



City of Westminster Cabinet Report

Decision Maker:	Cabinet
Date:	6 June 2016
Classification:	For General Release (appendices are exempt from disclosure)
Title:	Bond Street Public Realm Improvement Scheme
Wards Affected:	West End
Summary:	The Bond Street Public Realm Improvement Scheme and its enhancement of the Council's infrastructure, its improvement to pedestrian accessibility through widened footways and modern street lighting will contribute to the City for All and West End Partnership vision for the West End.
Key Decision:	Yes
Financial Summary:	The estimated total cost for the project is £9.85m which will be funded by contributions from New West End Company, Transport for London, the private sector and the City Council.
Report of:	City Treasurer and Executive Directors Growth Planning and Housing, City Management and Communities
Report Author:	Natalie Roberts/Mark Allan/Steve Carr

1. Executive Summary

- 1.1. The New West End Company (NWECC) is the Business Improvement District for Bond Street and has for some years been in discussion with the Council about bringing forward physical improvements to the layout and operation of New Bond Street and Old Bond Street. The aim is to maintain Bond Street's status as a world class destination of choice for the purchase of high quality goods. These discussions led to NWECC/Transport for London (TfL) with the Council and the Bond Street Partnership, (formed by NWECC) undertaking a number of jointly funded studies engage businesses on the street. The project has been identified as a priority in the West End Partnership's programme as it creates substantial improvement in the public realm in time for the major increase in pedestrian footfall anticipated at the opening of the Elizabeth Line in December 2018. It also links with proposed improvements to Oxford Street West – by creating a wider retail, business and cultural district and thereby relieving pedestrian congestion. The Cabinet Member for Built Environment was briefed by officers in December 2015 and approved the design concept.
- 1.2. During 2016 the design concept was further developed by the Council and its partners as a Stage 1 feasibility design using NWECC/TfL funds (the various stages of the project are set out in the Appendix). The resulting scheme includes:
- reduced traffic and speed to create greater pedestrian comfort and access
 - removing traffic signals at the Grosvenor Street/ Maddox Street junction
 - including the TfL cycle grid (TfL separately funded to the project)
 - widening the pavement by 1m on either side
 - new paving and road surfacing comprising York stone, granite sets, coloured asphalt
 - shared use of loading, drop off/pick up taxi bays
 - Old Bond Street/Burlington Gardens becoming a 'town square' with space for public art
 - new and rationalised street furniture, signage and upgraded utilities and broadband
 - The project will better position Bond Street as the centre of London's 'luxury quarter', in completion with other such streets worldwide - such as the Rodeo Drive Beverly Hills, Fifth Avenue New York, Avenue Montaigne Paris, Bahnhofstrasse, Zurich and Ginza Tokyo. (A full list of benefits is contained in the report).
- 1.3. The Stage 1 feasibility design work was funded using TfL Major Project Local Implementation Plan (LIP) funds together with an additional NWECC contribution. The identification of the concept design and its development to a Stage 1 feasibility design provides a cost estimate of £9.85m for design, works, third party costs including utilities and an allowance for risk, contingency allowances and project management. Against this, funding of £7.8m will be provided by TfL, NWECC Property Owner and Occupier BID levy income and private sector contributions. The City Council has contributed £0.05m from Section 106 funds. This has left a £2m gap which will be covered by a loan from the GLA repayable from the West End Partnership business rates 'TIF' package, if agreed by HM Treasury (whereby the Council's business rates would be retained by the Council sufficient to support the entire WEP programme including Bond Street). If this business rates package is not approved by the Government, the Bond St partners would look to the Council

to provide this £2m therefore if the GLA loan is to be redeemed by WCC this will either be through the TiF or capital contribution.

- 1.4. Design of the scheme has continued during 2016 and Stage 2 Initial design is now in progress to allow the design details to be identified, an early Bill of Quantities (BoQ) has also been prepared to provide a greater degree of cost accuracy. Value engineering has been undertaken on the design and the material choice to ensure that costs are kept at £9.85m and this has been achieved without any degradation of design appearance or quality.
- 1.5. NWECC have undertaken a considerable amount of Stakeholder engagement to obtain funding from businesses and property owners. NWECC have held a series of events to promote the scheme in the run up to the NWECC Property Owner BID ballot and invited WCC Members and senior officers to these. However, the Council's own stakeholder engagements, which will have a larger audience to those undertaken by NWECC, have been delayed until there is certainty of a fully funded scheme.
- 1.6. This paper sets out the agreements that will need to be put in place, the programme to finalise these and also seeks approval to commence the Council's initial Stakeholder engagements to ensure that the positive responses that have been received by NWECC during their engagements apply over the wider audience. The results of these consultations and any design changes will be reported to Members later this year when approval will be requested to commence the Traffic Regulation Order consultation.

2. Recommendations

- 2.1 That approval is given to the funding package set out in the Financial Implications at Section 10 and the Council's commitments within it which are to:
 - (a) **provide a budget of £9.85m** for the entire project within the capital programme, receiving funds from the project partners of £7.8m as set out in appendix A and entering into contracts to deliver the scheme
 - (b) to enter into a loan agreement with the GLA for £2m guaranteed and repaid by the Council
 - (c) to provide £0.05m Section 106 funding.
- 2.2 If by December 2016 either the GLA/LEP has failed to provide the loan of £2m or the Treasury has not approved the business rates TIF for the West End Partnership, officers will report back to members on the issues and risk of the Council providing this additional £2m funding from its Capital Programme - or alternatively the consequences of decreasing the scope of scheme delivery or terminating the scheme before start of works, which are due in May 2017. The same applies if TfL assumed funding is not confirmed.
- 2.3 That approval is given to complete the drafting of the legal agreements between the Council and NWECC so that their elements of the funding package can be secured and to

agree terms with the GLA for accepting the loan from the Growing Places Fund. That the agreements are completed before any formal construction contracts are let or works commence.

