

# The West End.

The Case for the West End



The West End is the most dynamic and diverse city centre in the world, with a huge capacity to rapidly generate economic growth and jobs, which benefits the UK as a whole.

But without investment in its public spaces, transport and other infrastructure, investors will become attracted to better business environments elsewhere, putting the West End's current and future prosperity at risk.

By retaining 6.5% — rather than 4% — of local business rates and reinvesting that additional sum into the West End, co-finance can be attracted from the private sector to create £12.3 billion in additional economic output (GVA), and £3.8 billion additional taxes for the Exchequer.

The West End is at the heart of the economic and cultural life of the UK. It is the country's shop window, front of house, meeting place, summit host and headquarters. What happens next in the West End will be a signal of how well the UK is responding to the profound economic challenges ahead.

# The Case for the West End

## The West End is a success story

**This small area of only 6.3 hectares already accommodates some 120,000 businesses and 650,000 employees working in the most diverse range of sectors to be found in any world city.**

**The agglomeration of businesses trading between each other and clustered in the West End makes this a unique and special place. The West End competes internationally rather than with other UK cities.** It

is the only place in the country, arguably the world, to combine excellence in such a range of sectors covering finance, retail, health, arts, media, advertising, law, engineering, architecture, entertainment, education, diplomacy and a fast growing tech sector. The spill-over effects are wide-reaching. Skills learned and honed by individuals and businesses here have spread to cities across the UK and the world. Demand which originates in the West End can be traced through supply chains leading to all corners of the country. Its infrastructure and transport needs generate demand for steel, buses, trains, and even electric vehicle production across the UK. Through the West End's world-class higher education campuses,<sup>1</sup> millions of people around the country and the world will consequently get to know and become attached to London and the UK for the rest of their lives.

**The West End is where value is generated, resulting in prosperity that is distributed nationally.** The West End produced £51 billion of economic output (Gross Added Value) in 2014, £3 billion more than the City of London. GVA per hour worked (Inner London West) is 48% higher than the UK average. The area provides more business taxes for the Exchequer than any other in the UK – some £17 billion annually. For example, in Westminster and the London Borough of Camden (the two local authority areas covering the West End), some £1 billion in Stamp Duty Land Tax, £2.16 billion in Corporation Tax and £3 billion in VAT was collected last year, most of which came directly from the West End economy. This area's large and

highly skilled workforce also generated £10.9 billion in Income Tax.

**During a typical day, around a million people commute into or visit West End shops, offices, theatres, restaurants, art galleries, museums and monuments.** The neighbourhoods throughout Westminster and Camden – Mayfair, Marylebone, St James's, Chinatown, Covent Garden, Soho, Fitzrovia and Bloomsbury – are all synonymous with and integral to the heritage of Britain. The West End 'brand' is critical to the economic success of the UK economy. It accommodates the main attractions for the 17.5m international visitors who came to the capital last year, spending a record £11.8 billion on visits that often started in the West End and moved on to every part of the country.

**The opening of the Elizabeth Line station exits in 2018 at Bond Street and Tottenham Court Road and tube upgrades bring the prospect of many thousands more people coming into the core West End area every day, just 30 months from now. Crossrail 2 in 2033 will further open up the area to the wider South East region. These major transport investments offer huge opportunities for further growth and change in the West End.** However, more and better quality jobs, development and investment will not be realised unless the wider urban fabric of the West End is fit for purpose.

<sup>1</sup> The West End Campuses: London School of Economics, University College London, University of Westminster, King's College London, Courtauld Institute, London School of Fashion, University of London, SOAS, Royal Academy of Music, Birkbeck and London Business School, plus satellite teaching centres of universities from around the world





## The West End's future growth is heavily constrained

**The ability of the West End to continue supporting economic growth, fiscal gains and the UK's cultural capital is becoming increasingly constrained.** Its success is creating problems that may jeopardise not only future success, but also current prosperity. Heavy footfall is taking a toll on its narrow and crumbling streets, while side streets remain blocked off and underused. Its roads are clogged with excessive traffic, pushing air pollution beyond internationally agreed limits and resulting in fatal accidents. Its broadband, telecommunications and electricity infrastructure are not able to serve existing or future business needs. Its property stock faces a near-zero void rate soon, creating a shortage of commercial space for the huge number of small and medium-sized firms that have traditionally started life here, many of them before expanding nationally or globally.

