

(by email)

Our reference: MGLA190924-1293

28 October 2024

Dear

Thank you for your request for information which the Greater London Authority (GLA) received on 19 September 2024. Your request has been considered under the Freedom of Information Act (FoI) 2000.

You requested:

Please treat this as a request under the Freedom of Information Act to provide:-

1. the economic analysis and modelling behind the Mayor's decision
2. specifically does that analysis that show that removal of busses and taxis from Oxford Street will increase the UK's total tax revenue as a result of an increase in total retail sales in London? By how much?
3. does that analysis exclude substitutional effects such as footfall and transactions simply being transferred from other shopping areas such as Westfield?
4. What proportion of the increased sale in Oxford Street in your plan is a net increase in total UK sales and what is just transferred from other areas?
5. please share any modelling you have on increased footfall, increased spend, over time as a result of removing busses and taxis from the street
6. have you modelled reduced footfall in Westfield and Oxford Street's other competitors?
7. what access measures do you plan to put in place for the disabled, emergency, service and maintenance vehicles to shops and offices on Oxford Street - will there be timed access?
8. What is the expected cost of the proposed pedestrianisation?
9. What volume of CO2 do you anticipate will be released by the proposed works?
10. What plans have you to minimise disruption and traffic delays and increased emissions if the busses and taxis are moved to other busier streets - Wigmore Street for example?
11. Have you completed an equalities assessment for the pedestrianisation? Please provide it if so.
12. What hours will apply to the new night time economy activity on Oxford Street? Is the terminal hour to be 11pm or later? If later which hour?
13. Have you read the cumulative impact assessment prepared by Westminster City Council in December 2023? - would the mayoral development corporation take over control of licensing decisions in the Oxford Street area? How would you meet the licensing act objectives given what the CIA has identified in the West End CIA? Do you think there is a risk that increasing NTE activity on Oxford Street will increase crime and nuisance at a time when it has proven difficult to hire enough police officers?

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14. Have you made any estimate of the cost of crime that might increase with an increase in the night time economy activity on Oxford Street?
15. Are you planning to install a monitored CCTV system for Oxford Street and at what cost?
16. have you made plans for increased policing in the area to reflect the increase in activity in the area? If so what is the cost of that?
17. Why do you think you will be able to hire enough officers for this activity?
18. What plans have you made for safe dispersal from the area at night?
19. Have you estimated the costs to the NHS of the cost of treating victims of crime as a result of the increased night time activity? If so please provide.
20. What is your estimate of total spend from each visitor to Oxford Street? over time and in to the future, will that change with pedestrianisation?
21. How many additional jobs do you anticipate the Oxford Street scheme will create in retail? the NTE? construction?
22. How much of the additional revenue will be from substituted online sales?
23. How much of the costs of the scheme will be recovered from the property companies on the street? Or is it all public money?
24. Do you plan for the street to be used for tables and chairs for licensed premises or do you plan to suspend the legislation on that? If not what room will be left for pedestrians in meters?
25. Have you got evidence that there is unmet demand for an additional large shopping area in London - for example are the areas in Battersea and Westfield and elsewhere at capacity or below capacity?
26. Do you have evidence that tourists will now choose London over other destinations because of the removal of busses/ taxis from Oxford Street? If so please provide.
27. what measures will the Mayor take to close "Candy Stores" if any?
28. does the mayor anticipate making the retail offering on Oxford Street more appealing by direct intervention in the market? if so how?
29. what modelling do you have on existing rent levels for commercial property on Oxford Street and how it might be impacted by this decision? please provide.
30. how many meetings the mayor's office had with NWEA in the last 2 years? please provide dates and minutes of those meetings.
31. does the mayor's office have an estimate of how this decision will increase rents and values on Oxford Street? please provide.
32. has the mayor considered less invasive strategies for dealing with over crowding by, for example, encouraging shoppers to visit through out the day not just mid afternoon?