- 2.4 That approval is given to the Bond Street Stage 1 feasibility design shown on the General Arrangement drawing Sheets 1 to 5 (Appendix B).
- 2.5 That the Bond Street Project Board involving Westminster City Council, NWECC and TfL (as set out in the Annex) is delegated to have overall oversight over the project subject to reserved matters on the delivery and costs being referred back to the City Council for approval, as set out in the legal agreement with NWECC as detailed below.
- 2.6 That approval is given to carry out a programme of initial stakeholder consultation on the design of the scheme and the operational principles that have been incorporated into the design with the formal statutory consultation required for the Traffic Regulation Orders (TRO) to follow on from these early consultations, any amendment and a further specific approval through a further report to Members.
- 2.7 That spending approval of £2.0m is given, subject to approval of the budget arrangements, to allow design to continue to programme through Design Stages 1 to 3 (at a cost of £1.557m) with a sum of £0.243m to allow for surveys and engagements with utilities and £0.2m for contingency. The spending approval will also cover the cost of the early stakeholder engagements and amendments to be made so that the project can be finalised for a further Member Report and for approval for the subsequent TRO consultations.
- 2.8 That the relevant Executive Directors in consultation with the City Treasurer be authorised to complete the necessary legal agreements with NWECC and GLA and other necessary matters for the BID Bond Street project in consultation with the appropriate officers.

3. Reasons for Decision

- 3.1 The proposed highway modifications identified in this report will improve the streetscape for pedestrians and provide a safer environment for cyclists that will deliver substantial improvement of the public realm and maintain Bond Streets' status as a world class destination of choice for the purchase of high quality goods. NWECC will also work with our employment providers, Recruit London, to maximise employment opportunities for residents on Bond Street.
- 3.2 Approval is required to commence the Council's initial stakeholder engagement activities. These are vital to ensuring that NWECC's earlier engagements and consultations, which indicated a good support for the scheme, are applicable over the wider audience engaged by the Council.
- 3.3 The agreements associated with the funding package need drafting and signing to ensure that the timelines to be completed in line with the Elizabeth Line (Crossrail) opening are maintained, this will need delegated authority at a Member level.

3.4 The key benefits of the scheme cited by the Bond Street partners are:

- The improved public realm will lead to better 'dwell time' (estimated at 7%-10%) by visitors and thus higher spend per person in the Bond Street stores (revenues and sales densities are likely to increase on average by 10-15%), capturing more of the market for such visitor expenditure which other cities have been enjoying whilst Bond Street's figures have remained static. An increased expenditure by visitors of £10m a year is envisaged by the Bond Street Partnership group.
- The improved competitive position of Bond Street will in turn lead to higher visitor expenditure in the shops, restaurants and hotels of the West End, providing employment and training opportunities for residents. The Council's new Employment Service is linking up with these West End businesses to identify job opportunities to support the Council's aim of reducing long term unemployment in the city.
- The scheme partners estimate that rental yields will be enhanced by 3-8% derived from improved turnover by businesses of over 10% produced by improved dwell times.
- The scheme will yield significant additional Gross Value Added to the West End economy which CBRE has estimated at £23m.
- The scheme will reduce vehicle movement and improve pedestrian access, thereby reducing air pollution in the area. The retailers has proven that they are committed to change through this project by already having reduce the number of waste collection firms collecting waste from the street from over fifty firms half a dozen.
- The scheme will also link with Hanover Square and Oxford Street and Piccadilly – making the West End as a whole more accessible and coherent as a district, spreading footfall and crowds away from bottlenecks. This approach accords with the West End Partnership place shaping vision to create a wider retail district of the West End to relieve overcrowding on key streets.
- Employment opportunities will be targeted at Westminster residents through NVEC's sponsorship of the Recruit London employment initiative.
- To demonstrate an alignment with the Council's City for All employment priorities, the Bond Street partners have recently provided the following employment opportunities for residents via the Council sponsored Recruit London employment agency: 3 sales executives a Victorinox, 5 sales advisors at Russell & Bromley, 1 butler at Chanel, sales operatives at Bottega Veneta.

4 Background, including Policy Context

- 4.1 The scheme covers the whole of New and Old Bond Streets from Piccadilly to Oxford Street and aims to deliver substantial improvement of the public realm that will maintain Bond Street's status as a world class destination for the purchase of high quality goods.

The scheme is being promoted by NWEC and is incorporated into the West End Partnership (WEP) delivery as a named major project.

- 4.2 The design is compliant with WCC highway standards and supports the Council's City for All vision.
- 4.3 Scheme delivery is timed so that improvements needed to meet the pedestrian demands of the opening of Crossrail in late 2018 are constructed and are placed before they are needed. The Bond Street scheme is managed by the Council's officers, through a Project Board which first met in February 2015, and has representatives from WCC, NWEC and TfL. NWEC has also employed a project manager and on behalf of the project board in order to support the dialogue with Bond Street businesses.

