

Oxford Street and Oxford Circus Projects

Full Business Case - Technical Executive Summary

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1. Overview

Westminster City Council (WCC) is committed to becoming a net zero city by 2040 and adapting its built environment to be more resilient to climate change. One of the key ways it will deliver this is through the creation of more sustainable high streets which for the Oxford Street project involves improving its carbon impact through design and construction. This includes considering the impact of material selection and sourcing, greening, drainage and providing the conditions to encourage active modes of transport.

WCC will support the recovery of Oxford Street through traffic interventions and public realm enhancements, including the redesign of Oxford Circus. Investment in these projects is intended to address decline through the creation of a more accessible, comfortable, and attractive space, and improving visitor and investor perception. The vision for these projects, while ambitious, has a defined scope focused on environmentally sustainable, physical changes in the public realm supported by robust management post-construction.

It is expected that these interventions will unlock the full potential of this iconic street and provide the canvas upon which council and local initiatives can be galvanise, such as sustainable economic development, active travel and greener neighbourhoods that encourage residents, businesses and visitors to engage with and support the net zero agenda.

This document supports the Full Business Case (FBC) for the Oxford Street and Oxford Circus projects. The aim of the investment is to ensure that Oxford Street is a great place for shoppers, tourists, workers and local residents through the creation of a dynamic and sustainable environment and an enhanced public realm that strengthens the global status of the street.

1.1 Strategic Case

1.1.1 The Case for Change

Oxford Street, the heart of London's West End, is the local high street for Westminster's residents, the nation's economic engine and an international tourist destination. In 2019, the Oxford Street area¹ generated approximately £22.75 billion in Gross Value Added (GVA) annually².

As a leading iconic retail destination visited by millions year after year, Oxford Street and its offer, as well as that of its surrounding area, are diverse. It boasts flagship stores for established brands such as Selfridges and John Lewis, and is home to diverse leisure, cultural and creative enterprises. The concentration of employment is estimated to be higher than that of London and the rest of the country, with the office sector playing a key role to the local ecosystem.

This blend of retail, cultural, commercial and leisure opportunities scattered throughout charming residential neighbourhoods of a European megacity is uniquely significant because:

¹ Estimated using MSOA Westminster 011 and Westminster 013

² ONS 2021, UK small area GVA estimates for more information refer to Appendix B)

- of its high concentration of retail, hospitality, and professional service employment³;
- it attracts approximately 200 million visitors annually⁴;
- it is ranked one of the top shopping destinations in Europe based on recorded footfall⁵;
- it generated £22.75 billion of Gross Value Added (GVA) in 2019⁶.

In recent years Oxford Street has been threatened, initially by increased competition from online retailers and large retail complexes like Westfield shopping centre, and significantly rising business costs, particularly rents and business rates⁷. The Covid pandemic has compounded these issues, significantly impacting visitor numbers, including local workers and retail and leisure trips. International comparisons of footfall recovery across Europe indicated that Oxford Street was ranked as the worst affected during the height of the pandemic with footfall declining by 71% (March 2020-March 2021)⁸.

The ongoing success of Oxford Street is linked to maintaining its status and appeal as a flagship destination that attracts millions of visitors every year. The existing condition of Oxford Street doesn't match its international status, with poor public realm affecting the economic recovery and long-term vitality of the area. In a recent survey⁹ into visitors' perceptions of Oxford Street, perceived problems cited included "overcrowding" (59%) and "difficulty moving down the street" (31%).

More widely, perceptions of the West End conducted by Lake Market Research also showed a primary barrier of future visits to the West End is the perceived expense (45%) and being too busy/crowded (39%). The survey also reported that 92% of respondents associated the West End as "busy / bustling" either 'very much or to some extent' and 90% associated the West End with being "touristy/a tourist trap". 60% of respondents used the word "overwhelming".

Oxford Street's success is at a crossroads, and it faces significant challenges that must be urgently tackled to retain and enhance its status. These recent and ongoing challenges include:

- climate change and the sustainability and resilience of high streets including Oxford Street;
- increasing competition from online retail and large retail complexes like Westfield;
- escalating business costs;
- the legacy and recovery from the Covid pandemic¹⁰;

³ Oxford Street area (based on two local MSOAs) has a significantly higher job density than Westminster, London and Great Britain (see Appendix B/Table 1)

⁴ <https://www.westend.com/oxford-street/>

⁵ BNP Paribas: Pan European Footfall analysis 2021-2022

⁶ £22.75bn in 2019 represents over 30% of Westminster's total GVA and 5% of London's GVA

⁷ [Can Oxford Street return to its former glory? \(drapersonline.com\)](https://www.drapersonline.com)

⁸ <https://www.retailtimes.co.uk/oxford-street-most-impacted-by-covid-19-among-major-european-high-streets-mytraffic-shows/>

⁹ December 2022 Front Room Public Engagement event

¹⁰ During the height of the pandemic, Oxford Street was the worst affected high street across Europe with footfall declining 71% between March 2020-2021 (<https://www.retailtimes.co.uk/oxford-street-most-impacted-by-covid-19-among-major-european-high-streets-mytraffic-shows/>)

- poor-quality public realm and associated negative perceptions of Oxford Street as a place to visit¹¹; and
- bottlenecks in the transport network, such as Oxford Circus, which consistently experiences some of the highest demand across the London Underground¹².