Our response to your request is as follows:

The Mayor has set out his vision to transform Oxford Street, including turning the road into a traffic-free pedestrianised avenue, creating a beautiful public space where business and people can thrive. Proposals for the transformation of Oxford Street are at an early stage and no decisions have yet been taken on the matters referred to in your request. Detailed assessments will be carried out as proposals for the scheme develop, with impact assessments and modelling undertaken as part of scheme design. As such, at present there is no detailed scheme proposal so the GLA does not hold recorded information (assessments etc) that will respond to the majority of the parts of your request.

I can inform you that the following meetings that fall within the scope of your request have taken place:

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- 14 March 2023 - Lucinda Turner met Dee Corsi at MIPIM
- 10 July 2024 - Howard Dawber, Deputy Mayor for Business and Growth joined a visit to the West End organised by NWEA.
- 16 September 2024 – Richard Watts, Deputy Chief of Staff, Will Norman, London's Walking and Cycling Commissioner and Howard Dawber, Deputy Mayor for Business and Growth met with NWEA board.

If you have any further questions relating to this matter, please contact me, quoting the reference MGLA190924-1293.

Yours sincerely

Information Governance Officer

If you are unhappy with the way the GLA has handled your request, you may complain using the GLA's FOI complaints and internal review procedure, available at:

<https://www.london.gov.uk/about-us/governance-and-spending/sharing-our-information/freedom-information>



Project Cambridge: Preliminary Forecast of Potential Tax Impacts

29 July 2024



Main asks

- Forecast potential impact of Project Cambridge on VAT tax receipts from retail spending.
- Forecast potential impact of Project Cambridge on business rate revenue.
- Present assumptions made and contextualise results.



Potential impact on VAT receipts from retail spending

Approach to estimating impact

Estimate average retail spend in London for overseas and domestic visitors

Use GLA's High Street Data Service data (from BT and Mastercard) to determine the ratio of retail spend and footfall in Oxford Street in 2022 to London in 2018

Establish a baseline point of total retail spend in Oxford Street in 2022 pre-pedestrianisation (year for which data is available)

Use that point as the basis to develop scenarios of pedestrianisation's impact on total retail spend before calculating additional VAT receipts

STEP 1: Derive average spend per visit (overseas and domestic)

- UKInbound's 2019 Tourism Statistics report provides breakdowns of visitors and tourist activity in the UK and its region for **2018**. Data includes average retail spend per visitor (overseas or domestic) for the UK, average retail spend per domestic visitor for both London and the UK, as well as number of visits and visitors (overseas and domestic) in the UK.
- ASSUMPTION: We assume that each visitor (overseas or domestic) makes one visit.
- The data shows that the average spend per domestic visitor to London was about £250 in 2018. This compares to about £197 for the UK, meaning a ratio of 1.27:1 for average spending per domestic visitor in London compared to the UK.
- ASSUMPTION: As we don't have a similar ratio for overseas visitors, we assume the same ratio (1.27:1) applies.
- The data shows that overseas visitors spent £601 on average per visit to the UK. Applying the 1.27 ratio to this figure gives about £763 as the average spend per visit by overseas visitor to London.

STEP 2: Estimate overall average spend for London

- Now that there are separate figures for average spend per domestic visitor (£250) and per overseas visitor (£673), we would need to derive a cumulative average across all visitors for London. To do this, we weight these average figures by number of visits by international and domestic visitors to the UK (which is also available in the UKInbound Tourism Statistics). The table below shows the results.
- ASSUMPTION: We assume that the London and UK ratio of international tourism to domestic tourism visits are the same.

