

GREATER **LONDON** AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2066

Title: Bond Street Public Realm Improvement Growing Places Fund Loan

Executive Summary:

This MD seeks approval for the GLA to provide funding of £2million to Westminster City Council as a contribution to its costs of delivering public realm improvements on Bond Street providing improved pavement and road surfacing, widening of pavements and improved comfort and access for pedestrians. The finance is to be drawn from the Growing Places Fund (GPF) over 2017 to 2019 and will be repaid over the period 2019 to 2022.

Decision:

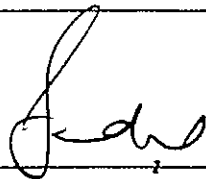
That the Mayor approves GLA expenditure of up to £2,000,000 (capital) from the Growing Places Fund to Westminster City Council as a contribution to its costs of delivering improvements to Bond Street public realm.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision, and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

23/1/17

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

The Bond Street Public Realm project is a key part of the Westminster City Council's (WCC) delivery programme and is timed to be completed in order to support the opening of the Elizabeth Line in December 2018. This is being delivered in partnership with the New West End Company (NWECC) Business Improvement District.

The project covers the whole length of New and Old Bond Streets from Oxford Street to Piccadilly. It aims to improve pedestrian experience, create a new 'town square', attract more visitors and position Bond Street as one of the premier shopping streets in the world. The project aims to improve the public realm space surrounding Old Bond Street and New Bond Street with the goal of re-establishing the area as the world's premier luxury shopping street. The physical works comprise the upgrading of the carriageway and footways using high quality materials. The project delivers more footway space, and improves the balance of space allocation between users of the public realm. Intended outcomes include; increased footfall by 6% over 5 years, increased spend (revenue) of shoppers by 10-15% over 5 years (value £1.78bn) and an uplift of property prices by 16.6%.

The street is under-performing internationally due to the the average visitor not spending a significant amount of time in the area (low dwell time) and expenditure per head of visitors is comparatively lower than international benchmarks. The retail end-users believe that the current poor quality of the public realm is a key factor preventing the attraction of additional expenditure by visitors. This is a key part of the WCC and NWECC vision for Oxford Street by creating a wider district with greater footfall on side streets and neighbouring primary streets such as Bond Street.

This also supports the Mayor's plans to pedestrianise Oxford Street. From the outset the variance in timescales and certainty between the Bond Street improvements and the pedestrianisation of Oxford Street has taken into account. Bond Street has been developed over a longer period of time and in more detail, it has also had continual TfL officer attendance and involvement in its design. Similarly but over a shorter period the Oxford Street West work, which is a joint exercise involving mostly the same Westminster & TfL officers, has been aware of the emerging Bond St scheme. The Bond Street project has set its physical limits to avoid trespassing onto Oxford Street. The traffic issues have been considered and the Oxford Street project does not envisage any changes to how general road traffic enters Bond Street at the north. Therefore in terms of physical works and traffic the two projects can safely co-exist. Any Oxford Street future proposals can be physically accommodated without impinging on Bond Street.

The project responds to the London Enterprise Panel objective of an 'Increased focus on emerging markets' as set out in Priority 2 within the Growing Places Fund prospectus. It aims to unlock potential economic growth of the area by improving the customer experience of visiting and shopping in the area by improving the surrounding public realm. It has been identified that this is needed to compete with international competitor cities (Dubai / New York / Paris).

The project is also successful in generating investment in an infrastructure project from a wide range of sources (Priority 7). While there are contributions from funders such as WCC and TfL there is also a significant contribution from private sector stakeholders. This has been largely secured through the work of NWECC and would represent a successful intervention by a Business Improvement District in engaging with private sector stakeholders to help fund infrastructure improvement projects.

The design comprises:

- reduce traffic management and speed to create greater pedestrian comfort and access
- removal of traffic signals at the Grosvenor Street/ Maddox Street junction
- inclusion in the TfL cycle grid (TfL separately funded to the project)

- proposed widening of the pavement by 1m on either side
- new paving and road surfacing comprising York stone, granite sets and coloured asphalt
- shared use of loading, drop off/pick up taxi bays
- Old Bond Street/Burlington Gardens turned into a 'town square', with space for public art
- new and rationalised street furniture, new signage and upgraded, utilities and broadband

Funding Package

The project was previously assessed by the LEP with NWECC as the lead partner. At that point the project had no identified repayment mechanism so was not brought forward for approval. This has now been resolved.