1.1.2 Impacts of not Changing

Transport connectivity and availability is a key attribute to the economic strength of Oxford Street but sustaining the longevity of the area's status is threatened by the current condition of its public realm. Intervention is required to **ensure that Oxford Street is a great place to for shoppers, tourists, workers and local residents through the creation of a dynamic environment and an enhanced public realm that strengthens the global status of the street.**

Efforts have been made to improve the pedestrian environment and stimulate recovery post-Covid through temporary pavement extensions and additional planting and seating on Oxford Street, to the west of Oxford Circus. These temporary features were installed under a Temporary Traffic Order (TTO) initially under an 18-month agreed timescale and have subsequently been consulted upon in 2023 to create a Traffic Management Order (TMO). Without additional funding, these features will be removed which would result in a further degradation of the current pedestrian environment and increase congestion on footways, if there is no further investment. This could also present an increased safety risk with motorised and non-motorised users conflicting in an already congested environment.

Without addressing public realm quality and pedestrian congestion, the perceptions that Oxford Street is "crowded" and "overwhelming" will continue to worsen. Inaction will also exacerbate the congestion impact of additional pedestrians resulting from the recent opening of the Elizabeth Line at Tottenham Court Road and Bond Street and, at the same time, limit opportunities to capitalise on this increased footfall in the area. Future growth of footfall would be restricted as a result and therefore, failure to improve the public realm and pedestrian environment along Oxford Street will inhibit economic recovery, further limiting the attractiveness of the area to visitors and businesses.

Without further investment, there is a risk that Oxford Street will fail to respond to evolving retail trends or recover fully from the impacts of the Covid pandemic. Oxford Street faces greater competition from online retailers and other shopping destinations. To provide the best offering to shoppers, visitors and tourists, Oxford Street must be a place that is easy to access and travel around - a high quality streetscape and urban realm is critical to this and currently not something that is provided.

A more comprehensive and extensive programme of improvements is required if Oxford Street is to maintain its status as a leading retail and leisure destination and ensure the long-term vitality of the local economy.

¹¹ Various public surveys have highlighted perceptions that Oxford Street is "overcrowded" and "overwhelming"

¹² Oxford Circus demand is consistently in the top 4 of all London underground stations (2012-2021) (with the exception of 2020 which was significantly impacted by Covid (source: TfL Station Usage Data))

1.1.3 Proposed Intervention

The vision for the Oxford Street Programme (OSP) is to:

Ensure that Oxford Street is a great place to for shoppers, tourists, workers and local residents through the creation of a dynamic environment and an enhanced public realm that strengthens the global status of the street.

The projects are expected to deliver benefits across a number of themes, including supporting the Council's net zero carbon and social value ambitions, which are outlined below. The designs for the Oxford Street and Oxford Circus projects are under development and, therefore, the assessments are based on information currently available.

With this overall aim in mind, the specific objectives of the Oxford Street and Oxford Circus projects are as follows:

- To engage on and design a high-quality public realm scheme that addresses accessibility, safety and sustainability issues such as sustainable transport use, biodiversity, construction impacts, future-proofed street furniture (including lighting) and drainage design.
- To develop management and maintenance approaches that will ensure that the quality of the public realm can be sustained in the long term.
- To support the future economic success of Oxford Street.

These scheme objectives are strongly aligned to national, regional and local policy, notably The Mayor's Transport Strategy, Healthy Streets for London, Fairer Westminster and the Westminster Way Supplementary Planning Document.

To respond to this, building on a review of the 2019 Place Strategy and Delivery Plan for the Oxford Street District, the new Westminster leadership has sought to focus on the regeneration of Oxford Street itself, with delivery of complementary schemes to facilitate this (see Figure ii – Oxford Street Programme Extent).

The OSP consists of a number of projects including Oxford Street and Oxford Circus, and other schemes to be delivered in the wider area that enhance pedestrian access and circulation, and overall traffic movement (illustrated in Figure ii). The full business case specifically refers to the Oxford Street and Oxford Circus projects and addresses them separately given the different funding strategies applicable. Given the scale and impact of the remaining projects to be delivered through the programme, they will be subject to governance and approval process typical of other highways/public realm schemes.

The Oxford Street and Oxford Circus components are the subject of this business case and are referred to as 'Oxford Street and Oxford Circus projects'. The project scope is presented visually in Figure i and outlined in Table i below.