**In the West End many corporate and institutional investments are now on hold, awaiting a coherent and funded plan backed by leadership in London and Central Government.** There is an urgent need to secure public investment in the public realm and in local infrastructure systems, in order to prevent private investment choosing alternative locations outside the UK. A recent report by Savills shows that property owners

and retailers have severely marked down the West End in world rankings because of its poor physical fabric, compared with other leading world cities. Without a clear signal of confidence in its future and a funding strategy, the West End will inevitably slip down the pecking order for the new private sector investment. The West End acts as a barometer of national performance. If flagship stores and headquarters disappear from the West End, they are not likely to survive anywhere else in the UK.

**Meanwhile, major cities around the world are investing heavily in their urban fabric and infrastructure, and these cities will ultimately compete directly with the West End for investment and visitors.** Paris is spending €2 billion on its Champs Élysées district. New York City is re-zoning East Midtown. This is enabling significant densification which will increase and enhance the area's office stock, while the \$20 billion renewal of Hudson Yards is providing new amenities, public open space and high quality office space in West Midtown. Hong Kong is rapidly converting industrial land in order to create a high quality new CBD in Kowloon East. Many European cities including Amsterdam, Dublin and Zurich are moving ahead with public realm and other infrastructure improvements to generate more capacity.

2 The West End vs World Cities – comparative analysis  
by Professor Greg Clark/The Business of Cities

## A new equation is needed to support the West End's future, for the benefit of the UK as a whole

**Public investment in the local drivers of growth is required now in order to lever investment from the private sector.** On the back of the West End Partnership investment programme, over 2m square metres of additional commercial floorspace has been identified<sup>3</sup> which could be made available in the West End. This additional capacity would be capable of accommodating just over 100,000 additional jobs to support London's growing population.

**The intensification of economic use makes this area one of the most efficient places to achieve development anywhere in the UK.** The track record of the West End is good. For example, The Crown Estate's rejuvenation of Regent Street over the past decade has led to the street achieving double the employment numbers and business activity compared with neighbouring Oxford Street – a productivity formula that Oxford Street businesses and the West End Partnership are now seeking to emulate, but with the added challenge of working with multiple landowners and occupiers. By investing in the quality of these places and the local infrastructure and services that support these commercial districts, intensification of land use becomes possible, accelerating the rate of growth as well as the value generated for the Exchequer. The private sector will not fund and deliver changes on its own and without investment the market will remain locked in a status quo – constrained by fragmented landowner interests, over-crowding, unmet demand and severely restricted capacity.

**There is a public-private partnership that exists working to transform the West End.** The West End Partnership came together to create a shared vision for the West End, delivering a set of transformative projects to 2030. This vision aims to make the West End the best place to work, visit and live in the world. The partners are committed to co-financing and supporting a £1 billion West End programme and are gearing up the mechanisms in order to deliver it. But they are unable to do so without core funding of £409 million to kick-start these key projects.

**The partners therefore call on the Government to re-invest a small proportion of the £1.8 billion of business rates collected by Westminster City Council, by increasing local retention of rates from 4% to just 6.5%.** Such a mechanism will enable Westminster to borrow sufficient funds to finance the entire programme, which in effect requires finance and interest of around £40 million a year. Over the 15-year period this financing mechanism will in turn generate £12.3 billion (NPV) in additional GVA to the economy and £3.8 billion in tax and revenues.

**There will also be a 'quality of life dividend' from these measures** both for the West End and London as a whole, due to cleaner air, safer and greener streets, access to new skills and jobs, making more space for start-up enterprises and creating an environment which will encourage arts and culture. Fewer externalities and more amenities will result in very visible results for the people who live here, work here and visit the West End every day.