Deriving average retail spend figure for London (2018)				
	Average Spend in London (£2018)			Number of Visits (UK)
International Tourism	763.27		International	37.9
Domestic Tourism	250.76		Domestic	121.4
Overall average for London	372.69			

STEP 3: Estimate total retail spend in Oxford Street in 2022

- The GLA's High Street Data Service (HSDS) includes data on visitor footfall (all visitors domestic or overseas) and average retail spend during weekdays and weekends in Oxford Street specifically. The average retail spend data is provided as an index whereby '100' refers to average retail spend in 2018 compared to 2022 (the year for which data on both footfall and retail spend has been provided).
- The HSDS data shows that the average retail spend in Oxford Street in 2022 is 1.41 times greater than the average retail spend in London in 2018.
- Multiplying the overall spend figure for London in 2018 (£372.69; see previous slide) by 1.41 gives approximately £526 as an average retail spend for all visitors to Oxford Street in 2022.
- The HSDS reveals that in 2022, visitor footfall to Oxford Street totalled just under 120 million visits. Multiplying this by the average £526 retail spend gives a total retail spend of £63 billion.

STEP 3: Estimate total retail spend in Oxford Street in 2022

Baseline 2022 Scenario (Pre-pedestrianisation)	
Ratio of spend (2022 Oxford Street : 2018 London)	1.412
Overall average for Oxford St (£2022)	526.24
Total visits to Oxford St (2022)	119,811,037
Total retail spend in Oxford St (£2022)	63,049,876,181

STEP 4: Estimate impact of pedestrianisation on total retail spend in Oxford Street

- ASSUMPTION: Existing studies on the impacts of pedestrianisation (see bibliography slides for list of sources used) give a range of 2.5% to 25% in terms of its impact on overseas visitor spend. Given the broad range, several scenarios to estimate impacts have been developed.
- ASSUMPTION: The same studies also suggest a range of 7% to 30% in terms of the impact of pedestrianisation on visitor footfall (irrespective of visitor type).
- We need to account for the fact that the average spend per visit for overseas visitors is generally higher than that for domestic visitors (as the former tend to spend more and tend to spend on more expensive “luxury” items). We also assume that the growth in retail spending due to pedestrianisation by domestic visitors is half that for overseas visitors. This would give a range of 1.25% to 12.5% in terms of the impact on domestic visitor spend.
- We have the average retail spend per overseas and per domestic visitor in London for 2018. Using the ratio from the HSDS (see previous slide), we can determine these figures for Oxford Street specifically in 2022.

STEP 4: Estimate impact of pedestrianisation on total retail spend in Oxford Street

- As we did when developing the 2018 baseline scenario (see Slide 6), we can derive the overall average retail spend in Oxford Street in 2022. However,
 - ASSUMPTION: we weight the average retail spend by number of visits for domestic and overseas visitors using the same ratios as in 2018; in other words, we assume that the ratio of domestic to overseas visits to the UK in 2018 is the same as that for Oxford Street in 2022 due to lack of data for 2022.
- The total number of visits to Oxford Street in 2022 (~120 million) was grown by the percentages presented in the literature to model different potential scenarios (from a minimum of 7% increase in footfall to a maximum of 30%). The total retail spend is then derived by multiplying the number of visits by the overall average retail spend after pedestrianisation. To derive the change in VAT receipts, we assume all goods are VAT-eligible and multiply the difference between pre- and post-pedestrianisation total retail spend by 20%.
- ASSUMPTION: Pedestrianisation is assumed to occur in 2022, and this allows us to compare results to the 2022 baseline scenario from STEP 3 (see Slide 8).
- ASSUMPTION: We also need to account for the possibility of visitor displacement from other London or UK regions to the pedestrianised Oxford Street (i.e., this would not generate new visitor activity overall). Displacement of visitor footfall has not been modelled by a single study so far due to complexity, although one study uses 10% to account for overseas visitor displacement to Oxford Street (see OSD Full Business Case). We assume this applies to both domestic and overseas visitors in the interest of prudence.