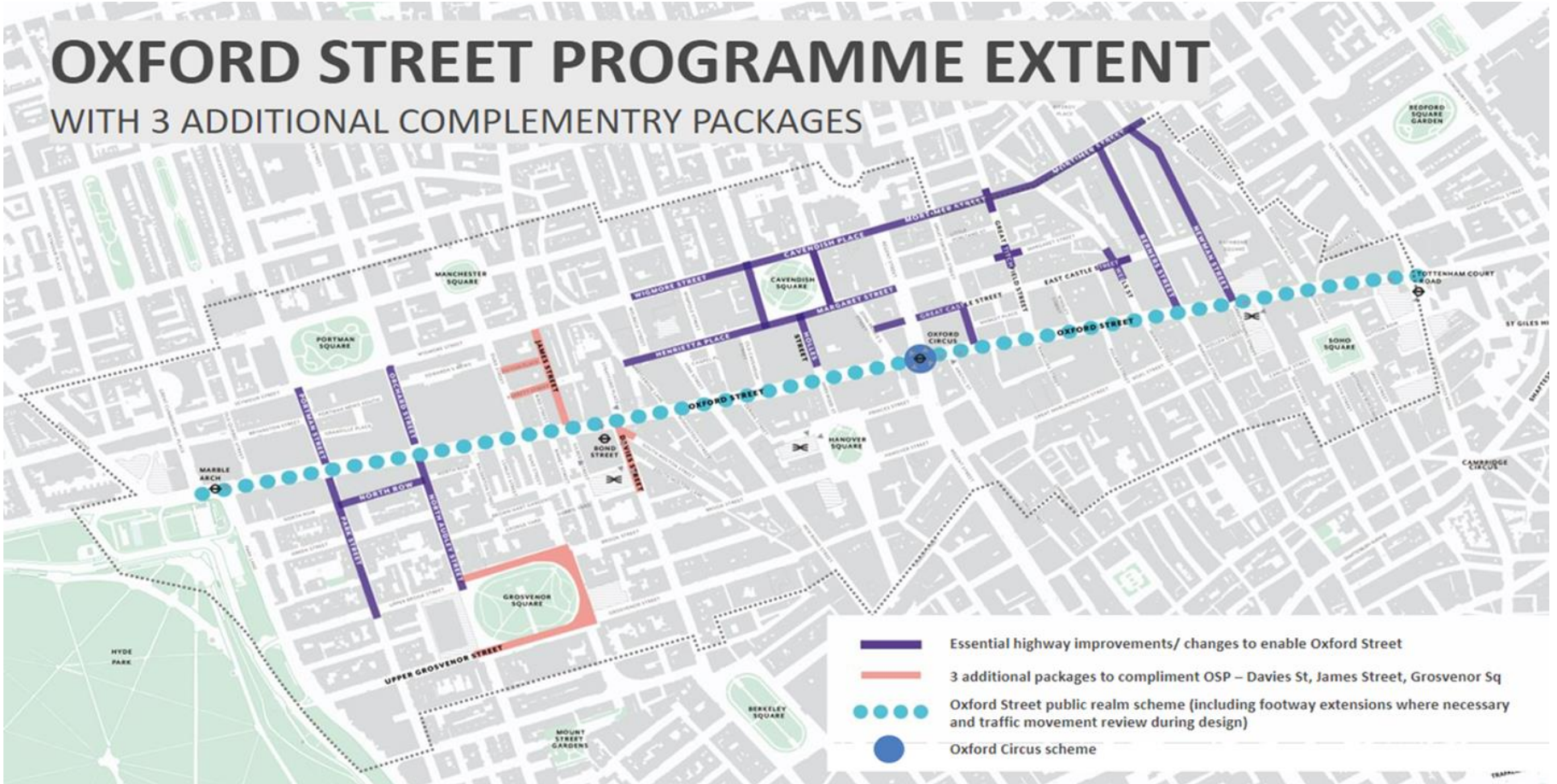


Figure i – Oxford Street Programme Extent



Figure ii – Oxford Street and Oxford Circus Scope Area

Table i: Oxford Street Project Options Overview

	Overview	Cost and Funding
Oxford Street and Oxford Circus Project	<p>Deliver a high-quality public realm scheme along Oxford Street (from Marble Arch to Tottenham Court Road) aligning with the international status and reputation of this street.</p> <p>Create a high-quality public realm along Oxford Street that includes natural stone paving, future-proofed lighting columns, additional greening, security measures and more seating. Fundamental to the design process including material selection and maintenance is carbon impact and supporting environmental sustainability. On certain junctions with side streets, thematic amenity spaces will be introduced to provide places for gathering and resting.</p> <p>A redesigned Oxford Circus will streamline vehicle and pedestrian movements, reducing waiting times and delays for both and provide more pedestrian space to better accommodate the high levels of footfall.</p> <p>Furthermore, Hostile Vehicle Mitigation (HVM) measures will be installed at both locations to address the high terrorist threat.</p>	<p>Requires 50% third party funding for design and construction, and ongoing management and maintenance (including waste, cleansing and landscape maintenance).</p>
Ongoing Highways Maintenance ('do nothing')	<p>Without the required 50% third party funding the Council will continue the maintenance of the highway along Oxford Street. This will require the removal of the temporary footway extensions, planting and seating on Oxford Street, to the west of Oxford Circus. These measures used materials with a short design life as the expectation was that they would be made permanent through the Oxford Street and Oxford Circus projects. If external funding is not secured these measures will not be retained due to the cost of the necessary works to make them permanent including drainage connections.</p>	<p>Temporary interventions removal cost to be agreed with design and build contractor.</p>