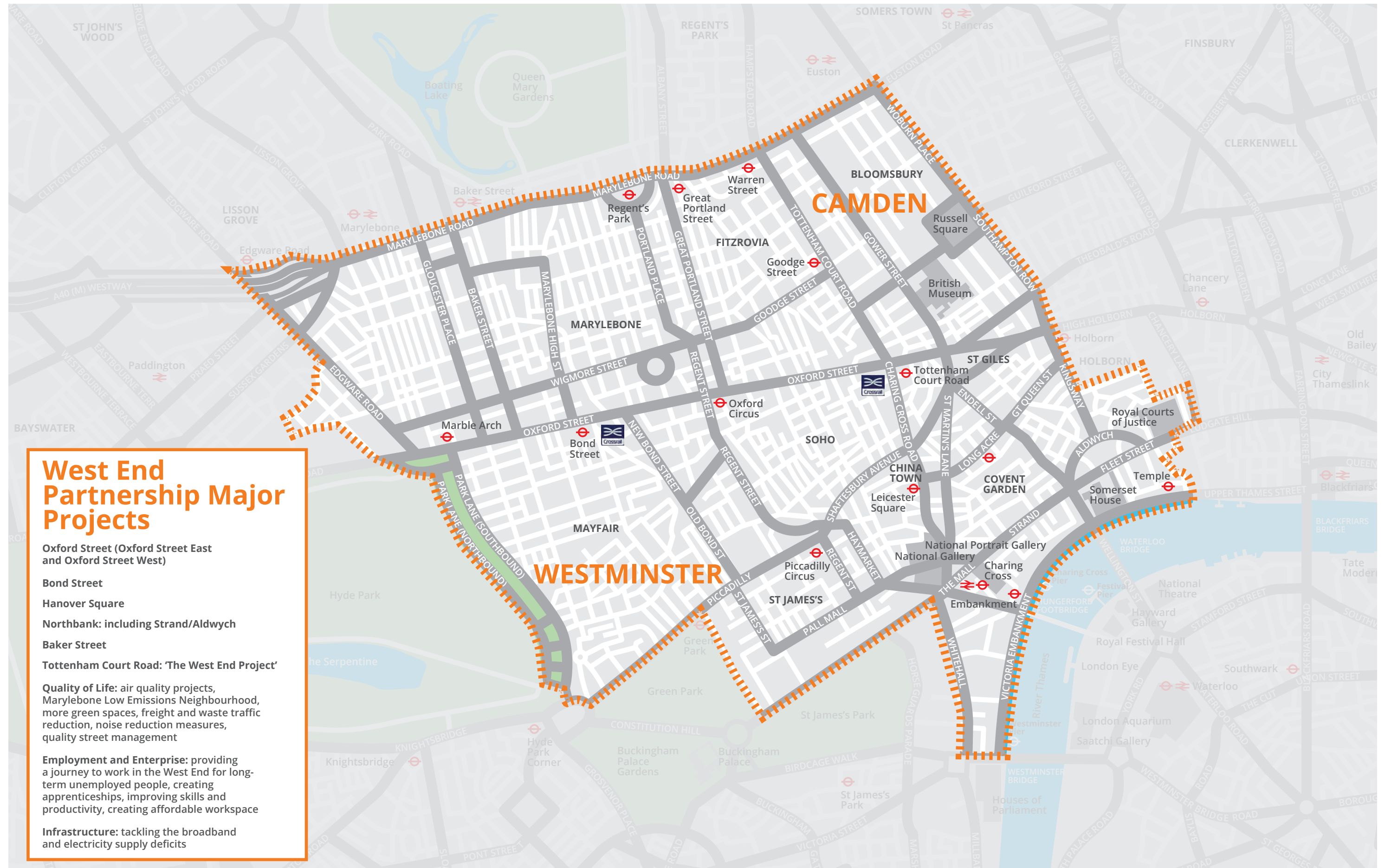
The West End is not just for Londoners. It generates and supports jobs for thousands of people across the UK. The West End's taxes support infrastructure investment and public services across the UK. The area is an icon in the national consciousness – it belongs to the nation as a whole. **The West End is where we can proudly tell the world that the UK is competitive, forward-looking, ready for change, and most of all, confident about the future.**

**£409m = £3.8bn**  
**re-invested now      additional tax raised over 15 years**

<sup>3</sup> West End Floorspace Capacity – Study by Volterra Economics and Gerald Eve for West End Partnership



# The West End Partnership Programme Area



BAKER STREET  
QUARTER  
PARTNERSHIP



**MAYOR OF LONDON**



West End  
Community  
Network



# The West End.

The West End Partnership brings together senior public service and private sector leaders, academic experts and resident representatives.

It was created to be the catalyst and mechanism to enable the West End to accommodate growth, whilst at the same time strengthen its unique cultural character, amenity and openness.

The West End Partnership coordinates and initiates action and delivery in response to this growth with new policies, plans and actions which benefit residents, communities, businesses and visitors alike.

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