

06 March 2014

This record relates to Agenda Item 135

RECORD OF POLICY & RESOURCES COMMITTEE DECISION

SUBJECT: BRIGHTON I360

AUTHOR: KATHARINE PEARCE

THE DECISION

1. That it be agreed that Option A referred to in the report is the preferred option, so that the Council would borrow from the Public Works Loan Board (PWLB) and lend a further £21.4M to Brighton i-360 Ltd in addition to the £14.8M agreed in July 2012;
2. That the Executive Directors of Finance & Resources and Environment, Development & Housing, after consultation with the Chair of Policy & Resources Committee, be authorised to finalise the revised terms and enter into the proposed loan agreement with Brighton i360 Ltd with a target of financial close by May 2014 and to take all steps necessary or incidental to the completion and implementation of the agreement;
3. That the Head of Legal & Democratic Services be authorised to complete all necessary documentation and take all necessary action to effect completion of the proposed loan agreement;
4. That the inclusion of the loan agreement to Brighton i360 Ltd in the Capital Resources and Capital Investment Programme 2014/15 (and the following two years' capital programmes) to be funded through unsupported borrowing be approved; and
5. That the allocation of resources generated by the i360 towards reinvestment in the wider development of the seafront and its infrastructure be agreed.

REASON FOR THE DECISION

Alternative funding options have been fully explored by all parties but at the present time no alternative option is available to enable a start on site in 2014.

It is judged that an alternative quality project would take several years to put in place taking into account scheme design, public consultation and a planning process. A new proposal would in all likelihood still need to address a potential private-public funding arrangement. Were an alternative future scheme to be achieved, the council will still be faced with having to find a resolution to the derelict arches and Seafront landscaping, potentially from its General Fund. There are no cheap or short term options for this challenging Seafront site.

A 'do-nothing' option has considerable negative reputational, physical and financial impacts on the city long term and the regeneration, business uplift and job impacts will not occur. The current proposal meets important objectives for the city that are

included within the Economic, Tourism and draft Seafront Strategies.

There remains a serious underfunding of Seafront Infrastructure which sits on the council's Strategic Risk Register and which this proposal could assist with resolving.

DETAILS OF ANY ALTERNATIVE OPTIONS

Officers together with the Coast to Capital LEP and expert financial advisers have considered a range of options that might enable funding to be raised to allow the i360 project to move forward and these are set out in the main body of the report. At present no alternative preferred funding options have been identified, other than those explored in paragraph 3.6 of the report.

If the council determine not to proceed, it is likely that the starting date would continue to remain uncertain until the economic recovery allows new investors to be secured. As a consequence the West Pier site could remain sterilised for the foreseeable future with consequences for the vitality of the seafront which anchors the city's visitor and tourism economy.

Implications of a further delay to the development, might include:

- Higher project financing costs.
- Increased construction costs.
- Deferred/loss of, future income to the city council.
- No new "investment pot" to protect seafront infrastructure and to protect and grow business and investment income for future years.
- Loss of business rates income.
- Loss of funds to implement permanent landscaping scheme.
- Existing scarce resources have to be re-prioritised from current and future revenue and capital service budgets.

Wider Implications of not proceeding

If the council were to consider not proceeding with the i360 project for the foreseeable future there would be significant implications for the Seafront, for the city and also for the owners of the site, the West Pier Trust. These impacts are listed more fully in Appendix 8 but would include:

- The Seafront, as the shop window of the city, and a key economic driver for tourism, remains blighted by a derelict site at its centre and all that this entails in terms of image, income and amenity issues.
- Resolution of the site remains uncertain, and the council is faced with the possibility of having to manage this decline. Urgent maintenance works to the derelict arches are still required and also works to the root end of the West Pier (owned by the West Pier Trust).
- There is an adverse impact upon Seafront businesses due to exposure to closure and/or business interruption. The former Shelter Hall at West Street and Madeira Terraces are recent illustrations of the impact of closure and costs associated.
- The loss of circa 700-735,000 visitors to the western seafront area impacts upon the ability to create thriving new business's here, particularly within the western arches.
- Seafront landscaping remains unresolved for the old boating lake (west of the site) and paddling pool area (east of the site). There is a risk of potential closure of the section of Upper Promenade above the redundant

arches in the future if they are not able to be restored. The cost for this would most likely be required from council budgets instead of being funded as part of the i360 overall building works.

Proper Officer:

Date: 07.03.2014

Mark Wall, Head of Democratic Services

Signed:

A handwritten signature in black ink, appearing to read 'Mark Wall', written over a horizontal line.

CALL-IN FOR SCRUTINY

Note: This decision will come into force at the expiry of 5 working days from the date of the meeting at which the decision was taken subject to:

- (i) any requirement for earlier implementation of the decision or,
- (ii) the decision being called in for review by 5 Members from two or more Groups represented on the Council.