As detailed in Table i above, the delivery of the Oxford Street and Oxford Circus projects is predicated on external funding for design and construction, and a contribution to the ongoing management and maintenance of interventions by third parties. The Council is committed to funding 50% of the Oxford Street project and the ambition is to maximise the external funding for Oxford Circus, this is with the intention of striking a balance between ringfencing funding to the Oxford Street Programme and re-directing budget to other priority areas where external funding is not realistic. Several such schemes have been identified as part of Fairer Westminster.

The Oxford Street and Oxford Circus projects will be compared to a 'do nothing' option where Council maintenance along Oxford Street will continue and the temporary footway extensions, planting and seating introduced in Oxford Street West during the pandemic will be removed. If no investment is secured there will be significant impact on the quality of the public realm, which is already deteriorating. This would also increase safety and security concerns in an area experiencing heavy daytime pedestrian footfall and which serves as a key transport connection, which is more pressing given the arrival of the Elizabeth Line.

The achievement of the full scope of the Oxford Street and Oxford Circus projects and its outcomes is dependent on changes being implemented at Oxford Circus to simplify junction operation. Whilst North-South and East-West traffic movement through Oxford Circus will be maintained, the junction operation is to be simplified allowing for an increase in footway space and reducing pedestrian waiting and crossing times.

The projects are expected to deliver benefits across a number of themes, including supporting the council's net zero carbon and social value ambitions, which are outlined below.



To create a **fairer environment**, the Oxford Street Programme seeks to support achieving a net zero city by 2040. This means building resilience by reducing carbon emissions of the proposed projects throughout the design and construction process. The improvements seek to enhance biodiversity through tree planting and greening in consideration of species selected. This greening will provide shade, reduce the urban heat island effect and support the existing 'Wild West End' network, which stepping stones for fauna between green spaces.



Both projects will **improve the quality and perception of the public realm** and make it more pedestrian friendly through wider pavements and crossings, additional greening and security measures, and the provision of agoras in selected side streets to enhance dwelling spaces. At Oxford Circus, the re-designed junction will reduce delays for pedestrians and vehicles, generating journey time benefits for all users.



Gross Value Added (GVA) through **additional retail spend, construction and retail employment**. Both projects' construction phases will enhance their social value by creating employment through direct construction jobs and indirect jobs in the wider supply chain, along with additional retail jobs. The improvements will help support the post-pandemic recovery of footfall, which will encourage more visitors and consequently more spending in the local economy.



Reduced collisions – both projects will improve crossings and provide more space for pedestrians, which will reduce the conflict between motorised and non-motorised users. At Oxford Circus specifically the pedestrian footway space is expected to increase by 40% which will assist in accommodating peak footfall.



The improvements include wider pedestrian crossings, longer green signals for pedestrian crossings and more frequent formal crossing points. This will reduce the width of the carriageway and the dominance of motorised vehicles in the area, which will also help **reduce the conflict between non-motorised users and motorised users**.



Land and rental uplifts – while not monetised, it is likely that alongside additional retail spend, landowners and business in the area will benefit as the projects enhance the area's attractiveness. This will help reduce vacancy rates and increase competition in rental and market values.



Re-designing Oxford Circus will reduce standstill traffic, cut down delays for motorised vehicles (including private vehicles, taxis and buses), and **help improve localised air quality** and fuel consumption.

1.2

Economic Case

The designs for the Oxford Street and Oxford Circus projects are still being developed and, therefore, the economic assessment is based on information currently available.

The economic appraisal of the proposed scheme has been based on quantitative and qualitative assessments as per the Department for Transport's Transport Appraisal Guidance (TAG) units A1 and A2 and undertaken in line with Transport for London (TfL) guidance, particularly in relation to valuing specific transport and public realm related benefits.

1.2.1 Monetised and Non-Monetised Impacts

The key monetised impacts of the Oxford Street and Oxford Circus projects are improved journey quality, a reduction in collisions and wider economic benefits, particularly Gross Value Added (GVA) uplift from construction and improved economic activity and jobs uplift delivered by high quality public realm.