Following the original application from NWECC to the GLA for a Growing Places Fund (GPF) loan application, WCC were asked to take a lead on the application and gained WCC Cabinet approval in this regard which enables the scheme to progress. There is no funding in the Council's short term budgets allocated to the scheme to fund the gap, therefore if the GPF loan was not approved this would put the project at risk.

The GPF awarded will be repaid to the GLA by WCC over a 3 year period and the Council has secured approval to underwrite the repayments from the Council's own funds. WCC will make provision for the entire project within its budget and repay the loan under a repayment schedule as set out in Schedule 4 below.

As a WCC project, WCC will be responsible for delivering the project and thereby bearing contract and cost risk for the whole project. It has also carried out cost engineering on the project and has increased the element of private sector contributions in order to reduce the GLA/GPF loan from the original £3m sought by NWECC to £2m currently.

The project has a total cost of £9.85m having been value engineered into its final form. The budget for the project and contract management is provided by WCC which will enter into contracts with the private sponsors and funding parties. WCC will seek to minimise its risk through the legal agreements but remains the accountable body for the GPF funding, design, procurement and delivery of the project.

Sources of funding for Bond Street are:

Transport for London (LIP secure):	£2.30m
Westminster City Council s106 (secure):	£0.05m
NWECC property levy (secure):	£2.80m
NWECC occupiers levy (secure)	£0.50m
Private Sector contributions: (currently being raised)	£2.20m
GLA GPF loan (£2m sub to approval):	£2.00m

<u>Total</u>	<u>£9.85m</u>
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Scheme

There has been no material change to the scope, design or the quality of delivery of the project since originally submitted to the GLA in summer 2015. The reduced loan is a consequence of NWECC committing to leveraging a greater level of private sector funding. The scheme had been value engineered prior to submission to the GLA and some items, such as public art, are now being funded outside of the project.

GLA Loan Repayment Profile

WCC will make provision for the entire project within its future year budgets and repay the loan under the repayment schedule set out below.

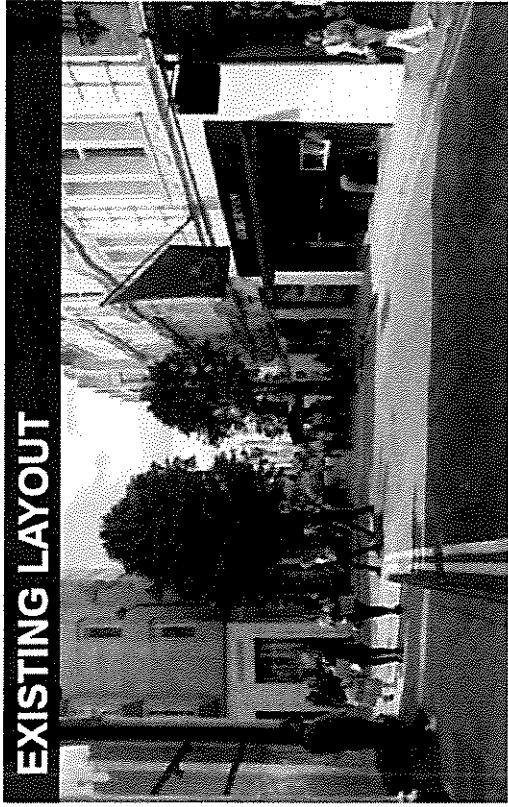
Schedule 4 – Repayment profile

All figures in £'000's

	2016/17						2017/18						2018/19					
	Apr-Jun	Jul-Sept	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sept	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sept	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sept	Oct-Dec	Jan-Mar		
Drawdown of loan	0	0	0	-350	-350	-350	-350	-350	-250	0	0	0	-250	0	0	0		
Repayment due	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
NET	0	0	0	-350	-350	-350	-350	-350	-250	0	0	0	-250	0	0	0		

	2019/20						2020/21						2021/22						Total Repayment
	Apr-Jun	Jul-Sept	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sept	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sept	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sept	Oct-Dec	Jan-Mar			
Drawdown of loan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			-2,000
Repayment due	167	167	167	167	167	167	167	167	167	167	167	167	167	167	167	167			2,000
NET	167	167	167	167	167	167	167	167	167	167	167	167	167	167	167	167			0

