



City of Westminster

Westminster Scrutiny Commission

Date:	22 nd March 2018
Classification:	General Release
Title:	West End Partnership – Update on activity since May 2017
Report of:	Executive Director Growth, Planning & Housing
Cabinet Member Portfolio	Leader of the Council
Wards Involved:	West End, St. James's, Marylebone High Street, Bryanston & Dorset Square
Policy Context:	City for All Year 3, City Plan, London Plan and Mayor's Transport Strategy
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1. Executive Summary

- 1.1 The May 2017 meeting of the Commission received an update from officers on the council's role within the West End Partnership (WEP) and its activity and achievements. The Westminster Scrutiny Commission asked officers, in the context of the bid to Government for a Tax Increment Financing Initiative (TIF) for the West End, to, *"Look for examples of comparative partnership delivery and public investment, to determine which model for scrutiny would be most appropriate and effective for the West End Partnership (WEP)."*

- 1.2 The Commission considered the options for scrutiny that had been suggested, and agreed that until the WEP took on responsibility for the co-ordination of substantial additional sums of public money, or there was a significant delivery

of projects or the nature of the work of the partnership change, the Commission should continue to receive regular updates from the Leader and Chief Executive.

- 1.3 The WEP Investment Bid to Government, which was predicated on a TIF mechanism, comprised full business cases for three projects: (i) Oxford Street District, (ii) Strand/Aldwych and, (iii) West End Jobs. Unfortunately, a decision on funding the WEP Investment Bid was not included in the Chancellor's Autumn 2017 budget and informal feedback from him has suggested that it will not be considered again in that form until the next budget cycle in Autumn this year. Whilst this does not preclude further approaches to the Treasury and other parts of Government before then, the WEP Team have been asked to consider other funding options and the scale and nature of the projects themselves. A report to this effect was presented to the WEP Board on 24th January 2018.
- 1.4 It remains too early to present firm options for how the WEP could be scrutinised in the future. This report, therefore, provides an update on WEP activity since May 2017 and, in particular, the move to task and finish groups established to take forward the cross cutting programmes and projects in the 2015-2030 WEP Delivery Plan and an update on the work to explore alternative funding models and project prioritisation in view of the decision on the WEP Investment TIF Bid.
- 1.5 This report and the report in May 2017 have been presented to the Commission because of the strategic cross-cutting issues relevant at the time (i.e. the TIF bid and impact of it being unsuccessful). The Commission is reminded that the responsibility for scrutinising the Council's part in the WEP and WEP-related issues currently sits with the Business, Planning and Transport Policy and Scrutiny Committee. Furthermore, the relevant Cabinet Member(s) regularly report to the Committee on issues relating to the WEP. As from October 2017 the WEP budget is being reported separately to the Budget Task Group as part of the Council's budget setting process.

2. Key Matters for the Committee's Consideration

2.1. The Commission is asked to:

- i) Note the recent activity undertaken by the West End Partnership
- ii) Give its views on the Partnership and, in particular, what its role might be should significant funding not be forthcoming in the future

3. Background

The West End Partnership (2013-2017)

- 3.1 The West End Partnership (WEP) was formed in 2013, on the recommendation of the West End Commission. It brings together senior public service and private sector leaders, academic experts, cultural bodies and resident representatives. It was created to be the catalyst to enable the West End to support and accommodate growth, whilst at the same time to strengthen its unique cultural character, amenities and sense of openness.
- 3.2 The Partnership Board is chaired by the Leader of Westminster City Council and also includes member representation from the London Borough of Camden and the Mayor of London/GLA/TfL. Westminster's and Camden's business improvement districts (BIDS) are represented as are London First (who's nominee is the Vice Chair), the Westminster Property Association (WPA) and resident groups (through the West End Community Network (WECN)). Other representatives include the Metropolitan Police, academic and cultural advisors and the LCCI and FSB.
- 3.3 As a partnership body the WEP has no formal legal basis of its own but instead coordinates and initiates action and delivery through its partner bodies encouraging growth through new policies, plans and actions in order to benefit residents, communities, businesses and visitors alike. Westminster acts as the accountable body for the Partnership (as it does for the Cross River Partnership - CRP).

- 3.4 In June 2015 the Partnership agreed a Vision and a Delivery Plan 2015-2030. The Delivery Plan set out a core programme of projects under three themes: (i) Place, (ii) People and, (iii) Prosperity. The programme amounted to just under £1bn of which approximately half was expected to come from public sources (i.e. the TIF bid), matched by significant private sector co-investment – itself leading to further private investment down the line in development and business activity.

4. The West End Partnership – Fulfilling the Vision

- 4.1 The first two WEP Board meetings chaired by the Leader of the City Council on 3rd April and 22nd June 2017 presented an opportunity to reflect on progress and achievements to date for the WEP programme and to explore whether there were opportunities to learn from the last three years in considering how to move forward. The Leader also asked the WEP Team to look at alternative options for funding should the TIF Bid be unsuccessful.
- 4.2 There was consensus across the WEP Board that the WEP had achieved a great deal in establishing itself as a genuine and credible public/private sector partnership to make the case for the West End - demonstrating the effectiveness of working together to support this ambition.
- 4.3 The Board acknowledged that the future transformation of the Oxford Street District has the highest profile of its adopted projects but felt that the 'added value' of being a 'WEP Project/Programme' need to be articulated better. In particular, the Board wanted to continue to aim high with non-capital public realm projects – such as that to support West End residents into employment across the WEP area, to tackle poor air quality, to have a position on, and to trial and pilot initiatives to reduce, freight, servicing and deliveries and to have a voice and influence on future policy frameworks that affect the West End.
- 4.4 There was recognition that the thematic working group structure (People, Place and Prosperity) had run its course and that a new way of harnessing the interests of the various groups and sectors in the West End was now needed. Overall,

however, the Board re-affirmed its commitment to the value of the WEP as the right vehicle to secure the long term future of the West End.