5 Scheme Design Proposals

- 5.1 The aim of the scheme proposals is to improve the streetscape to provide a safe and secure environment for pedestrians with wider pavements to improve accessibility and to improve the public realm through the use of quality design and the use of natural materials. The approach to design and the use of materials are in line with Council policy and guidance.
- 5.2 The feasibility design proposals are shown on the General Arrangement drawings at Sheets 1 to 5 in **Appendix B** and show:
 - Repaving the entire footway along Bond Street between Oxford Street and Piccadilly in York Stone with feature use of granite and York stone setts;
 - Repaving the footways along the some side roads in York Stone;
 - Installation of raised tables using granite setts or coloured asphalt throughout the scheme;
 - Resurfacing the carriageway along Bond Street and some side roads in black/grey asphalt;
 - Improving the central pedestrian area (which is closed to traffic) through the provision of high quality feature granite surfaces, the repositioning and removal of trees and relocation of the cycle racks. The "Allies" bench will remain in its current position. The flower kiosk will also remain in place although there is an aspiration that his will be substantially enhanced in appearance using additional private sector funding from a local business.
 - Installation of special paved areas at the arcades along Bond Street.
 - Repaving the whole of the highway at the junction of Burlington Gardens using a colour mix of granite materials to create a "townscape" feature;

- Amendments to the entrances at the junctions of Oxford Street and Piccadilly to provide “gateway” treatments which will tie into the revised carriageway/footway proposals;
- Installation of recessed covers along the extents of the works;
- Installation of new granite kerbs along the extents of the works;
- Upgrading of the public lighting, with a new street lighting scheme that will aim to incorporate the existing McKenzie - Moncour columns between Oxford Street and Clifford Street and wall mounted lighting between Clifford Street and Piccadilly;
- Improving surface water drainage;
- Removing the traffic signals at the Grosvenor Street/ Maddox Street junction and replacing with zebras;
- Modifications to the method of control at the junctions of Brook Street and Conduit Street including equipment upgrades such as countdown ;
- Installation of a zebra crossing near the junction of Blenheim Street;
- Introduction of a Controlled Parking Zone to reduce the amount of yellow lines required and allow Loading/parking in designated bays or on loading pads only;
- General street de-cluttering; and
- The use of granite kerbs to create the loading and parking pads which will provide additional footway space at certain times of the day and also to provide a feature channel line.

6 Parking, Waiting and Loading

- 6.1 Revised parking and loading controls have been designed that can be fully incorporated within the new public realm design. The early formal stakeholder engagement by the Council will need to discuss the new parking arrangements but very much in operational principles and to gauge views. It will be made clear that a formal TRO consultation will be taking place at a later date and only after the early stakeholder engagements have been reviewed and reported back to members.
- 6.2 However, a summary of the parking changes as set out within the feasibility design are shown on the parking control drawings in **Appendix C**. In order to accommodate the public realm improvements, the following changes to parking are proposed:
- The preferred strategy for kerbside restrictions is to utilise a controlled parking zone throughout which will mean that no yellow line road markings will be required.
 - Some informative signing will be required, although this will be at a reduced level compared to a conventional yellow line scheme

- The proposed method of signing will be possible under the new revision to the Traffic Signs Regulations and General Directions (TSRGD - due to be released April 2016) without special dispensation from the Department for Transport (DfT), although some further liaison with the DfT is likely to be required.
- The proposed scheme will provide loading capacity throughout the day which will be just sufficient to meet current surveyed daily demand. However, the pattern of demand will need to change so that the majority of loading activity occurs either overnight if space is available (7pm-8am), or between 8am-11am within prescribed loading zones. Should there be a lack of capacity, a simple contingency measure would be to adjust the traffic order post implementation to extend the loading period to between 8am-12 noon. NWECC have been informed by businesses that servicing overnight or in the early morning is preferable to doing so during business hours.
- 24-hour loading facility will be provided on side roads within close proximity to all businesses on Bond Street, to cover demand for deliveries which cannot be managed by the business operator. Permits could be provided to businesses that demonstrate a need for loading directly from Bond Street during restricted periods.
- The scheme will provide adequate capacity for residents parking, disabled parking, car clubs and taxi ranks to meet existing demand at all times of the day.
- The scheme will not provide capacity for up to ten current pay-by-phone users. However, potential capacity has been identified on St George Street to replace some of this, but would depend upon the proposals for the Hanover Square scheme. Utilisation of Pay-by-phone on an area wide level is being investigated.
- The scheme will provide just enough capacity to meet current night-time peak parking demand and weekends.
- A table of parking proposals showing the net changes across parking type is shown in **Appendix D**

7 Programme/Timescale

- 7.1 Stage 1 Feasibility Design is complete and Stage 2 Initial Design has commenced in overlap with the completion of Stage 1. This has been done to enable the programme to be met because additional Stage 2 work was required.
- 7.2 Some Stage 3 Detailed Design is also programmed to commence in part in advance of the full completion of Stage 2. The works delivery within the programme has also been phased. This will allow elements – such as the section of New Bond Street adjacent to the Crossrail station or the fully pedestrian area or the new “Townscape” area to complete the remaining design stages early and also to be implemented early if wished and whilst other elements continue to complete the design processes.