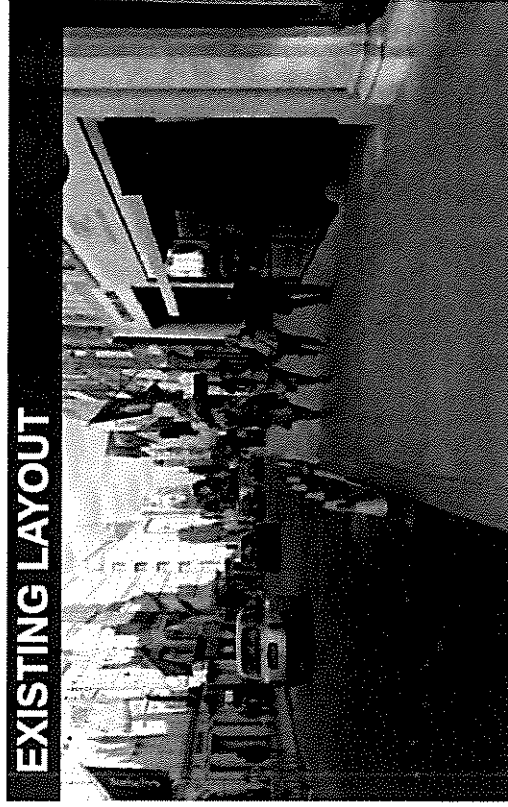
Project images and overview



Cluttered areas without a clear identity



Higher quality materials with fewer road signs and road markings



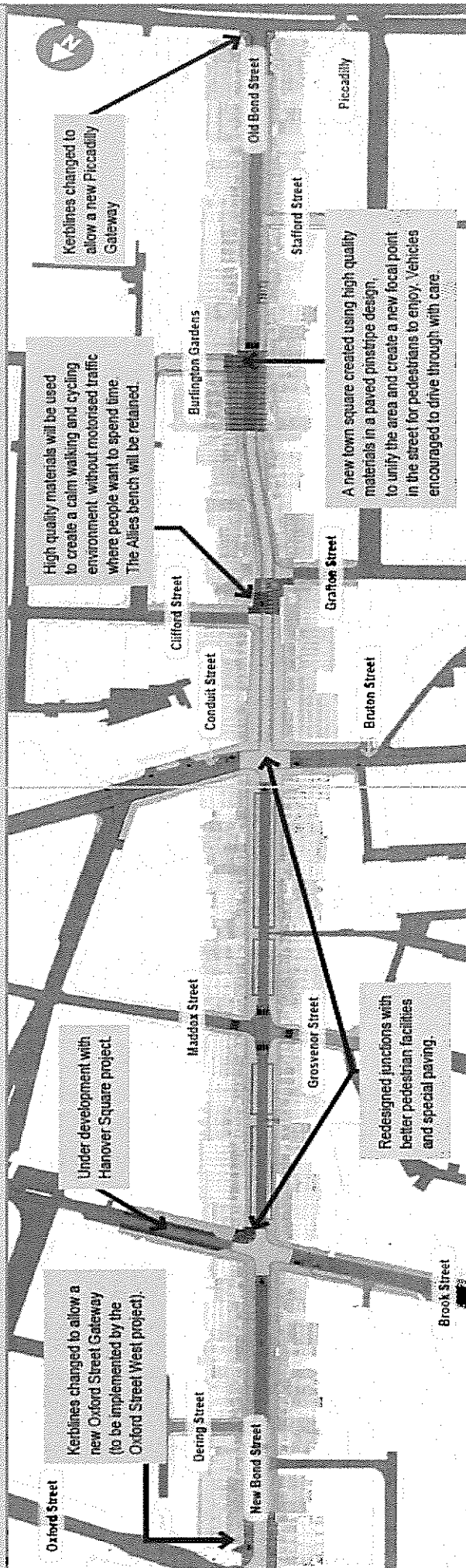
Street dominated by vehicles – deters pedestrians from crossing



A single lane of traffic enhances the pedestrian experience

THE PROPOSALS

- Wider footways, paved in high quality natural materials, to allow easier pedestrian movement and enhance the public realm
- Resurfaced and enhanced carriageway
- Changes to parking and loading arrangements with clearer signs and road markings
- New enhanced lighting using the existing historic columns in relocated positions to improve safety and give an attractive ambient light
- Unique features which help give Bond Street its iconic status, including the flags, will be retained
- New signposting and wayfinding to assist visitors in locating nearby restaurants, arts and culture
- New public art at key locations
- A reduction in the number of commercial vehicles accessing the street through new consolidated servicing and waste management arrangements
- New, better located street furniture



2. Objectives and expected outcomes

Project objectives are set out below.