The projects are expected to deliver benefits in the following areas:

- **Journey quality** – improve the quality of the public realm by making the space more pedestrian friendly through measures such as wider pavements and crossings, additional greening and the provision of amenity spaces at selected side streets to create places for dwelling;
- **Collisions** – provide more space for pedestrians which will reduce the conflict between motorised and non-motorised users. At Oxford Circus specifically the pedestrian footway space is proposed to increase by 40% which will help accommodate peak footfall;
- **Pedestrian journey time** – improve the flow of pedestrians along Oxford Street and through Oxford Circus. At Oxford Circus specifically, the junction redesign reduces delays for pedestrians and vehicles, generating journey time benefits for all users;
- **Security** – enhance the pedestrian environment through improved surveillance, Hostile Vehicle Mitigation (HVM) measures, positive landscaping and increased lighting and visibility. Whilst, this benefit has not been monetised it will be significant in reducing the likelihood and severity of any potential terrorist attacks involving vehicles;
- **Wider economic benefits** –
 - GVA through construction employment – both projects will support employment of people through the construction phases of the projects through a) direct construction jobs and b) indirect jobs in the wider supply chain;
 - GVA through additional retail spend – the improvements will help support the pandemic recovery of footfall which will encourage more visitors and consequently more spending in the local economy;
 - GVA through retail employment – indirectly through additional retail spend this will support additional retail jobs being created.

In addition, other slight benefits will arise from:

- **Air quality and greenhouse gases** – reduced delays for motorised vehicles (including private vehicles, taxis and buses) due to the redesign of Oxford Circus which limits stationary traffic and therefore improves localised air quality and fuel consumption;
- **Townscape and the historic environment** – the public realm improvements will enhance the conservation area and reduce the dominance of motorised vehicles in the area;
- **Biodiversity** – the improvements along Oxford Street seek to enhance biodiversity through greening, where possible, with consideration to the species selected;
- **Physical activity** – the improvements along Oxford Street may encourage pedestrian users to walk further distances due to improved comfort and security;

- **Land and rental uplifts** – while not monetised, it is likely that alongside additional retail spend that other landowners and business in the area will benefit as the projects enhance the attractiveness of the area. This will help reduce vacancy rates and increase competition in the rental and market values.

1.2.2 Value for Money

Whether a project makes a good investment can be assessed by evaluating:

- the costs of implementing the project (including short term construction costs and medium to longer term costs such as operation and maintenance); against
- the benefits that project would be expected to deliver.

Comparing the costs against the benefits is used to inform a ‘value for money’ (VfM) assessment. Value for Money (VfM) is calculated in the Economic Case with reference to the Benefit Cost Ratio (BCR). In consideration of the costs and benefits, a ‘benefit-to-cost’ ratio can show the likely return on the investment (i.e. for every £1 invested, how much is received back in benefits).

Table ii: Overview of costs and benefits (in 2010 prices¹³)

	Oxford Street		Oxford Circus
	WCC	Total	Total
Journey Quality	52.937m		6.985m
Collisions	35.776m		3.066m
Economic Efficiency: Consumer Users (Commuting)	-		9.067m
Economic Efficiency: Consumer Users (Other)	-		10.019m
Economic Efficiency: Business Users and Providers	-		0.70m
Direct Job Creation (GVA)	18.642m		7.975m
Indirect Job Creation (GVA)	18.623m		7.967m
GVA Increase from Visitor Spending	135.819m		-
GVA Increase from Visitor Spending - Additional Job Supported	7.864m		-
Total Present Value of Benefit (PVB)	269.661m		45.148m
Present Value of Cost (PVC)	30.395m	61.535m	17.127m
Net Present Value (NPV)	239.267m	208.127m	28.022m
Adjusted Benefit Cost Ratio (BCR)	8.87	4.38	2.64
Value for Money Category	Very High	Very High	High

Therefore, this can show whether the projects demonstrate “value for money” (i.e. does it make financial sense to invest public funds). A BCR of greater than 1 indicates that the benefits outweigh the costs. VfM is assessed by the Department for Transport (DfT) using the following categories:

Poor (BCR 0-1)	Low (BCR 1-1.5)	Medium (BCR 1.5-2)	High (BCR 2-4)	Very High (BCR >4)
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The use of a BCR and VfM category is a standard approach used by the DfT to ensure consistency across the appraisal of schemes and allow for direct comparison. Table ii.

¹³ Presented in 2010 prices for consistency with the economic case (as per industry standard for business cases with a transport component).

above shows the costs and the benefits for the Oxford Street and Oxford Circus projects, in addition the BCR for each project and the value for money (i.e. the expected return on money invested) for Westminster City Council (WCC).

As shown above in Table ii, the costs and benefits, BCR and value for money (i.e., the expected return on money invested) demonstrates that the return on the investment for the Oxford Street project is “very high” (£4.38 for every £1 invested), while the return on the investment for Oxford Circus is “high” (£2.64 for every £1 invested). When considering the other non-monetised benefits, the value for money delivered would be even higher for both Oxford Street and Oxford Circus. For Oxford Circus, the costs have been assumed to be solely covered by WCC. Discussions are underway with third parties with the ambition to maximise third party funding.

The economic appraisal assessment has focused on the monetised benefits derived to pedestrians due to the proposed public realm improvements. However, given the non-monetised benefits and the clear strategic rationale for the schemes set out in national, regional and local policy, the Oxford Street and Oxford Circus projects have the potential to achieve a higher value for money category than the BCR alone indicates.

