



City of Westminster

Cabinet Report

Meeting or Decision Maker:	Cabinet
Date:	11 September 2023
Classification:	Part Exempt
Title:	Oxford Street Programme (OSP)
Wards Affected:	West End and Marylebone
Policy Context:	Fairer Economy – A reimagined and revived Oxford Street and West End that delivers a world class offer and experience to residents, businesses and visitors supporting a diverse, resilient, and successful economy that delivers growth in Westminster.
Key Decision:	Yes, significant expenditure
Financial Summary:	<p>The Capital Strategy was approved by Full Council on 8th March 2023 and includes an expenditure budget of £124.4m for the Oxford Street programme from 2022/23 onwards.</p> <p>The capital cost estimate for delivering Oxford Street and Oxford Circus is £115m.</p> <p>This report requests approval of £7.767m for Stage 2 design for Oxford Street and Stage 1 design for Oxford Circus and all associated costs.</p>
Report of:	Bernie Flaherty, Executive Director for Adult Social Care and Health and Deputy Chief Executive, Westminster City Council

1. Executive Summary

- 1.1 The Cabinet Member Report (CMR) of 1st November 2022 set out a revised scope of works for the Oxford Street Programme (OSP) and gave approval for a revised business case to be developed. This business case outlines the case for change and investment in the Oxford Street and Oxford Circus projects in consideration of the programme vision and objectives. The business case indicates high value for money against both projects.
- 1.2 The design for Oxford Street has progressed since the previous Cabinet Member Report was approved and the WCC Stage 1 was finalised in June 2023. To deliver the next phase of design a funding drawdown is requested from the previously approved £150 million capital funding budget allocated to the Oxford Street District. These funds will allow the design for Oxford Street to progress to Stage 2 and will cover other identified programme overheads.
- 1.3 To support the realisation of desired outcomes on Oxford Street and improve traffic movement in the area, a simplification of junction operation is required at Oxford Circus. The scope of these changes will be investigated through the design process and a draw-down of funds is requested to initiate the Stage 1 design for Oxford Circus.
- 1.4 This purpose of this report is to:
 - a) Set out the status of the OSP;
 - b) Provide an overview of the full business case for the Oxford Street and Oxford Circus projects;
 - c) Provide an outline of design milestones and proposed funding required to support these activities

2. Recommendations

That Cabinet agree to recommendations 2.1 and 2.2:

- 2.1 Approve the full business case for the Oxford Street and Oxford Circus projects;
- 2.2 Approve the draw-down of £7.767m from the OSP budget for Stage 2 of the Oxford Street project, Stage 1 of the Oxford Circus project and all associated costs for both.

3. Reasons for Decision

- 3.1 A new full business case has been prepared, which considers the costs and benefits of the Oxford Street and Oxford Circus projects and confirms the case for investment in consideration of the proposed funding strategy.
- 3.2 Expenditure is required to progress the Oxford Street and Oxford Circus design which forms the basis for engagement with local communities and other stakeholders.

4. Background

- 4.1 In 2019 the Council developed plans for a district-wide approach for the investment required to address public realm, safety, transport, and economic challenges faced by Oxford Street and the wider area. A Place Strategy and Delivery Plan, and a business case approving £150 million capital funding from the Council, were subsequently approved for the 'Oxford Street District' programme.
- 4.2 Following the local elections in May 2022 the new administration considered how best to proceed with the Oxford Street District programme. In accordance with the Fairer Westminster manifesto the decision was made to focus council funding on improvements required for Oxford Street itself, along with selected side streets, rather than a whole district approach. The programme was renamed the 'Oxford Street Programme' (OSP).
- 4.3 After a series of workshops and option appraisals involving officers and Members, a Cabinet Member Report on 1st November 2022 set out the revised scope of the programme and approval was given to progress the Oxford Street scheme design and to develop a new business case to reflect the change of programme scope.
- 4.4 The vision of the Oxford Street Programme (OSP) is:

"Ensure that Oxford Street is a great place for shoppers, tourists, workers and local residents through the creation of a dynamic and sustainable environment and an enhanced public realm that strengthens the global status of the street".
- 4.5 The revised programme scope focuses public realm improvements along the entire length of Oxford Street from Marble Arch to Tottenham Court Road, and short sections at the mouths of selected side roads that adjoin it, delivering an environment aligning with the international status and reputation of the street. The design will include a high quality and consistent palette of materials, increased pedestrian space, and improved lighting, greening, and seating. Appendix A highlights the geographical extent of the revised OSP.
- 4.6 The identified side road junction spaces are considered a key element of the Oxford Street project and provide respite from the busy nature of the main thoroughfare that could further unlock the potential of Oxford Street and its attractiveness as a destination.
- 4.7 Stage 1 (feasibility) design was commissioned in early January 2023 through the Murphy Carey Joint Venture (MCJV), the design and build contractor procured to support the delivery of the programme. This feasibility stage was completed in June 2023 and has involved engagement with local resident groups and businesses, and users of the street.
- 4.8 Instead of pedestrianizing two sections of Oxford Street, the new proposals for Oxford Circus allow permitted traffic to move east-west through the Circus and north-south along Regent Street. The less extensive changes now

proposed at Oxford Circus were requested by Transport for London (TfL). The project scope requires further development and has been subject to additional traffic modelling, which has been approved by TfL, and stakeholder engagement.

5. Business Case

- 5.1 The new administration triggered a review of the previous Oxford Street District scope and focus and confirmed a new approach and refined programme. As a result, a revised business case for investment was deemed necessary. The full business case addresses the Oxford Street and Oxford Circus projects specifically given their scope, impact, and cost and can be found in Appendix C.
- 5.2 The business case determines the case for change with reference to five cases – strategic, economic, financial, commercial and management. The culmination of which is a thorough understanding of the cost versus the benefits of the Oxford Street and Oxford Circus projects. This assessment has been made in relation to the ‘do nothing’ scenario which entails retaining the current maintenance approach on the street and at the Circus and the removal of the temporary footway widening, seating, and planting that was introduced during the Covid pandemic.
- 5.3 The key challenges facing the area include:
 - a) Climate change and the sustainability and resilience of high streets including Oxford Street;
 - b) A challenging retail environment with increased competition and cost alongside the impact of Covid on footfall and the ongoing implications of this;
 - c) Insufficient areas and spaces on Oxford Street for users to move through and socialise within; and
 - d) Challenging safety conditions for users of Oxford Street.
- 5.4 These issues result in poor perceptions of the pedestrian environment, which in turn impacts the attractiveness of Oxford Street and Oxford Circus to residents, businesses, and visitors. This contributes to the decline of the retail offer, further compounding the challenges of post-Covid economic recovery.
- 5.5 The delivery of Oxford Street project is predicated on 50% of funding for design and construction, and a contribution to the ongoing management and maintenance of interventions by a third party. An outline commitment to part fund the scheme has been provided and will be formalised by entry into s278 agreements. The latter agreement is typical of other highways projects where third-party funding is secured.
- 5.6 The projects are expected to deliver significant benefits in terms of journey quality, collision and pedestrian journey time reduction, and security, along with wider economic benefits. These benefits have been monetised and

compared with the capital cost in order to calculate a 'benefit-to-cost' ratio (BCR) that shows the likely return on investment.

- 5.7 The capital cost for the Oxford Street project is estimated as £89.9m of which it is expected that WCC will invest 50% as stated above. In consideration of the total cost of this project and wider economic benefits, a BCR of 4.38 is achieved, which indicates a very high value for money. (*BCR 2-4 = high value for money, 4+ = very high value for money according to the Department for Transport's value for money framework*).
- 5.8 The capital cost for the Oxford Circus project is estimated as £25.3m. For the benefit of the business case, it was assumed that the Council will invest this full amount however it is expected that third party funding will be secured with discussions at a formative stage in advance of a design being progressed. For the total monetised benefits of the Oxford Circus scheme a BCR of 2.64 is achieved which indicates high value for money. Considering additional, non-monetised benefits that will be delivered such as biodiversity and security improvements, the value for money delivered would be even higher for both the Oxford Street and Oxford Circus projects.
- 5.9 To demonstrate the robustness of the Economic Case, the benefits, costs and value for money have been subjected to different scenarios and assumptions as part of a sensitivity analysis. This includes the application of a 30-year appraisal period vs a 20 year-appraisal period for the core scenario; and the impact in a high economy (optimistic scenario where footfall is higher along with average visitor spend) and in a low economy (a pessimistic scenario characterised by lower footfall uplift and average visitor spend). The outcome is that the projects still demonstrate high value for money.