- Reduce traffic management and speed to create greater pedestrian comfort and access
- Removal of traffic signals at the Grosvenor Street/ Maddox Street junction
- Inclusion in the TfL cycle grid (TfL separately funded to the project)
- Proposed widening of the pavement by 1m on either side
- New paving and road surfacing comprising York stone, granite sets and coloured asphalt
- Shared use of loading, drop off/pick up taxi bays
- Old Bond Street/Burlington Gardens turned into a 'town square', with space for public art
- New and rationalised street furniture, new signage and upgraded, utilities and broadband

The project will be supported by an interlinked schemes run by NWECC that aim to reposition Bond Street and maximise economic benefit to retail in the area. Recruit West End, an employment programme sponsored by NWECC, encourages young people from the Westminster Borough into retail employment and has previously placed 150 hard to reach individuals into employment. A specific Bond Street scheme, which recognises the different nature of the retailers in the street, will be developed alongside the project as part of the retailer's commitment which will be an additional community benefit. In addition to this it is hoped that a potential extension of Sunday trading hours will over time increase direct employment in the area by some 2000 jobs. This new scheme will take advantage of this impact, open to all Londoners looking for a retail career.

3. Equality comments

The GLA Regeneration Team works with delivery partners to target investments in places with the greatest potential to secure inclusive jobs and growth opportunities, and ensure all investments promote equality and work to deliver new and secure existing diverse and inclusive opportunities and services.

The GPF application process invited bidders to demonstrate how they will give due regard to the requirements of the Public Sector Equality Duty Act; this was compulsory for all bidders and all proposals were checked during the validation phase of evaluating the bids to ensure bidders had demonstrated this in their bids. This is reinforced by the requirements set out in the funding agreement of any successful project.

Through their existing public sector duties and via the requirements that will be set out in the funding agreement, WCC must ensure that they give due regard to the requirements of the Public Sector Equality Duty: eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out this project.

4. Other considerations

a. Risks:

Risk description and impact	Control measure / action
Repayment cannot be made by WCC in line with agreed repayment profile	GLA and WCC have agreed set review milestones which are a condition of funding, any proposed changes to the project and milestones including those relating to repayments will be subject to the prior written consent of the GLA and the GLA will have the right to terminate the agreement and require repayment where there is a breach of funding conditions. GLA Officers will engage with Bond Street Improvement project board monthly meetings.
Development does	Commercial advice will be provided throughout project. Milestone for masterplan

not attract required commercial interest from private sector investors.

will be included in Funding Agreement so the borough can clearly communicate their vision to potential investors. There is an existing mechanism to do this through the work of the New West End Partnerships Business Improvement District which has been involved since the beginning of this project.

b. Links to Mayoral strategies and priorities:

The project directly supports the Mayoral priority to create a pedestrianised Oxford Street. It also supports the London 2036 LEP priorities to focus on emerging markets. The project helps by increasing the attractiveness of Bond Street to help stimulate business and leisure tourism export earnings from those who visit the area to shop. These are often high-net worth visitors from emerging markets (China, Thailand and Indonesia) visiting the area to shop.

c. The Bond Street Public Realm Improvement Programme will deliver against the infrastructure, skills and employment, and increased focus on emerging markets objectives of the LEP's Jobs & Growth Plan (2013), as well as a number of strategic objectives from the Mayor of London's Action for High Streets.

5. Financial comments

- 5.1 The £2m of capital funding can be funded from unallocated Growing Places Fund (GPF) budget project. It is expected that £350,000 will be drawn down in 2016-17, £1.4m in 2017-18 and £250,000 in 2018-19. The overall estimated cost of this project is £9.85m and the additional funding has been sourced directly by Westminster City Council. The balance of £7.85m being sourced by Westminster City Council is summarised below.