The Council has calculated that the OSP is estimated to emit 46,749 tonnes of carbon emissions (CO₂e) using its Carbon Impact Evaluation Tool. This is a high-level estimate due to the programme being at an early stage however, the methodology used to calculate this is consistent with CO₂e estimates for other council projects. Despite the inability to prepare a more accurate carbon calculation given the stage of scheme design, it is expected, like other construction-related projects, that they could have a considerable overall emissions impact. This calculation will be refined and updated as design progresses to provide more accurate carbon emissions estimates.

1.2.3 Sensitivity Tests

In order to demonstrate the robustness of the Economic Case, it is typical to illustrate how the benefits, costs and value for money change under different scenarios and assumptions. The following factors have been assessed:

- Oxford Circus 30% cost reduction – due to the physical constraints (see Table 10 in the Strategic Case) around the construction of the scheme, this looks to demonstrate what the situation would be if the construction methods were standard (i.e. not accounting for special construction circumstance). The contractor estimated that the cost would be reduced by 30%.
- 30-year appraisal period – the core scenario assumes a 20-year appraisal period (60 years for accident and journey time benefits). This is a deliberately conservative approach and the lifespan of the infrastructure would likely be extended with the inclusion of ongoing maintenance to prolong the infrastructure longevity.
- High economy (optimistic) scenario, incorporating a 10 percentage point increase in footfall uplift (to 38.36% up from 28.36%) and a £100 average visitor spend (up from £75).
- Low economy (pessimistic) scenario, incorporating a 10 percentage point decrease in footfall uplift (to 18.36% down from 28.36%) and a £50 average visitor spend (down from £75).

Table iii below provides a summary of the results of the sensitivity test. This demonstrates that under a variety of different scenarios the projects are still projected to deliver no lower than a BCR of 1.43.

Table iii: Summary of Sensitivity Test Results

Scenario	Oxford Street				Oxford Circus	
	Basic BCR		Adjusted BCR		Basic BCR	Adjusted BCR
	WCC	Total	WCC	Total	WCC	WCC
Core	2.92	1.44	8.87	4.38	1.71	2.64
30-year appraisal period	3.61	1.78	10.89	5.38	1.87	2.80
Oxford Circus 30% cost reduction	N/A				2.44	3.77
High economy	3.00	1.48	12.76	6.30	1.77	2.70
Low economy	2.83	1.40	6.10	3.01	1.64	2.57

1.3 Financial Case

1.3.1 Capital Costs

The project cost consultants have undertaken an outline costing for Oxford Street and Oxford Circus. Cost estimates will continue to be refined as the design phases progress. Table iv. presents the costs using a January 2020 baseline with indexation, excluding VAT.

Table iv: Oxford Street and Oxford Circus Capital Costs (£000s)

Cost Type	Oxford Street	Oxford Circus	Total
Design costs	1,874	1,209	3,083
Construction costs	31,896	8,737	40,633
Contract wide resources	11,655	3,225	14,880
Inflation to January 2023	11,356	3,293	14,649
Inflation 2024 onwards	6,814	1,976	8,789
WCC internal and direct costs	6,360	1,844	8,203
Utilities	6,360	1,844	8,203
Signals and bus shelters	3,455	200	3,465
Risk	5,065	1,492	6,557
Contingency	5,065	1,492	6,557
Total¹⁴	89,900	25,311	115,212

The total indicative project costs for delivering the Oxford Street and Oxford Circus schemes are £115.212m. Assumptions within these costs include:

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

The construction costs are based on standard MCJV rates and price lists and have been estimated with the assistance of quantity surveyors using project cost summaries built up in accordance with standard specification of highways works.

¹⁴ Costs above exclude design costs of £3.112m incurred during the OSD programme that will be utilised as part of the new programme

1.3.2 Funding Oxford Street and Oxford Circus

The funding assumptions to meet the Oxford Street costs are presented in Table v below.

Table v. Funding Breakdown: Oxford Street

Funding Breakdown	£m
Total Costs	90
WCC Capital Programme funding	45
Third Party Funding	45

The current assumptions are as follows:

- The Council will fund 50% of Oxford Street which is currently budgeted at £45m
- Third parties will fund the remaining 50% of Oxford Street

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

1.3.3 Spend Profile

The spend profile for the Oxford Street and Oxford Circus projects is presented in Table vi below.

The majority of the spend on the project would take place between 2023/24 and 2026/27 with the most significant spend expected within the construction phase scheduled between 2024/25 and 2026/27. The expenditure profile that is currently assumed, is likely to change as the programme proceeds through design to construction.

Table vi. Oxford Street and Oxford Circus Spend Profile (£000s)

	22/23	23/24	24/25	25/26	26/27	Total
Oxford Street	1,801	5,047	23,267	45,258	14,527	89,900
Oxford Circus	507	1,745	2,734	5,527	14,799	25,311
Total	2,308	6,792	26,000	50,785	29,326	115,212

1.3.4 Revenue Implications

The Council currently manage and maintain Oxford Street and Oxford Circus within the existing city-wide Highways and Cleansing contract. It is estimated that the ongoing costs within the contract attributed to Oxford Street and Oxford Circus are approx. £1.6m per annum. In addition, the New West End Company (NVEC) provides an enhanced maintenance programme for Oxford Street which includes periodic deep cleans, graffiti removal, paving stone replacement, plant maintenance and street furniture repairs.