- 7.3 The works are currently programmed to be implemented between May 2017 and November 2018 to facilitate the increase in pedestrian demand prior to the opening of Crossrail in December 2018. The works phasing programme will ensure that the parts of the Bond Street project that support the opening of Crossrail have an early implementation priority.
- 7.4 A High Level design and implementation programme for Bond Street is summarised in **Appendix E**. This also sets out clearly the timetable for the completion of the Funding Agreements and shows that these will be completed and in place before any TRO consultation commences.
- 7.5 The timetable for the scheme is:

Bond Street – Project Stages	Key Dates
Stage 1 Feasibility Design complete	December 2015
Funding Agreements Heads of Terms complete	May 2016
Cabinet Report	June 2016
Initial Stakeholder consultation	July 2016
Further report to Members with result of initial consultations	September 2016
Formal Traffic Order Consultation	October/November 2016
Report to Members on results of TRO consultation	November 2016
Stage 2 Initial Design in progress now - completion	December 2016
Start of Stage 3 Detailed Design	November 2016
Completion of all stages of Stage 3 Detailed Designs	August 2017
Commencement of early works	May 2017
Scheme substantial completion for Elizabeth Line opening in December 2018	October 2018

8. Consultation

- 8.1 A Bond Street Communications Plan has been developed in conjunction with NVEC which will ensure that on-going engagements and consultation on the Bond Street project is led by the Council and supported by NVEC. This builds upon the considerable consultation and engagements already undertaken by NVEC with its key BID stakeholders but aims to expand the audience more widely as suit a Council consultation.
- 8.2 The Communication Plan is under discussion with WCC Comms and the project team is working in collaboration with WCC Comms to develop protocols regarding on-going meetings, material sign-offs, etc to ensure that the Council's communication activities for Bond Street are robust and will be subject to final approval by Westminster City Council's Communications team.

Appendix G shows the draft leaflet proposed and the the proposed area of interest where the early stakeholder engagements are targetted and the mechanisms for doing so.

9. Outstanding Issues

- 9.1 Agreement terms but not full agreements have been concluded so the project is subject to (a) The completion of the Agreements relating to the funding package and the securing of the private sector contributions (b) The completion of the Agreement dealing with the GLA Loan.
- 9.2 Two Way proposals on Brook St between Bond Street and Grosvenor Square and on Davies St between Brook Street and Berkeley Square have been promoted for some time to improve accessibility within Mayfair. These are now under development as they support the Bond Street project and other projects under development such as Grosvenor's Berkeley Square and that the council has in view such as Grid. The proposals and the links to other projects and are summarised in **Appendix H**. These are not included within the Bond St budget of £9.85m.
- 9.3 The form and nature of the public consultation has yet to be agreed through corporate communications and will form a part of the TRO consultation planned for later this year and issues will be addressed in the Cabinet Member Report that will be drafted at that time.

10. Financial Implications

Capital costs

- 10.1 The total expected capital cost for the scheme is £9.85m. The scheme is part way through stage 2 initial design. Cost estimates have been reviewed by the project manager for reasonableness. A value engineering exercise has also been undertaken from the initial feasibility designs, this concentrated on the design, materials and supply sources, all of which were significantly impacting on overall costs. As the project will be delivered through the Council, the entire cost of the Bond Street project will need to be reflected in the Council's capital programme.
- 10.2 Spending approval of £2.0m is requested, to allow design to continue to programme through Design Stages 3 (at a cost of £1.557m) with a sum of £0.243m to allow for surveys and engagements with utilities and £0.2m for contingency.

Capital funding

- 10.3 Funding of £7.8m is expected from TFL, NVEC property owner and occupier BID levy and private contributions. £0.05m S106 contribution has been allocated to the scheme from the Council. This leaves a £2.0m funding gap.
- 10.3 Having consulted the LEP in October 2015, the GLA agreed in principle to a £2.0m loan on condition that Westminster City Council apply directly for this loan and act as a guarantor to repay it under a contract with the GLA.
- 10.4 The Council is in discussion with HM Treasury regarding a Tax Increment Financing arrangement, if this can be secured, the GLA would be repaid its loan through the Council's increased retention of business rates income. However, if an increase in business rates is not secured, the Council would be required to repay the £2.0m loan to the GLA. Similarly, if the GLA were not to approve its loan, in order to progress the

project, the Council would be required to meet the £2.0m gap. A decision would need to come back to members at a future date examining the issues.

Further details regarding the are outlined at Appendix B, this is a private appendix due to commercial sensitivity.