6. Design Scope and Progress – Oxford Street

- 6.1 The Council has a three-stage process for the design of highway and public space projects before moving into construction. The Oxford Street scheme is being progressed by the OSP design and build contractor and the Stage 1 (feasibility) design, was completed in June 2023. The feasibility design includes options for surfacing materials, lighting, and planting and forms the basis for the further development of the design and engagement with the public.
- 6.2 The key design proposals include:
- a) Footway widening while still permitting two-way vehicle traffic along Oxford Street thereby creating additional and more accessible space for pedestrians, greening, seating, and security measures;
 - b) Creation and enhancement of existing public spaces immediately off Oxford Street to provide seating, greening and other related uses;
 - c) New pedestrian crossings to be provided and all existing pedestrian crossings improved/widened;

- d) A review of traffic restrictions that prioritise buses, cyclists and taxis and providing necessary access for deliveries and other uses whilst addressing congestion;
- e) Bus stand and operational arrangements revised to reduce the length and impact of turnaround routes, improving efficiency;
- f) Increased taxi rank provision across the area; and
- g) Cycle and e-scooter parking provision enhanced on certain side streets to encourage active travel.

6.3 Side-road junction areas are considered a key element of the Oxford Street scheme as they seek to provide respite from the busy nature of the main thoroughfare and will display different functions depending on their location. Well-designed amenity spaces in these locations can further unlock the potential of Oxford Street as a destination.

6.4 Subject to Cabinet approval, the Stage 2 initial design is expected to commence in Autumn 2023 following extensive public consultation. The feedback received from consultation will be used to inform the design process including the specification of materials and street furniture.

7. Design Commencement – Oxford Circus

7.1 OSP proposals will not pedestrianise any parts of Oxford Circus and will safeguard east-west traffic through Oxford Circus and retain north-south traffic along Regent Street. However, it is proposed that turning will be prohibited to allow for a simplified traffic arrangement, increase in pavement area and enhance security at this heavily congested junction.

7.2 Engagement with local and wider stakeholders is necessary, including TfL, given the significance of this major transport junction. Further traffic modelling has been undertaken to inform the proposed changes in the OSP area including at the Circus, which will inform the design of this project.

8. Financial Implications

Oxford Street and Oxford Circus Costs

8.1 The total costs for Oxford Street and Circus are estimated at £115.212m and summarised in the table below.

Cost Type	Oxford Street £000's	Oxford Circus £000's	Total £000's
Design costs	1,874	1,209	3,083
Construction costs	31,896	8,737	40,633
Inflation	18,170	5,268	23,439
Third party costs*	21,470	5,269	26,739
WCC internal and direct costs	6,360	1,844	8,203

Risk and contingency	10,131	2,984	13,115
Sub-Total	89,900	25,311	115,212

* Third party costs include public consultation, utility surveys, traffic signals, ground investigation surveys and wider programme contract management costs.

Assumptions within these costs include:

- a) A 2020 base cost with indexation, excluding VAT.
- b) 15% risk based on design and construction costs.
- c) 15% contingency based on design and construction costs.
- d) 25% allowance for inflation to January 2023. This will be confirmed on publication of indices by BCIS.
- e) 15% allowance for inflation on MCJV costs from 2024 onwards.

- 8.2 The construction costs are based on standard MCJV rates and price lists and have been estimated with the assistance of external quantity surveyors using project cost summaries built up in accordance with standard specification of highways works. The expectation is that these outline costs will be refined as the design stages develop.

Oxford Street Funding

- 8.3 The funding assumptions to meet Oxford Street costs are presented in the table below:

Funding breakdown	£m
Total costs	90
WCC Capital Programme funding	45
Third-party funding	45

The current assumptions are as follows:

- a) The Council will fund 50% of Oxford Street which is currently budgeted at £45m.
- b) External third-party businesses will fund the remaining 50% of Oxford Street.