Funding Sources	£m
Transport for London (LIP Secure)	2.30
Westminster City Council s106 (secure)	0.05
NWEC property levy (secure)	2.80
NWEC occupiers levy (secure)	0.50
Private Sector contributions (currently being raised)	2.20
Total Sourced by Westminster City Council	7.85

- 5.2 Westminster City Council, who are the accountable body for this project are budgeting to repay the GPF loan over a 3 year period from 2019 to 2022 from their own funds, with the proposed repayment profile as set out in Schedule 4, incorporated into the proposed Funding / Loan Agreement, which will govern the conditions of the loan. The council will bear all the contractual risk for the project and will look to minimise the risk via legal agreements (with contractors and private sponsors).
- 5.3 As noted above, the council are currently seeking private sector contributions to part fund the project. While it is expected that £2.20m target will be achieved, in the event that it is not secured, the council will look to re-engineer the scope of the project. The Growing Place Fund loan will be capped to a maximum of £2m.
- 5.4 Any changes to this proposal, including budgetary implications will be subject to further approval via the Authority's decision-making process. All appropriate budget adjustments will be made.

6. Legal comments

- 6.1 The foregoing sections of this report indicate that:

- 6.1.1 the decisions requested of the Mayor concern the exercise of the GLA's general powers, falling within the statutory powers of the GLA to do such things as may be considered to further, and or be facilitative of or conducive or incidental to the furthering of, the promotion of wealth creation and

economic development in Greater London where to do so is supportive of regeneration and the making of investments where for any purpose relevant to its functions under any enactment, or for the purposes of the prudent management of its financial affairs; and

6.1.2 in formulating the proposals in respect of which a decision is sought officers have complied with the GLA's related statutory duties to:

- (a) pay due regard to the principle that there should be equality of opportunity for all people;
- (b) consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom; and
- (c) consult with appropriate bodies.

6.2 Officers have indicated that report that the contribution of funding to Westminster City Council will amount to an investment by way of the provision of (repayable) funding and not a payment for services to be provided and must ensure that the proposed funding is disbursed in a fair and transparent manner in accordance with the GLA's Contracts and Funding Code and a funding agreement is put in place between and executed by the GLA and Westminster City Council before any commitment to the investment is made.

6.3 In taking the decisions requested, the director must have due regard to the Public Sector Equality Duty; namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and persons who do not share it and foster good relations between persons who share a relevant protected characteristic and persons who do not share it (section 149 of the Equality Act 2010). To this end, the director should have particular regard to section 3 (above) of this report.

7. Planned delivery approach and next steps

Delivery Timescale

The project is delivered by WCC and its term contractors (WSP/Conway), working with a range of Bond Street stakeholders involving TfL, NWECC, retailers and property owners on Bond Street and overseen by a joint project board. WCC has approved the design concept and full Cabinet approval was received in June 2016, after which the initial consultation with stakeholders started, followed by a formal consultation in the autumn on the traffic regulation orders. A start on site is planned for April 2017 and a total scheme completion is planned for December 2018. December 2018 completion is a key milestone to ensure it is complete in time for the opening of the Elizabeth Line.

Activity	Timeline
Stage 1 Feasibility Design (complete)	December 2015
Stakeholder pre-consultation (complete)	June 2016
Stage 2 Design (complete)	October 2016
Full consultation Formal/Traffic Order Consultation	November 2016
Stage 3 Final Design and cost schedule	December 2016
Funding Agreements/Heads of Terms	January 2017
Works commence areas not requiring traffic orders (Old Bond/Town Sq)	April 2017
Works commence areas requiring traffic orders (New Bond/Brook St)	November 2017
Scheme completion for Elizabeth Line opening	December 2018

Appendices and supporting papers: None

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

If YES, for what reason:

Until what date: (a date is required if deferring)

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form –NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Dominic Bloomfield has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

✓

Sponsoring Director:

Fiona Fletcher-Smith has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Jules Pipe has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 16 January 2017.

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature



Date

16.01.17

TOM MIDDLETON ON BEHALF OF MARTIN CLARKE

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature



Date

16 / 1 / 2017