11 Legal Implications

Legal Implications from Tri-Borough Legal Service

- 11.1 Cabinet has power under para 1.1 of the Executive Procedure Rules to approve the recommendations set out in this report. In addition, Cabinet has power under Section 15 (5) of the Local Government Act 2000 and para 1.3 (a) of the Executive Procedure Rules to delegate functions to an officer.
- 11.2 Officers must ensure that all legal agreements are executed in accordance with the Council's Procurement Code.
- 11.3 (Legal Implications from Tri-Borough Legal Service, prepared by Margaret O'Connor, Solicitor, Tri-Borough Legal Service (Tel: 020 7641 2782)
- ### **11.4 Legal Implications from Sharpe Pritchard, Solicitors, advising on BID Bond Street Project**
- 11.5 Whilst the Council will retain the overall responsibility for the delivery of the project, NVEC will be involved both from a project management and funding point of view. The relationship between the Council and NVEC will be governed by a Funding and Delivery Agreement (FDA). The key principles that will be included in the FDA have already been broadly agreed, the non-legally binding heads of terms having been agreed in principle by both the Council and NVEC.
- 11.6 The FDA has two main purposes:
- **It will govern the relationship between the Council and NVEC from a project management point of view.** The FDA provides that a project board will be established, which will be a board comprising representatives from each of the Council and NVEC. The Council will chair the project board and shall have a casting vote on all project board decisions. The project board's role will be to oversee the works being undertaken and to ensure the works are progressing in accordance with an agreed delivery and payments schedule. To ensure the Council retains control, a number of decisions in relation to the project will be reserved to the Council and will not be made by the project board (the 'reserved matters'). Reserved matters include changes to the overall budget, material changes to the designs, and compliance with the terms of the call off contract with F M Conway Limited etc.
 - **It will govern the funding elements of the project.** The FDA will require NVEC to secure funding from private sector contributors by 31st October 2016. NVEC will achieve this by entering into funding agreements with each private sector contributor and, to ensure no additional liability accrues to the Council, the form of these funding agreements

will be agreed in advance. Importantly, the Council will retain the right to suspend the project or reduce its scope in the event there is a shortfall in the funding raised by NVEC. In addition, and whilst it is envisaged that the next Property Owner BID ballot for 2017 will be successful, the FDA deals with the possibility that the project may face a shortfall. In such an event, the FDA provides the Council with the ability to suspend or reduce the scope of the project (or, with member approval, increase the budget).

- 11.7 Annexed to the FDA will be the project works delivery schedule, a schedule of payments to be made to the contractor (and a schedule setting out when the NVEC contributions will be drawn down into the general project bank account) and the agreed set of designs. No material changes can be made to these agreed form documents without the prior written consent of the Council.
- 11.8 To secure the GLA funding, the Council will be required to enter in a loan agreement with the GLA. The terms of the standard GLA loan and funding agreements are well known to the Council, but some onerous clauses are included, such as the ability of the GLA to suspend, withdraw or indeed clawback funds that it has advanced in certain circumstances. This would only be realistic if the funds advanced were used for items outside the scope of the project or if the project changed in a material way (a way that would have meant the funds would not have been advanced in the first place). This is a low risk to the Council.
- 11.9 Legal risks: the risks associated with the certainty of funding have been highlighted elsewhere in this report (e.g. the failure of the Property Owner BID ballot, a shortfall in the NVEC private contribution etc.) and the fact that the Council are effectively standing behind the full costs of the project. The FDA will contain provisions that protect the Council's position in the event elements of the funding do not materialise. The main protection will be the ability of the Council to suspend or indeed cancel the project or, if appropriate, reduce its scope so it can be delivered using any reduced level of funding. Any liability connected with the physical delivery of the works will be governed by the agreement in place between the Council and F M Conway Limited.
- 11.10 (Legal implications prepared by Peter Collins of Sharpe Pritchard Solicitors)

The target timetable for the completion of the Agreements is set out on the programme at **Appendix E**

If you have any queries about this Report or wish to inspect any of the Background Papers please contact: Mark Allan on 020 7641 2920, fax 020 7641 2920, email mallan@westminster.gov.uk.

Background Papers: The Bond Street COMMS Plan

This report consists of exempt and non-exempt information. The exempt information is contained in Appendices A to H and is exempt by virtue of para 3 of Schedule 12A of the Local Government Act 1972 (as amended) in that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information).

Other Implications

1. Resources Implications

No implications

2. Business Plan Implications

No implications.

3. Risk Management Implications

No implications.

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

The scheme will have a beneficial impact on health and well being over the current layout. Disruption during works will be carefully managed to minimise negative impacts such as dust and noise.

5. Crime and Disorder Implications

The measures in this report are not expected to have any implications under the Crime and Disorder Act 1998.

6. Impact on the Environment

Wherever possible existing materials that are taken up will be recycled.

7. Equalities Implications

The scheme will improve the accessibility of the streets for persons with mobility difficulties through the installation of flush kerbs at pedestrian crossings.

8. Staffing Implications

No implications.

9. Human Rights Implications

No implications.

10. Energy Measure Implications

No implications.

11. Communications Implication

Residents and business will be notified of the works through a letter drop in advance of the works. Contact details will be displayed on site notice boards and scheme details and progress available on the City Council's website.

Private appendixes summary

Appendix	Title
Appendix A	Financial and Funding implications
Appendix B	Proposed General Arrangement: Drawing No. 70009316-01-GA sheets1 to 5. <i>(separate attachment)</i>
Appendix C	Outline Kerbside Control Arrangements: Drawing No.6432/OS/005-1 <i>(separate attachment)</i>
Appendix D	Net Change to the Parking and Loading Spaces Arising from the Proposed Arrangements on New and Old Bond Street
Appendix E	High Level Programmes for the delivery of the Bond Street Project and the associated Legal Agreements <i>(separate attachment)</i>
Appendix F	Communication Plan <i>(separate attachment)</i>
Appendix G	Brook Street and Davies Street Two Way Proposals: Current status
Appendix H	Communication between the Council and NVEC

Financial and Funding implications

Capital/Revenue costs

- 1 The total expected capital cost for the scheme is £9.85m a breakdown of this figure including commentary is shown in the table below:

Category	Value £'000	Commentary
Stage 1 (Feasibility Design)	713	These costs have been incurred on the project. The Stage 1 Feasibility Design stage was more detailed than a standard public realm/highway scheme due to the size and profile of the scheme and the need to obtain an early cost estimate to inform the funding negotiations.
Stage 2 (Initial Design)	452	These are design costs from FMC.WSP, Jacobs and Publica and also survey costs. The Stage 2 Initial Design stage concentrates on a greater detail of the feasibility design particularly in relation to reducing the uncertainties and costs of below ground issues. Funding has been provided to allow Publica to be used on a call-off basis if there are any design changes
Stage 3 (Detailed Design)	393	The Stage 3 costs are predominantly FMC WSP costs as they undertake the preparation of the drawings for the works contractor. Again funding has been provided to allow Publica to be used on a call-off basis if there are any design changes
Stage 4 to 6 (Highway works)	5,093	The rates used are the agreed contract rates in the price list and these have been priced against the Bill of Quantities linked to the design. This means that rates are fixed except although some will need to be agreed for some specialist use materials. In these cases rates have been estimated conservatively until agreement is reached.
Utilities (including future proofing)	472	The spend on utilities future proofing is required to prevent works being required once the scheme has been completed, therefore this will future proof the quality of the scheme and extend its life.
Operational measures	322	The main costs is in relation to TFL signals. These have been estimated at this stage based on experiences and likely costs. TfL signal costs will be provided by TfL and will be based on their equipment needs to re-signalise the junctions on Bond St during stage 2/3.
Contingency/risk	1,831	Mitigated risk from risk register shows a cost of £1.5m with a contingency allowance of £0.344m (4.5%). The Risk and Contingency allowance in total is £1.830m but remains somewhat lower than might be normal as the contingency allowance at this stage of the Stage 2 initial design process should be nearer 10%. However, the scheme knowledge and understanding is sufficient that this shortfall is considered to be manageable.
NWEC clients costs	279	Supporting evidences have been received for the significant items. The main costs are in relation to the programme manager and programme assistant and their support activities to scheme delivery such as engagements with funders. .
WCC client costs	296	This is based on the standard rate used by WCC for highways projects and covers costs such as project management costs, service provider contract administration, space costs at CH, etc
TOTAL	9,850	

- 2 This excludes the Brook St/Davis St two way design in relation to the cycle grid. This is expected to be separately funded by TFL. It also excludes work on the flower stall, no funding has yet been identified for this.
- 3 The scheme is part way through stage 2 Initial design. Cost estimates have been reviewed by the project manager for reasonableness. A value engineering exercise has also been undertaken from the initial feasibility designs, this concentrated on the design, materials and supply sources, all of which were significantly impacting on overall costs. In addition NWECC have decreased their client costs to a level that is approximately consistent with the Council's client costs. Spending approval of £2.0m is requested, to allow design to continue to programme through Design Stages 3 (at a cost of £1.557m) with a sum of £0.243m to allow for surveys and engagements with utilities and £0.2m for contingency.

Funding

- 4 Expected funding against the cost of the scheme is shown in the table below:

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	TOTAL
Expected cost	127	995	2,329	5,171	1,228	0	9,850
Funded by:							
TFL	0	718	622	960	0	0	2,300
WCC S106	0	0	50	0	0	0	50
NWEC Property owner levy	0	140	560	560	560	980	2,800
NWEC Occupier levy	0	100	250	150	0	0	500
NWEC Private contributors	0	0	400	1,800	0	0	2,200
GLA loan	0	0	400	1,350	250	0	2,000
Total funding	0	958	2,282	4,820	810	980	9,850
Net position:							
Funding surplus/(deficit)	(127)	(37)	(47)	(351)	(418)	980	0
<i>Cumulative surplus/(deficit)</i>	(127)	(164)	(211)	(562)	(980)	0	

- 5 A total of £2.3m of TfL (LIP) capital funding has been allocated to the project and £0.05m as a S106 contribution to the scheme from the Council. NWECC has included £2.8m from its property owner BID levy income and £0.5m from its occupier levy income to support the project. This produces a total funding of £5.65m. There was therefore a funding gap of £4.2m of unsecured funding.
- 6 Early in 2015 NWECC applied to the GLA Growing Places Fund for a £3m interest free loan to bridge the gap. NWECC expected this loan to be repaid through business rates income uplift on the assumption that Westminster is able to retain business rates. Having consulted the LEP in October 2015, the GLA agreed in principle to a £2.0m loan (subject to strict conditions), on condition that Westminster City Council apply directly for this loan in place of NWECC and to act as a guarantor to repay it under a contract with the GLA.

A letter was sent from the Chief Executive to the Chief Executive of NWECC, Sir Peter Rogers, in respect of the above, as can be seen at appendix H. In summary, this set out:

- Addressing the funding gap of £4.4m between NWECC £2.4m (from private sector contributions or a reduction in costs) and the GLA loan (£2m), underwritten by the Council.
- Further work to be undertaken to refine the costs of the projects
- Agree terms for legal agreements:

Work has progressed on all items as set out in this report.