Oxford Circus Funding

- 8.4 The Council ambition is to deliver the whole programme. The commitment of £45m for Oxford Street is intended to act as an incentive for partners to invest and work in collaboration with the Council to make the programme a success. Negotiations with external, third parties have been positive, with funding earmarked to help drive the delivery of the Oxford Street project. The aspiration is to maximise external funding up to the value of £25m to also

deliver Oxford Circus. This will be achieved through collaboration with external partners.

Enabling Streets and Complimentary Scheme Costs and Funding

- 8.5 In addition to the Oxford Street and Oxford Circus projects, the Council has ambitions to deliver other works in the area (Appendix A), including:
- £16.8m of enabling highways works in surrounding streets which the Council is committed to fund; and
 - Complementary schemes on other side streets which total £16.6m. The entirety of these works will only be undertaken if the Council achieves 50% external funding. The Council will therefore fund up to £8.3m.

These works do not form part of the business case economic analysis as its focus is on Oxford Street and Oxford Circus only.

Programme Overview – Costs & Funding

The table below shows the total estimated cost of delivering the programme and the current funding allocated.

Oxford Street		
Estimated Cost	WCC Funding	3rd Party Funding
£90m	£45m (50%)	£45m (50%)
Oxford Circus		
Estimated Cost	WCC Funding	3rd Party Funding
£25.3m	TBC	Discussions Underway
Enabling Schemes		
Estimated Cost	WCC Funding	3rd Party Funding
£16.8m	£16.8m (100%)	0
Complimentary Schemes		
Estimated Cost	WCC Funding	3rd Party Funding
£16.6m	£8.3m (50%)	Schemes will only progress if 50% funding achieved
Programme Total		
Estimated Cost	WCC Funding	
£148.7m	£95.4m*	

*Assuming 100% Oxford Circus cost

Budget Allocations

- 8.6 The expenditure budget approved by Full Council in March 2023 was £124.4m for 22/23 onwards. The total budget allocation is £127.592 taking into consideration costs incurred prior to 22/23 which can be utilised by the new programme. The budget was based on the delivery of the historic district wide programme and there was a recognition that this would need to be

revised based on new delivery workstreams and more aspirational funding expectations.

- 8.7 The budget allocation is expected to cover works on Oxford Street and Oxford Circus, as well as enabling streets and complementary schemes (on the condition of 50% funding being received where appropriate).
- 8.8 As referenced in 8.4, the ambition is to maximise the external funding for Oxford Circus. The potential budget saving to the Council depends on whether external contributions are realised for Oxford Circus. The current maximum saving is £65.828m but reduces to £32.217 if complementary schemes are also delivered.

Budget Position	£000's
Current budget	127,592
Oxford Street WCC costs	44,950
Enabling side streets WCC costs	16,814
Maximum budget saving	65,828
Oxford Circus WCC costs*	25,311
Reduced budget saving #1	40,517
Complimentary Schemes WCC cost (50%)	8,300
Reduced Budget Saving #2	32,217

**External funding for Oxford Circus is yet to be secured at the time of writing the Full Business Case but the Council's expectation is that a significant level of external funding will be negotiated to support the delivery of this project. External funding is required to ensure the affordability of the Council's wider capital programme.*

- 8.9 The Council is keen to strike a balance between ringfencing funding to the Oxford Street Programme and re-directing budget to other priority areas where external funding is not realistic. Several such schemes have been identified as part of the Fairer Westminster ambition.

Revenue Implications

- 8.10 The Council currently manage and maintain Oxford Street and Oxford Circus within the existing city-wide Highways and Cleansing contract. It is estimated that the ongoing costs within the contract attributed to Oxford Street and Oxford Circus are approx. £1.6m per annum. In addition, the local Business Improvement District - the New West End Company (NVEC) also currently provide an enhanced maintenance programme for Oxford Street which includes periodic deep cleans, graffiti removal, paving stone replacement, plant maintenance and street furniture repairs.
- 8.11 Due to the current maintenance programme provided by WCC and NVEC the expectation is there will be no requirement for an uplift in maintenance costs, the exception being 50/50 shared costs between WCC and NVEC for the watering of the newly planted greening along Oxford Street.

