request of partners in private, third and public sectors, within a robust partnership framework.

Opportunity: the project will enormously improve access to collaborations, projects, research and cultural experience from the institutions and companies around the Aldwych, setting a new standard in opportunities to encourage local residents, workers and students to take up opportunities for learning, inspiration and participation.

Strong communities and neighbourhoods: this is currently an area of relatively low residential development, with new properties emerging at Arundel Great Court and 190 Strand. However it is the working and study home for thousands every day, and the educational home for many thousands more, who graduate from its universities. Strengthening their attachment and long-term cultural and academic community will benefit the City and London. (The OBC to Government references important research on the connections between educational and cultural communities to benefit the UK economy.)

Partnership: this project is founded on a robust partnership with businesses and institutions. The first steps were taken by Northbank BID using money from TfL routed through WCC. The next stages have been funded by both TfL and WCC. The project is overseen by a joint board chaired by Somerset House and including the BID, all three HEIs, the area Freeholders Association and TfL. In turn this sits under the West End partnership.

3. Risk Management Implications

A detailed risk management plan has been prepared for the Capital programme submission and the OBC. The key risk facing this decision is the revenue impact should the project not proceed, addressed above.

4. Health and Wellbeing Impact Assessment including Health and Safety Implications

The project has significant health and well-being impacts, most particularly through addressing an area of high pollution, congestion and collision risk.

5. Crime and Disorder Implications

No specific crime and disorder implications have been identified.

6. Impact on the Environment

The project will create a major new public space, and considerably enhance air quality and the overall environment of key cultural, educational and economic organisations, their students, workers, tenants and residents.

7. Equalities Implications

Improving this environment will make it much more friendly and accessible for people with disabilities.

8. Staffing Implications

No specific staffing implications have been identified.

9. Human Rights Implications

No specific human rights implications have been identified.

10. Energy Measure Implications

No specific energy implications have been identified although ensuring adequate power supply in the area is an important element of the project.

11. Communications Implication

No specific communications implications have been identified although the Outline Business Case does set out a proposed approach to communications and engagement which is in discussion within the Council and with colleagues.

I have <no interest to declare / to declare an interest> in respect of this report

Signed:

Date:

NAME: Councillor Robert Davis MBE, DL, Deputy Leader and Cabinet Member for Business Culture and Heritage

State nature of interest if any

.....
(N.B: If you have an interest you should seek advice as to whether it is appropriate to make a decision in relation to this matter)

For the reasons set out above, I agree the recommendation(s) in the report entitled **Strand/Aldwych Scheme: Funding for Next Steps** and reject any alternative options which are referred to but not recommended.

Signed

Councillor Robert Davis MBE, DL, Deputy Leader and Cabinet Member for Business Culture and Heritage

Date

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

Additional comment:

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If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Director of Law , Strategic Director Finance and Performance and, if there are resources implications, the Strategic Director of Resources (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the Policy and Scrutiny Committee to decide whether it wishes to call the matter in.

I have <no interest to declare / to declare an interest> in respect of this report

Signed:

Date:

NAME: Councillor Tim Mitchell, Cabinet Member for Finance, Property & Corporate Services

State nature of interest if any

(N.B: If you have an interest you should seek advice as to whether it is appropriate to make a decision in relation to this matter)

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