Due to the current maintenance programme provided by WCC and NVEC the expectation is that there will be no requirement for an uplift in maintenance costs, the exception being 50/50 shared costs between WCC and NVEC for the watering of the newly planted trees

along Oxford Street. Furthermore, it is expected that current maintenance costs will reduce in the short term as the projects will introduce new materials therefore reducing the current repair and maintenance costs.

1.3.5 Budget Position

The expenditure budget approved by Full Council in March 2023 is £127.592m. The budget was based on the delivery of the historic district wide programme with the recognition that this would need to be revised based on new delivery workstreams and more aspirational funding expectations.

The Council is committed to some other works in the area, including side streets off Oxford Street, amounting to £16.8m. Together with the £45m for Oxford Street this totals £61.8m. These other works do not form part of the formal business case as its focus is on Oxford Street and Oxford Circus only.

As referenced above, the ambition is to maximise the external funding for Oxford Circus. Potential budget saving to the council depending on whether external contributions are realised for Oxford Circus is a maximum of £65.828m. This is a saving in borrowing costs of £4.035m per annum compared to the current provision within the Capital strategy. This saving may reduce depending on the outcome of the negotiations on funding with partners. The council is keen to strike a balance between ringfencing funding to the Oxford Street Programme and re-directing budget to other priority areas where external funding is not realistic. Several such schemes have been identified as part of the Fairer Westminster ambition.

Table vii. Budget position

Budget Position	£000's
Current budget	127,592
Council commitment	61,764
Maximum budget saving	65,828
Oxford Circus costs*	25,311
Reduced budget saving	40,517

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

1.3.6 Financial Risks and Dependencies

A programme risk register has been produced and will be maintained to be informed by quantified risk assessments that will be developed once projects designs are progressed. The key financial risks are:

- **Limited or restricted funding:** Availability of third-party funding is critical to the delivery of the Oxford Street and Oxford Circus projects. If this funding is unavailable, the Council will continue the maintenance of the highway along Oxford Street as is currently the case. This will require the removal of the temporary footway extensions, planters and seating on Oxford Street West as previously noted.
- **Scheme cost escalation:**
 - Inflation and limited availability of materials could result in scheme cost increases. Although an additional 15% of the costed design and construction costs have been allowed for within both Risk and Contingency, these may not be enough to cover future unexpected costs.

To mitigate this the project team and finance team will work alongside the contractor to identify any potential overspends at an early stage and mitigate this appropriately.

- Additionally, most projects are still at the initial (Stage 1) design stage. Costs may increase once elements have been fully conceived. Again, this is reflected in the high levels of risk, contingency and inflation allowed for in costings.
- **Utility costs:** are also unknown at this stage and further stakeholder engagement and traffic modelling may identify design changes that result in additional costs. This is managed through the design and project finance management process.
- **Resourcing:** Project resourcing is key. A team structure has been developed and core team established. Recruitment will progress once further approval for funding has been received.
- **Delays to delivery:** Delays to delivery could impact on costs. Project programmes are co-developed with the contractor to ensure close monitoring of milestones and support careful coordination of designs and works.

1.4 Commercial Case

The Business Case is considered to be commercially viable, with the Economic Case demonstrating that the package of benefits outweigh the costs of the schemes, particularly when considering the wider economic benefits. The scheme proposals are generally by local authority partners and wider stakeholder groups and a viable delivery approach is in development for the delivery of the Oxford Street and Oxford Circus projects.

1.4.1 Procurement Approach

Following the completion of an OJEU compliant competitive tender, WCC Cabinet approved the appointment of MCJV under a Design and Build Contract. Table viii below summarises the key procurement steps and timescales.

Table viii. Procurement Overview

Stage	Description	Dates
Approval to tender	Cabinet report approved to commence exercise via a Competitive Procedure with Negotiation (CPN) to procure a multi-work package, design and build contract with an aggregate value up to £350m	25 th October 2018
Competitive Procedure with Negotiation (CPN)	<ul style="list-style-type: none"> • Call for competition published • 3 entities sought shortlisting • Invitation to Tender (ITT) published • ITT – initial tenders received • Negotiation sessions held (two per tenderer) • ITT – Final Tenders received 	18 th December 2018 25 th February 2019 22 nd March 2019 3 rd June 2019 17 th -28 th June 2019 22 nd July 2019
Appointment of contractor	Each bidder was assessed to confirm most economically advantageous tender, across a range of criteria including risk allocation, social value, technical evidence and commercial criteria. Cabinet approval of MCJV	September 2019

WCC have an NEC4 (ECC) Design and Build contract with Option A pricing with MCJV, a joint venture between J Murphy and Sons Limited and PJ Carey (Contractors) Limited, for works related to the Oxford Street Programme. MCJV has engaged Arcadis Consulting (UK) to manage its design and public realm elements, supported by BDP. This NEC4 contract commenced in January 2020 and will conclude on completion of all projects requested by Westminster City Council.