- 7 The Council is in discussion with HM Treasury regarding a Tax Increment Financing arrangement. This could secure long term funding through an increased retention in business rates for the key West End Partnership projects. If this can be secured, the GLA would be repaid its loan through the Council's increased retention of business rates income. However, if an increase in business rates is not secured, NWECC do not have an alternative arrangement for the repayment of the loan. As a consequence, the Council will be left with repaying the £2m loan to the GLA. Similarly, if the GLA were not to approve its loan, NWECC would look to the Council to meet the £2m gap. Either scenarios would ultimately result in the Council part funding the project and potentially displacing other capital schemes - and thus such a decision would need to come back to members at a future date examining the issues.
- 8 In addition to this £2m covered by the GLA loan, there is a remaining £2.2m gap. Following discussions with NWECC about the £2.2m figure, it was agreed that NWECC will be responsible for securing private sector contributions and they now have letters of intent to cover this funding gap, this will need to be secured before the works on Bond St commence. In addition NWECC have further reduced their client costs by £0.2m which has resulted in a reduction in the cost of the project to £9.85m
- 9 With the funding outlined above the project would be fully funded. However, there is a risk that the Council needs to cash flow the scheme, as the above funding may not be received in line with costs. The Council is working with NWECC, TFL and GLA to minimise this and ensure that funding is received up front.

Revenue implications

- 10 On initial analysis, there may be elements of the project costs which need to be treated as revenue, this will be explored further but is anticipated to be covered from the BID levy funding, or the fundraising element of the income
- 12 Any maintenance impact of the scheme will be worked with partners as the design of the scheme is developed

Risks

- 13 As the project will be delivered through the Council, the entire cost of the Bond Street project will need to be reflected in the Council's capital budget rather than just the element

underwritten by the Council. This will need approval as part of Cabinet, then subsequently at full Council. To all intents and purposes, the Council is underwriting the whole of the project should there be issues with funding, cost overrun, project scope/creep etc. The Council will be responsible for managing the risks of the project working through the Project Board set up by NVEC and to which the Council currently operates. The risks of the project are further detailed in the risk section below.

14 The key risks for the City Council in relation to the agreement are as follows:

Risk	Rating (H/M/L)	Mitigation
<p>GLA Loan If GLA decides not to confirm its loan there will be a need for the Council to consider funding of the £2m.</p>	H	<p>Emphasise to the GLA the importance of Bond Street in relation to wider West End projects such as Oxford Street and benefits to economy/employment of residents. A further report to Members would be submitted seeking confirmation of Council funding in place of the GLA loan.</p>
<p>GLA Loan repayments Assuming that the GLA does confirm a loan, NVEC are expecting the repayments of the loan to be covered from business rates income. If these repayments cannot be secured through the proposed business rates offset/TIF arrangements submitted to HMT for the West End Partnership the Council would be expected to cover the repayments from capital programme funds</p>	H	<p>Continue to progress the West End Partnership business rates offset/TIF application with HM Treasury.</p> <p>Make a provision within the Capital Programme in relation to the loan amount but if HMT does not approve the package a report back to members would be required in December to confirm options.</p>
<p>Private sector contributions Private sector contributions of £2.2m are required to be secured to ensure that the funding gap can be bridged. If these are not secured then the project becomes unviable</p>	H	<p>NVEC to continue to negotiate funding for the project from Bond St businesses toward the £2.4m target.</p> <p>Private sector agreements to be in place for the £2.2m by the end of October, prior to the final sign off of the scheme at the end of November.</p>
<p>TFL funding The TFL funding could be withdrawn from the scheme. There is a detailed review being undertaken within TFL in relation to capital schemes</p>	M	<p>Discussions with TFL has indicated that this full £2.3m funding is secured. However, TFL cannot confirm in writing its approval to the balance of their pledge, as their review at this stage prevents making commitments into future years. TFL have indicated this is included as a named major project and officers will continue to liaise with TFL.</p> <p>Legal agreements will be drafted such that if TFL is withdrawn then the Council can withdraw from the project, as the scheme</p>

		would be unviable.
<p>Cash flow All the project is fully funded – costs may be incurred in advance of the funding being received.</p>	M	Negotiations with all funders to bring funding forward wherever possible.
<p>Costings As the design progresses costs could increase or there could be cost elements that have been excluded that will affect the quality and impact of the scheme. As this is at stage 1, costs remain estimates that will be confirmed as the project progresses.</p> <p>Such cost risks could arise as a result of public consultation on the scheme.</p> <p>Examples that have been excluded from the project cost are the relocation of the flower stall and the provision of public art</p>	M	<p>Continue to work with contractor to refine and challenge costs.</p> <p>There is a risk/contingency element included in the costings – if overall costs increase then further value engineering may be required. This has been detailed within the Heads of Terms. The Council retains the option of withdrawing from the project it becomes unviable.</p>
<p>Delays The project is under tight delivery timescales to be completed in time for Crossrail 1 opening. There could be delays to the project that could prevent this timescale from being met.</p>	M	<p>Day to day management has been delegated to the project board, which will have representatives from NVEC and WCC. This will facilitate quick decision making.</p> <p>Any significant changes to price, cost or quality, the Council will retain the deciding interest.</p>
<p>BID levy There is a BID vote for the occupier levy due in March 2018. If this is unsuccessful the BID will have to be disbanded leaving an outstanding balance on the scheme –</p>	L	<p>All the BID money from the occupier levy will be received before the ballot.</p> <p>The project will be undertaken in phases such that the project can be stopped at the end of a phase if full funding is not secured.</p> <p>Private sector contributions to be received before this date.</p>
<p>Legal agreements Terms need to be agreed on the following, de-risking the Council as far as possible:</p> <ul style="list-style-type: none"> - Loan agreements with GLA - Agreement with NVEC in respect of the project and funding - Agreements with TFL in respect of its funding 	L	Legal involvement in agreeing the contract documentation

Appendix B

Bond Street Project - Proposed General Arrangement: Drawing No. 70009316-01-GA sheets1 to 5.