- 4.5 The WEP Board at its meeting on 22nd June 2017 discussed and agreed a broader range of issues for the Partnership to pursue to fulfil the 2030 Vision. The proposition agreed by the Board was that individual Board members would lead particular programmes/projects on a task and finish basis. In doing so they would, where possible, bring the resources of their networks and organisations to help drive the work forward. This would secure increased capacity across the WEP programme and deeper involvement of Board members. The task and finish groups would make use of the networks built up through previous work carried out by the working groups.
- 4.6 The WEP Board on 9th October 2017 was keen to have a clearly defined and deliverable programme and to this end agreed to pursue a small number of projects – three/four that would be driven forward over the next 12-18 months. These would be clearly defined with identifiable milestones and outputs – with clear benefit in terms of meeting the WEP vision. Performance would be monitored through regular reporting to the Board alongside the other existing projects – through the establishment of a strategic portfolio management approach. The five ‘Fulfilling the Vision’ Work Streams agreed by the WEP Board on 9th October 2017 were:
 1. Good Growth in the West End - chaired by London First representative
 2. Promoting the Cultural Offer of the West End – chaired Cabinet Member for Business, Culture and Heritage, WCC
 3. Management of the West End/Resident and Business Dividend – chaired by WECN representative.
 4. Delivering increased income/charging/alternative financial models – chaired by advisor to the WEP Board
 5. Lobbying and policy comment/communications and marketing – chaired by Director Policy, Performance & Communications, WCC
- 4.7 A sixth, Digital West End, was added given the importance of connectivity and resilience in the Broadband network and infrastructure in the West End.

5 The West End Partnership – Funding Options Post TIF Bid

- 5.1 The WEP investment programme is critical to the long term resilience of the West End economy and in the absence of current support from the Treasury will require an ambitious funding strategy. A combination of conventional funding options from the wide range of stakeholders involved in the West End as well as exploring the potential for new funding and financing opportunities will be required. Conventional sources of funding will include contributions from Westminster's Capital Programme and s106 planning agreements/the Community Infrastructure Levy – CIL – of which £2m was allocated to the Hanover Square Gardens Public Realm project in November 2017, GLA/TfL, private sector contributions and government programmes. Funding contributions have the potential to be financed in a number of ways including borrowing, bonds, equity, working capital and reserves. In particular, there has been engagement with the GLA on the short and long term funding potential associated with the London Pilot business rate pilot and follow-on business rate scheme.
- 5.2 The business cases for the three WEP Investment Projects have a total cost of £470m. Of this £310m was proposed to be funded from the TIF Bid to Government and £160m from private and public sector funding contributions. Following the exclusion of the WEP Investment (TIF) Bid from the 2017 Autumn budget, the WEP Team have been exploring potential alternative funding options for the three TIF projects; (i) Oxford Street District; (ii) Strand/Aldwych and, (iii) West End Jobs. These were discussed at the WEP Board on 24th January 2018.
- Oxford Street District**
- 5.3 Oxford Street District (OSD) is the highest profile project within the WEP investment programme with a total cost for the full transformation option of £430m and a funding gap of £290m. Whilst no decision has been made by the Council on any changes to Oxford Street and its locality, funding packages are being investigated from the private and public sector, for a range of interventions.

Strand/Aldwych

- 5.4 As above, no decision has been taken on interventions in this locality. At present a phased approach to the project is being considered with an initial option focusing on the delivery of the highway solutions (two-way working on Aldwych). This would create a basic version of a new public space on the Strand. The transformational improvement work to the new creative space itself could be left for a later phase, subject to funding. However, the economic benefits as set out in the original TIF business case can only be realised through the full scheme and the creation of a new public space.
- 5.5 A phased approach, with a temporary basic scheme implemented initially with further additional phases added over time, while not being consistent with the ambition of the project to realise transformational change as quickly as possible would be a pragmatic approach and not dissimilar to the approach at Bank junction in the City of London.
- 5.6 Discussions are ongoing with private sector partners via the North Bank BID and the Strand /Aldwych Project Board as to how, and on what scale, the private sector could contribute to any agreed scheme. Westminster and the Mayoral family are also considering their options.

West End Jobs

- 5.7 West End Jobs is relatively easily scalable i.e. the numbers of people supported by the scheme can be flexed up or down based on the funding available. Discussions with private sector partners on how a pipeline of revenue funding might be made available are continuing and the public sector partners are also considering how they may be able to contribute funding going forward.
- 5.8 Following discussions with the GLA and TfL, all partners have reaffirmed the importance of securing long term funding for investment in the West End. Over and above capital contributions from key partners and the private sector, there is a requirement to identify and agree on a mechanism to capture and retain the benefits of growth. All partners have concluded that a business rates mechanism is the best way of achieving this. If a mechanism for business rate

retention were to be agreed, a range of finance options would be available to partners including prudential borrowing, loans and bond arrangements.

- 5.9 In conclusion, the level of funding uncertainty means that there is a need to remain flexible going forward about what projects and programmes can be funded, the scope of those schemes and delivery timescales. Given all of this, it now seems more likely that the WEP projects will be implemented in more phases than originally planned and perhaps over a longer timescale.

**If you have any queries about this Report or wish to inspect any of the
Background Papers please contact Barry Smith x2923
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BACKGROUND PAPERS

None