1.4.2 Sourcing Options

The Council recognise there is significant amount of embodied carbon associated with construction activities, such as the extraction, transportation, construction and use of materials. The Council's Carbon Impact Evaluation Tool (CIET), quantifies the carbon emission with forecasts on scheme scopes and will be refined calculated once the design scheme and materials are selected, as these will influence the project's overall carbon footprint significantly. At this early stage of the projects, the materials and scheme designs are not yet confirmed, but the programme team has started exploring potential mitigating actions.

The Council has identified several social value outcomes that align with Fairer Westminster priorities to which MCJV has committed to. These include supporting Westminster residents in apprenticeships, jobs and work experience, and providing training to residents. MCJV are also committed to volunteering, investing in greening interventions as well as supporting local VCS organisations.

1.4.3 Risk Allocation and Transfer

WCC has extensive experience in delivering complex schemes and has developed a Project Risk Management Strategy and Risk Register to identify and record risks, identify potential mitigation including reducing risks or allocating to the relevant parties that are best able to deal with them. Risk allocation will be shared between the public and private sectors as set out in the NEC4 contracts.

1.4.4 Contract Management Approach

The contract will be managed by WCC who has significant experience of managing high value, complex contracts of this nature and has a strong reputation for delivering high quality schemes on-time and within budget. Key staff have been upskilled in the new NEC 4 form of contract to ensure that they are up to date with the new forms of contract and their obligations under that form of contract. A gate process has been added to the form of contract so that the Council has control of key elements of the programme.

Management of construction and CDM will be the responsibility of external contractors (identified through early contractor involvement as MCJV). The project management resource will be responsible for tracking programme delivery and ensuring that procured services are delivering on schedule and are coordinated.

During the implementation phase, a Project Manager/Supervisor will be appointed to administer the construction contracts, overseeing all aspects of the programme, construction, risk management and cost control.

1.4.5 Payment Mechanisms, Pricing Framework and Charging Mechanisms

Payments will be linked to performance and contractors will be paid after delivery of milestones as set out in the procurement specification. Key details will be set out in the Payment Approval Plan for the contract.

1.5 Management Case

1.5.1 Governance

The Council is committed to the effective and efficient delivery of the OSP and projects through a Senior Responsible Officer (SRO), project team, risk management, project monitoring and escalation processes. To support this a new governance approach has been established for the programme to ensure robust decision making and transparency.

The Project Sponsor is ultimately responsible for the delivery of the project including its financial management. A Strategic Finance Lead and a budget manager provide the day-to-day financial management and support for the project. These roles report into the WCC's Finance department and the Project Sponsor. The Director of Oxford Street provides an update to the Project and Programme Boards by way of a monthly financial dashboard which details expenditure and funding against programme.

1.5.2 Programme Plan

A detailed project plan is in development in consultation with the project design and build contractor and will be updated as the schemes progress. An indicative timetable for the delivery is outlined in Table ix below. These dates are subject to change and subject to Cabinet approval of this Business Case.

Table ix. Indicative Oxford Street Programme

Project Stage	Dates	
	Oxford Street	Oxford Circus
Business case presented to Cabinet	September 2023	
Stage 1 - Feasibility design	Summer 2023	Autumn 2023 to Spring 2024
Traffic modelling	Winter 2023	Spring 2024
Stage 2 – Initial design	Autumn 2023 to Spring 2024	Summer 2024 to Spring 2025
Stage 3 - Detailed design	Spring 2024 to Autumn 2024	Summer 2024 to Winter 2024
Scheme Construction	Autumn 2024 to Spring 2026	Winter 2025 to Winter 2026

1.5.3 Communication and Stakeholder Management

Strong communication and engagement is vital for stakeholder and public acceptance of the Oxford Street and Oxford Circus projects. Historically, consultation with stakeholders has focused on the wider delivery of the Place Strategy however the launch of the new OSP has been accompanied by several engagement activities to promote the revised programme scope and approach. A broad range of communication activities have been and will continue to be used to raise awareness of the programme and projects and the related delivery.

Positive and proactive engagement with key stakeholders including residents, landowners, BIDs and the business community will continue, and they will be encouraged to contribute to the design process and throughout delivery via focused engagement.

A dedicated Stakeholder Engagement Manager and Public Liaison Officer will be employed on the Oxford Street Programme to lead on and support engagement with residents, businesses, visitors and other interested parties throughout the period of works.

1.5.4 Benefits Realisation

Monitoring and evaluation of the project's success will be measured against project objectives. Key Performance Indicators (KPIs) have been identified to assess project impact including improved pedestrian comfort level and increases in visitor numbers as well as perception surveys to assess views of Oxford Street users on its vitality and environment. Baseline data collection has already begun with traffic surveys undertaken in September 2022. Further data collection will occur in 2023 with year-one post opening data collection scheduled for 2027 and a 5-year post-opening monitoring and evaluation report planned for 2031/32.