[See separate attached documents](#)

Appendix C

Bond Street Project - Outline Kerbside Control Arrangements: Drawing No.6432/OS/005-1

[See separate attached documents](#)

Bond Street Project - Net Change to the Parking and Loading Spaces Arising from the Proposed Arrangements on New and Old Bond Street

Restriction Type	Existing	Proposed		
	No. Bays (08:30 - 11:30)*	No. Bays (08:30 - 11:30)*	Of which relocated outside immediate area	Change (08:30 - 11:30)*
Pay by phone	22(11)	14	0	-8(+3)
Residents parking	6	7	1	+1
Shared bay	13	5	0	-8
Loading on single / double yellow	164	0	0	-164
Loading only	0(11)	35(77)	0	+35(66)
Taxi	9	10	0	+1
Disabled	1	1	0	0
Car club	1	1	0	0
General parking	0	0	0	0

(*) Outside of brackets capacity between 11:30am and 6.30pm; in brackets additional capacity between 8.30am and 11:30am.

Bond Street Project - The High Level Programmes for the delivery of the Bond Street Project and the associated Legal Agreements

[See separate attached documents](#)

Bond Street Project - Communication Plan

Communications tasks	Start	Complete
Engagement planning	Jan-16	ongoing
Prepare communications plan in collaboration with WCC Comms	Jan-16	May-16
Identify stakeholders - liaise with WCC Comms, NWECC, WCC GIS database to compile database of stakeholder contacts. Agree extent of letter drop	Feb-16	ongoing
Establish communications channels - email address & webpages	May-16	June-16
Prepare leaflet & submit for approval	May-16	June-16
Early stakeholder engagement	Early July-16	Late Aug-16
Issue press release	Early July-16	
Distribute leaflet	Early July-16	
Hold stakeholder briefings x 3 + drop-in session	Mid July-16	End July-16
Stakeholders to submit feedback on proposals	Mid July-16	Late Aug-16
Advertise TMOs	Sept-16	Oct-16

The following activities will follow on from reporting the Stage 1 results and gaining approval for Stage 2:

Communications tasks	Start	Complete
Repeat business/resident briefings and issue press releases/ social media feeds in autumn/winter	Nov-16	Dec-16
Ongoing communications (face to face, email) with businesses/residents prior to start of construction	Early 2017	ongoing
Repeat business/resident briefings and issue press releases/ social media feeds prior to start of construction	Spring 2017	Spring 2017
Site weekly updates to be circulated from 2 weeks in advance of works, then every Thursday	May-17	ongoing
Newsletters to be distributed quarterly once construction starts	Sept-17	ongoing

[Early Engagement area of interest and leaflet are attached as separate documents](#)

Bond Street Project – Brook Street and Davies Street Two Way Proposals: Current status

Bond Street Project

Brook Street and Davies Street Two Way Proposals - Current Status

1. Two way operations on Brook Street (between Bond Street and Grosvenor Square) and on Davies Street (between Brook Street and Berkeley Square) has been an aspiration of Grosvenor Estate through work being undertaken in their Mayfair Traffic Management Study and also of the Mayfair Neighbourhood Forum.
2. The two way proposals on Brook Street and on Davies Street were modelled as a part of the Bond Street VISSIM and as a part of the Mayfair North-South Grid route VISSIM. TfL have provided an approval in principle of both VISSIM models and the operational aspects of both Bond Street and the two way proposals on Brook Street and Davies Street.
3. Two way operations on Brook Street and on Davies Street would provide benefits to the Bond Street scheme particularly during the construction phases. The two way proposal for Brook Street and on Davies Street also provided the basis for the development of the Mayfair North-South Cycle Grid route measures. Two way operations on Brook Street and on Davies Street also benefit Grosvenor's developing proposals for the improvement of the northern side of Berkeley Square (which includes their MoDaBe proposal).
4. It had been intended that two way operations on Brook Street and on Davies Street would be introduced by Cycle Grid and in advance of the Bond Street project. However, delays and a likely review of the Mayfair North-South Grid route mean that this will no longer be the case.
5. The intention now will be to develop the two way measures on Brook Street and on Davies Street as a proposal that relates to Bond Street, but is separate to it. The proposals under development for two way operations on Brook Street and on Davies Street will include conventional cycling measures (e.g. advanced cycle stop lines) as well as all of the elements needed to introduce two way traffic operations on these two roads.
6. The two way proposals for Brook Street and on Davies Street will be submitted to Members in September 2016 at the same time as the Bond Street Cabinet Member Report is submitted on the results of the initial stakeholder engagements. The Bond Street Report will also seek approval from Members to commence TRO consultation on the new Bond Street parking and loading controls
7. The Report for the two way operations on Brook Street and on Davies will also seek approval from Members to consult on the necessary TROs for two way operation.
8. This means that both the Bond Street and Brook Street and Davies Street TROs can be consulted at the same time as separate proposals that adjoin one another.
9. TfL have indicated that they will financially support the costs of introducing the two way measures on Brook Street and Davies Street two way proposals as two way operations will still provide cycling benefits.

Letter to NWEA

[See separate attached document](#)