STEP 4: Estimate impact of pedestrianisation on total retail spend in Oxford Street

Impact of pedestrianisation - scenario overview									
	Pedestrianisation impact on retail spend and VAT receipts								
Assumption: increase in overseas tourism spend due to pedestrianisation	2.5%			10.0%			25.0%		
Assumption: increase in visitor footfall due to pedestrianisation	7.0%	25.0%	30.0%	7.0%	25.0%	30.0%	7.0%	25.0%	30.0%
Overall average retail spend for Oxford St									
<i>International Tourism</i>	1104.68	1104.68	1104.68	1185.51	1185.51	1185.51	1347.17	1347.17	1347.17
<i>Domestic Visitors</i>	358.50	358.50	358.50	371.78	371.78	371.78	398.33	398.33	398.33
<i>Overall average for 2022 (£)</i>	536.03	536.03	536.03	565.38	565.38	565.38	624.08	624.08	624.08
Total visitors to Oxford St (2022)	128,197,810	149,763,796	155,754,348	128,197,809.59	149,763,796	155,754,348	128,197,810	149,763,796	155,754,348
Total retail spend in Oxford St (2022)	68,717,550,904	80,277,512,738	83,488,613,248	72,480,101,074	84,673,015,273	88,059,935,884	80,005,201,414	93,464,020,343	97,202,581,157
Change in VAT receipts from retail spend (2022)	1,020,181,450	3,100,974,580	3,678,972,672	1,697,440,481	3,892,165,037	4,501,810,747	3,051,958,542	5,474,545,949	6,147,486,896
Average change in VAT receipts due to pedestrianisation	2,600,042,901			3,363,805,421			4,891,330,462		

Results of VAT forecasts

- The different scenarios point to a likely positive and significant impact of pedestrianising Oxford Street on VAT receipts due to additional retail spending.
- Under a conservative scenario where pedestrianisation is assumed to lead to only a 2.5% increase in overseas visitor retail spending, one could expect an additional £2.6 billion in VAT receipts on average depending on the assumption we make regarding the increase in visits, with the minimum being £1.0 billion and the maximum £3.7 billion. This includes the footfall displacement assumption alluded to in Slide 10.
- At the high end of the forecast (where we assume that overseas retail spend increases by 25%), then we could expect an additional £4.9 billion in VAT receipts.
- To put these figures in context, in 2022, VAT receipts for London in 2022 totalled over £28 billion, which represented nearly 5.4% of the city's GVA in that year. This compares to 6.3% for the UK, whose VAT receipts totalled nearly £158 billion in 2022.
- That said, these forecasts should be treated with prudence and caution given the multiple assumptions made and the limited empirical data available.



Potential impact on business rate revenue

Approach to estimating impact

Calculate total rent paid per annum by commercial properties in Oxford Street (which helps derive the rateable value in 2021).

Apply multiplier to determine business rate charged on commercial properties in 2021

Create a 2022 'pre-pedestrianisation' baseline scenario

Model impacts of pedestrianisation on rental rates of commercial property and on business rates charged

STEP 1: Derive business rate charged on Oxford Street commercial properties per annum in 2021.

- Business rates are based on a commercial property's 'rateable value', which is an estimate by the Valuation Office Agency of how much it would cost to rent a property (at fair market value) for a year on 21 April 2021. Therefore, it would be helpful to derive the total annual rent paid by commercial properties in Oxford Street in that year.
- According to CBRE, Oxford Street has a total commercial square footage space of 6.6 million. Meanwhile, the annual rental value per square foot in Oxford Street in 2021 was £750. Therefore, the total rent paid per annum by commercial properties in Oxford Street in 2021 was £4.95 billion.
- ASSUMPTION: We assume there are no small businesses that would be eligible for the small business multiplier or small business rate relief in Oxford Street.
- If we apply the standard multiplier for 2021 (51.2 pence) to the £4.95 billion, we get £2.53 billion in business rates charged on Oxford Street commercial properties for the year in 2021.

