

Subject:	Former Peter Pan's Amusements site - Sea Lanes Lease Agreement – Part 1		
Date of Meeting:	28 April 2016		
Report of:	Acting Executive Director for Environment, Development & Housing, and Executive Director for Finance & Resources		
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Ward(s) affected:	East Brighton		

FOR GENERAL RELEASE**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 In Autumn 2014 the Council marketed the area known as the former Peter Pan site on Madeira Drive as identified on the site plan in Appendix 1 . The results of the marketing exercise were reported to Economic Development & Culture Committee in March 2015, where Landlord's consent was granted. The working title of the preferred bidder for the project at that time was the "Sky Wide Open" open water swimming centre. The same project is now called "Sea Lanes". The committee also agreed that Heads of Terms with the preferred bidder would be presented to Policy & Resources Committee for approval.

2. RECOMMENDATIONS:

- 2.1 That the Policy and Resources Committee agrees to authorise the Acting Executive Director Environment, Development & Housing, Executive Director Finance & Resources, and Assistant Director Property & Design to enter into an agreement to lease and grant a 150 year lease to the preferred bidder, Sea Lanes, subject to planning approval for the site shown in Appendix 1 as set out in the Heads of Terms in Appendix 2 (Part 2 confidential information).

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 In Autumn 2014 the former Peter Pan site on Madeira Drive was marketed nationally by agents Oakley Commercial on behalf of BHCC. The brief was for a leisure development opportunity and 8 applications were received.
- 3.2 Following a shortlisting assessment and interviews the proposal called Sea Lanes presented by a consortium of local leisure operators and property developers was chosen by the panel as the preferred development.

3.3 The scheme will be promoted as a national centre for open water swimming and an all year-round leisure destination. Facilities proposed include:

- 50m 8 lane outdoor heated training pool with a constant depth of 1.5m
- changing/shower facilities, indoor endless/ training pools, sauna, studios for training, exercise and yoga, therapy rooms,
- café/restaurant, leisure based shops, offices, function room, bike lock-up/hire.

The proposal would provide a centre of excellence for water based activities offering a wide range of leisure facilities which would complement existing uses within the area. This would include water safety and awareness courses as well as lifeguard training.

3.4 The Sea Lanes development is an exciting and unique proposal which will provide a high quality and sustainable attraction for the seafront. The draft Seafront Strategy identifies Madeira Drive as a key area of the seafront in need of regeneration. Building on the success of the Seafront Development Initiative between the two piers the council's desire is to establish Madeira Drive as an all year round leisure destination for residents and visitors alike. Existing businesses on Madeira Drive already present an assortment of leisure opportunities for a variety of different user groups. Examples include Yellowwave for active people; Peter Pan's playground providing free family play facilities and Concorde II live music venue providing night-time entertainment primarily for young adults. The addition of Sea Lanes to the seafront portfolio will not only provide a new public attraction and directly enhance the site but it will help to support existing uses adding to the overall offer on Madeira Drive.

3.5 Due to its location, popularity and the nearest part of the swimmable coast for a high proportion of Londoners, Brighton is fast becoming a national centre for open water swimming. However, most swimmers have nowhere to change, leave their belongings or shower afterwards. Sea Lanes believe Brighton needs a place for open water swimmers to use as a base, to become a centre of excellence for this fast-growing sport and to make the activity more accessible for all, thus encouraging more people to take part. Due to the mix of activities on offer the centre will not only attract open water swimmers but will appeal to fitness swimmers, and beach visitors. Residents and visitors will be able to make use of the pool and changing facilities either through a membership scheme or on a pay as you go basis. The café/restaurant, shops, therapy rooms and sports hire will have open access to the public.

3.6 The development site is currently an enclosed hardstanding which is located to the north of the Volks Railway line and has remained vacant for many years. The proposal seeks to use the whole of the existing site with the pool to be built on the beach. A crossing point over the railway line will connect the pool to Madeira Drive. Therefore there will be changes to public beach access as a result of the development.