- 8.12 It also expected that current maintenance costs will reduce in the short term as Oxford Street and Oxford Circus will have new materials therefore reducing the current repair and maintenance costs.
- 8.13 As part of the Economic Case contained within the Oxford Street and Oxford Circus Full Business Case, maintenance costs have been included at 1% of the total cost, which is a standard approach. This includes a level of optimum bias and assumes maintenance every 5 years across a 20-year appraisal period. A total of £1.7m for maintenance has been reflected, which is in line with BAU requirements. Commuted sums contributions will also be sought from external partners to contribute to the maintenance of council assets in future years.

Existing Approval

- 8.14 In October 2022, spend approval of £4.6m was granted to progress Stage 1 of the OSP and to cover additional costs.
- 8.15 At July 2023, £2.3m of spend approval is remaining and will be used to fund the programme until September 2023.
- 8.16 Following the completion of Stage 2 design for Oxford Street and Stage 1 design for Oxford Circus a future spend request will be brought forward which will be adjusted for any underspend against the October 2022 spend approval.

Expenditure Approval Required

- 8.17 The programme requires spend approval of £7.767m to progress the Oxford Street and Oxford Circus projects. Projected costs have been provided by MCJV and a summary is provided in the following table:

	Oxford Street	Oxford Circus	OSP	Total
Cost type	£000's	£000's	£000's	£000's
Design costs	1,593	292	-	1,885
Third party costs*	826	85	4,767	5,678
WCC costs	181	23	-	204
Total Cabinet Request	2,600	400	4,767	7,767

** Third party costs include public consultation, utility surveys, traffic signals, ground investigation surveys and wider programme contract management costs.*

- 8.18 This spend will be incurred from September 2023. A forecasting exercise has been completed by Finance and the Oxford Street Programme team and the expectation is that all costs to September 2023 will be covered by the spend approval identified in 8.15 above.
- 8.19 A more detailed breakdown of the cost is available in Appendix B (restricted).

9. Legal Implications

- 9.1 The City Council is the highway authority for Oxford Street and the side roads and junctions with it that form part of the revised programme together with Oxford Circus. The Highways Act 1980 provides the Council with the statutory powers to carry out works to improve highways and pedestrian facilities. The Town and Country Planning (General Permitted Development) (England) Order 2015 as amended provides permitted development rights that allow highway authorities to carry out necessary work to maintain or improve roads and pedestrian facilities and undertake necessary or incidental work outside but adjoining road boundaries without the need for planning permission.
- 9.2 Under Financial Regulations all development and regeneration projects with a value over £10m are required to produce Strategic Outline, Outline Business and Full Business Cases. This report contains the latter. It meets the requirements for stakeholder engagement, strategic aims, and historical context of the project.
- 9.3 In advance of consideration of this report, the Business Case is required to be approved by the Capital Review Group (CRG). The Group approves the strategic development of the Council's capital programme and capital strategy in accordance with the Council's objectives as set out in Fairer Westminster. This has been completed.

10. Carbon Impact

- 10.1 Westminster City Council declared a Climate Emergency and has committed to becoming a carbon neutral council by 2030 and a carbon neutral city by 2040 and adapting its built environment to be more resilient to climate change. One of the key ways it will deliver this is through the creation of more sustainable high streets which for the Oxford Street project involves improving its carbon impact through design and construction. This includes considering the impact of material selection and sourcing, greening, drainage and providing the conditions to encourage active modes of transport.
- 10.2 A preliminary carbon impact assessment has been undertaken using the WCC Carbon Impact Evaluation Tool on a Cost-Based Calculation based on forecast expenditure. The Greenhouse Gas (GHG) Emissions are estimated to be 46,749 tonnes CO₂e.
- 10.3 Efforts to reduce the carbon impact of the schemes will be considered throughout design including the lifetime carbon footprint of materials. This will also consider where materials are sourced and their transportation, material specification and recycling or reusing existing materials.
- 10.4 MCJV is committed to reducing the carbon impact of their construction activity and propose to use electric tools and vehicles during construction where practicable. Commitments have been made to divert 98% of waste from landfill and reuse 95% of materials.
- 10.5 Greening is proposed as part of the Oxford Street scheme and together with the improvement of the streetscape, will not only add to the visual amenity of

the streetscape, but will be designed to provide shade and respite from heat, helping build resilience to rising temperatures.