STEP 2: Derive total rent and business rates charged on Oxford Street commercial properties pre-pedestrianisation in 2022

- ASSUMPTION: Data from Savills shows that rent on commercial properties in London's West End (including Oxford Street) grew by 6.2% year-on-year between 2021 and 2022.
- This rate was applied to the £4.95 billion from STEP 1 to get about £5.2 billion. Levying the standard multiplier business rate for 2022 (also 51.2 pence) means that in 2022 and pre-pedestrianisation, commercial properties in Oxford Street were charged about £2.69 billion in business rates.

Total commercial sq ft in Oxford Street	6,600,000
Annual rental value per sq ft Ox St (2021)	750
Total rent paid per annum by commercial properties in Oxford Street (2021)	4,950,000,000
Business rate levied on Oxford Street commercial properties per annum in 2021 (assuming standard multiplier) (0.512)	2,534,400,000
Total rent paid per annum by commercial properties in Oxford Street (2022) (pre-pedestrianisation)	5,256,900,000
Business rate levied on Oxford Street commercial properties per annum in 2022 (assuming standard multiplier) (0.512) (pre-pedestrianisation)	2,691,532,800

STEP 3: Estimate impact of pedestrianisation of Oxford Street on business rate revenue

- ASSUMPTION: This estimate does not include the possibility of displacement of businesses from other parts of London or the UK to Oxford Street. Displacement in this context creates multiple offsetting effects: on the one hand, pedestrianisation increases the rent on commercial property, thereby displacing some businesses (especially smaller ones) out of Oxford Street. However, some bigger businesses may be enticed to move to a more economically-active region and hence leave other regions to base themselves in Oxford Street. In addition, as Savills points out:

“Higher rents and rates as well as growth in online shopping are all contributing to store consolidation, with some retailers finding that the costs associated with smaller format stores are ultimately easier to handle”.

So far, no study looking at pedestrianisation and its economic impacts has empirically modelled the impact of business displacement due to these complex and simultaneous effects.

STEP 3: Estimate impact of pedestrianisation of Oxford Street on business rate revenue

- The studies on the economic impact of pedestrianisation on rental prices/values of commercial property give several possible estimates, ranging from 10% to 17%. One of the studies gives a range of an increase in rental prices/values from a minimum of £1.6 to a maximum of £5 per square foot. 5 different scenarios were modelled based on these figures. The 2022 baseline pre-pedestrianisation rental value was augmented by the respective percentages or £/sq ft increase, before the standard multiplier was levied and the difference compared to the baseline 2022 scenario (pre-pedestrianisation).

Impact of pedestrianisation - scenario analysis

	Pedestrianisation impact on rental value (2022)					
	10.0%	12.9%	17.0%	£1.6/sqft increase	£5/sqft increase	Average (£)
Total rent paid per annum by commercial properties in Oxford Street (2022) (post-pedestrianisation) (£)	5,782,590,000	5,935,040,100	6,150,573,000	5,267,460,000	5,289,900,000	5,685,112,620
Business rate levied on Oxford Street commercial properties per annum in 2022 (assuming standard multiplier) (0.512) (post-pedestrianisation) (£)	2,960,686,080	3,038,740,531	3,149,093,376	2,696,939,520	2,708,428,800	2,910,777,661
Change in business rate revenue from pedestrianisation (2022) (£)	269,153,280	347,207,731	457,560,576	5,406,720	16,896,000	219,244,861



Results of business rate forecasts

- The different scenarios point to a likely positive and significant impact of pedestrianisation on the rental price of commercial property in Oxford Street.
- While displacement of businesses could not be modelled due to the reasons in Slide 17, the results in Slide 18 suggest that even if there is no change in total commercial space, the increase in rental price due to pedestrianisation could boost business rate revenue by more than any offsetting effects due to displacement.
- Looking at the average of the 5 modelled scenarios, pedestrianisation could generate approximately an extra £220 million in business rate revenue, for a total of £2.9 billion in 2022.
- To put this figure in context, for the 2021-22 financial year, local authorities across England collected approximately £21 billion in non-domestic rates.
- That said, these forecasts should be treated with prudence and caution given the multiple assumptions made.



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