3.7 The developers all own local businesses and have a passion for open water swimming. These comprise Copsemill Properties, a Brighton based property development company with a commercial and residential portfolio; SwimTrek, the

world's biggest open water swimming operator, coordinating holidays, events, races and coaching clinics in Brighton, nationally and overseas; Swimmergy, an open water swimming coaching business, providing pool, sea and dry land courses for people of all ages and abilities; We Like Today, an architectural, interiors and graphic design practice based in Brighton, specialising in leisure and retail-centric projects.

- 3.8 The project is privately funded through 50% equity investment and 50% bank funding. There is no financial contribution required from the council. The level of investment from the developer will be approximately £4.5 million hence the requirement for a long lease. The initial investment of £4.5 million will provide significant additional economic benefits as well as helping to unlock further investment in Madeira Drive.
- 3.9 The business case for the scheme was analysed and approved by colleagues in the council's Finance Business Engagement Team when the Sea Lanes proposal was given preferred bidder status. In addition, the developers have appointed a quantity surveyor specialising in leisure developments who are working alongside a local structural engineering firm and commercial property agents. The business case has been informed using the expertise provided by these professionals.
- 3.10 The proposed Heads of Terms offer a full repairing and insuring 150 year lease. The developer will pay the council a rent based on a percentage of the market rent achievable from the retail, catering and leisure units to be developed on the site. Details are provided in the confidential Appendix 2.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The marketing of the site produced 8 applications. Two developers were interviewed and the panel's decision was that the Sea Lanes proposal was the strongest submission for the available site.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 Officers within the Seafront, Tourism and Visit Brighton teams welcome this attraction and consider it meets a latent visitor demand.
- 5.2 The developer has sought pre-application advice from the Planning Department and has consulted with Sport England as well as potential leisure user groups in the local area. A full consultation process will be undertaken as part of the major Planning Application and will include conservation groups and local residents

6. CONCLUSION

- 6.1 The development of this site is a key part of the regeneration of Madeira Drive and represents a significant investment in the city.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The capital investment, estimated at £4.5m, would be fully funded by the developers in return for the 150 year lease. In accordance with Financial Regulations and Standard Financial procedures, the requirement to obtain best consideration has been taken into account when determining the rent payable. The proposed rental package would be made up of a base rent together with a top up turnover rent from the fifth year of operation. The Council would receive business rates on the new development. This additional income would be due to the Council once the development has been completed.

Finance Officer Consulted: Name: Anne Silley

Date: 24/03/16

Legal Implications:

- 7.2 Close attention should be given to drafting the lease and agreement for lease. Officers should be clear about what conditions need to be satisfied by the tenant before the lease is granted. Care must be taken to ensure that user provisions in the lease ensure that the vision for the site is not diluted.

Lawyer Consulted:

Name: Oliver Asha

Date: 24/03/16

Equalities Implications:

- 7.3 Sea Lanes intend to make disabled access a fundamental part of its proposal. The design includes plans for a boardwalk to allow wheelchair users improved access to the beach and sea.

Risk and Opportunity Management Implications:

- 7.4 Existing businesses within Madeira Drive will benefit from the new investment and increased footfall.

Crime and Disorder Implications:

- 7.5 The facility will be open all year round and into the evening therefore providing additional controlled activity and security in a currently underutilised area of the seafront.

- 7.6 Public Health Implications:

This proposal will provide a facility where local residents and visitors can undertake exercise and promote wellbeing in a high quality, relaxing environment.

- 7.7 Corporate / Citywide Implications:

This proposal will provide employment and training opportunities for local residents and will act as a catalyst for the regeneration of Madeira Drive which has been identified as one of the key elements of the draft Seafront Strategy.

SUPPORTING DOCUMENTATION

Appendices:

1. Site Plan
2. Heads of Terms (Part 2 Confidential Information)