- 10.6 Sustainable travel will be supported through a strategy focussed on enhancing cycle parking on streets off Oxford Street. This includes e-scooter and dock less bays that can be used by e-bikes and e-scooters. Additionally, three new, two-way, cycle crossing points are proposed along Oxford Street that will enable future north-south cycle routes.
- 10.7 It is expected that these interventions will unlock the full potential of Oxford Street and provide the platform upon which the Council's and other local initiatives can be built, such as sustainable economic development, active travel and greener neighbourhoods that encourage residents, businesses and visitors to reduce greenhouse gas emissions.

11. Equalities Implications

- 11.1 An Equalities Impact Assessment (EqIA) is being carried out for all projects to be delivered through the OSP. An EqIA is a process designed to ensure that a policy, project or scheme does not unlawfully discriminate against any protected characteristic as defined by the Equality Act 2010. The draft, initial assessment indicates the proposed public realm improvements will have an overall positive impact on multiple protected characteristics. The EqIA will continue to be enhanced and developed as the projects progress.

12. Engagement and Consultation

- 12.1 The OSP seeks to create inclusive opportunities for engagement and consultation with all interested stakeholders and is committed to open and transparent communication. This is at the core of the programme engagement and consultation strategy which outlines the following key principles:
 - a) Inform – Informing people of what is happening, when and why.
 - b) Involve – Enabling everyone to have their say and building relationships.
 - c) Empower – Inspiring people to play an active role in influencing outcomes.
- 12.2 Internal and external engagement is pivotal to the programme and has involved a number of activities to date:
 - a) Meetings with Ward Councillors, TfL, resident associations, landowners and the GLA to provide an outline on the status of the programme and look ahead.
 - b) 'A 'Living Room Session' that took place in December 2022 where Council officers set up a mock-up living room on two locations on Oxford Street and asked almost 200 members of the public what they thought of Oxford Street. The majority of respondents noted that they like shopping, transport and experiences offered on the street; they disliked the overcrowding, difficulty in moving on the Street, and litter; and suggested

improvements included more seating and planting, and the creation of a public realm that is cleaner and easier to move in.

- c) Presentation to the Youth Council and feedback sought on the user experience on Oxford Street.
- d) In February 2023, differently abled groups were invited to visit Oxford Street and provide their feedback on challenges in accessing the street which is to be evaluated in the design process.

12.3 The OSP consultation strategy provides the framework for the development of an engagement plan for all projects. As part of this, the OSP team delivered a public consultation campaign for six weeks in Summer 2023. engagement activities have been developed for the Programme including a public consultation planned in Summer 2023, for six weeks. This consultation sought views on the following projects:

- a) Oxford Street
- b) Oxford Circus
- c) Marylebone Fitzrovia (including Wigmore and Mortimer Street)
- d) Oxford Street West (including Park and Orchard Street)
- e) Eastcastle Street junction improvements

All engagement and consultation on the programme and individual projects are reviewed by and supported through the Council's Communications and Communities Teams.

12.4 The public consultation and engagement activities will use various techniques and tools including a dedicated webpage, newsletters, questionnaires, meetings, postcard drops and public consultation sessions. The feedback from consultation and engagement will be used, where applicable, to amend and influence the designs as they proceed from Stage 1 into Stage 2. Full results of the consultation will be compiled, analysed and published in Autumn 2023.

If you have any queries about this Report or wish to inspect any of the Background Papers, please contact:

Bernie Flaherty, Deputy Chief Executive, Westminster City Council

bflaherty@westminster.gov.uk

APPENDICES

Appendix A: Geographical extent of the revised Oxford Street Programme

Appendix B: Restricted Appendices – Detailed Cost Breakdown

"Not for Publication" on the grounds that it contains exempt information within paragraphs 3 and 5 (information relating to Financial or Business Affairs and Legal Privilege) Schedule 12A of the Local Government Act 1972 (as amended) and the public interest in applying this exemption outweighs the public interest in disclosing the information.

Appendix C: Draft Oxford Street and Circus Full Business Case