The Chartered Institute of
Public Finance & Accountancy

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Brighton & Hove City Council

Brighton i360 Lessons Learnt

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Lessons Learnt Review of the Brighton i360 Project

Purpose and Scope of this Report

Much detail on the entire lifecycle of the i360 project has already been thoroughly documented and debated through previous audits, evaluations, and public disclosures. Therefore, this report does not aim to provide a forensic or exhaustive analysis of the entire project. Instead, the focus here is on drawing out key lessons by comparing the overall intention and trajectory of the project against the HM Treasury Green Book methodology, using the Five Case Model as a framework for reflection. It is important to note that this is a high-level overview, and because to the timescales since the original concept, the analysis is based on a limited set of key available data sources and documentation. As such, it does not include access to all internal records, financial models, or contractual details that may have influenced specific decisions or outcomes at the time. Where information has been requested, but it is not available, the assumption is that it does not exist.

However, the intention is not to re-examine every operational detail, but to identify broader insights that can inform future commercial and investment strategies, particularly in relation to strategic alignment, risk management, commercial governance, and financial resilience. Sufficient documents have been made available to do this. Therefore, this approach allows for a structured reflection on what went well, what could have been done differently, and how similar projects might be better designed and delivered in the future.

Approach to the Analysis

This lessons learnt report on the i360 project and its associated documentation has been reviewed in accordance with HM Treasury's Green Book methodology, using the Five Case Model to provide a balanced and coherent retrospective evaluation.

The five cases have allowed for key lines of enquiry to be tested.

The Strategic Case reflects on how well the project aligned with local and national policy objectives, and whether the original rationale remained valid.

The Economic Case considers whether the project delivered expected public value, assessing actual costs and benefits—including wider social and economic impacts—against initial projections.

The Financial Case evaluates the accuracy of financial planning, funding arrangements, and affordability over time, identifying any gaps between forecast and actual performance.

The Commercial Case reviews the effectiveness of contractual arrangements, examining how risks were captured and managed, and whether the strategy supported long-term viability.

Finally, **the Management Case** assesses the governance, delivery, and management processes, highlighting what worked well and where improvements could be made in future projects.

This structured approach enables a clear understanding of the project's outcomes and provides insights to inform future decision-making and investment planning. Whilst some of the lessons are specific to this project, most, if not all, have wider applicability.

Background to the Project and the Local Government Context

It is essential to acknowledge that the original concept for the i360 project was raised nearly two decades ago, with the business case developed in 2012. At that time, the environment for local government investment was fundamentally different. Councils were increasingly encouraged to adopt a more commercial mindset, leveraging borrowing powers and asset-backed investments to stimulate local growth and regeneration. This shift toward a risk-based approach was shaped by constrained public funding and a desire to unlock alternative revenue streams.

One of the key enablers of this shift was the ability to borrow at low interest rates from the Public Works Loan Board (PWLB). This made it financially attractive for councils to invest in commercial ventures, particularly property, with the expectation that rental income and asset appreciation would generate reliable revenue streams.

Commercial investments were seen as a pragmatic response to austerity, aiming to use the income to offset budget shortfalls and support frontline services. This approach was often framed as a way to become more financially self-sufficient and reduce reliance on volatile government grants.

These investments reflected a broader trend of councils stepping into roles traditionally occupied by private developers and institutional investors. While some projects delivered positive returns and supported local regeneration, others exposed councils to market fluctuations and long-term financial liabilities, especially where assumptions about income and costs proved overly optimistic.

One of the key findings from the documents reviewed is the i360 suffered from optimism bias from the outset. Whilst the business case for the i360 did not, and could not, anticipate such disruptive events such as the COVID-19 pandemic or the subsequent economic downturn, both of which significantly impacted visitor numbers, operational viability, and financial sustainability, the original financial and visitor projections, even with some revised scenarios, anticipated a level of market penetration for the attraction that could not be achieved and lacked provision for changing circumstances.

This lack of challenge underlines a wider issue within local authorities: the limited commercial acumen within many local government structures at the time. While councils were encouraged to behave more like private sector entities, they were often not equipped with the necessary skills, experience, or governance frameworks to manage complex commercial investments. In many instances, decision-making was driven by ambition rather than robust financial analysis, and oversight mechanisms were not sufficiently developed to challenge assumptions or monitor performance effectively.

For the i360, from the documents reviewed, this would appear to be the case for Brighton and Hove City Council and there is a need to learn lessons to ensure resilience and commercial expertise are embedded into future business considerations. The council should ensure that investment decisions are underpinned by rigorous due diligence, realistic

financial modelling, and a clear understanding of market dynamics. Moreover, there is a need to strengthen internal capacity, through recruitment, training, and partnerships, to ensure that commercial ventures are managed with the same discipline and scrutiny expected in the private sector.

The Strategic Case

Brighton's i360 project was initially well-aligned with Brighton & Hove City Council's strategic intent, particularly in terms of regeneration, tourism enhancement, and financial innovation. The project was conceived as a flagship regeneration initiative aimed at revitalising the West Pier area, a historically underutilised part of the city's seafront. By introducing a landmark attraction, the council sought to stimulate economic activity, increase footfall, and attract new businesses to the area. This objective was consistent with broader local and national policy goals focused on urban renewal and place-making.

From an economic development perspective, the i360 was designed to generate substantial public value. The business plan projected significant contributions to the local economy and job creation, which were largely realised. The attraction has been reported to have supported approximately 450 jobs and contributed nearly £30 million annually to Brighton's economy. These outcomes demonstrated a tangible alignment with the council's intent to boost local employment and economic resilience through strategic investment.

The project also reflected the council's evolving commercial strategy during a period when local authorities were encouraged to adopt more entrepreneurial approaches to funding and investment. With access to low-interest loans from the Public Works Loan Board, councils were incentivised to pursue asset-backed ventures that could generate revenue and reduce reliance on central government grants. The i360 was emblematic of this shift, representing a bold attempt to leverage public borrowing for long-term financial sustainability.

However, despite these strategic alignments, the execution of the i360 project revealed several critical gaps which are discussed below.

The Economic Case

The original business plan for the Brighton i360, developed in 2012, projected annual visitor numbers of between 700,000 and 800,000, with the first year expected to attract 798,374 paying visitors. D & J Consulting Ltd worked alongside Marks Barfield Architect and provided a review of these projections in 2014. They produced projected opening year attendance figures with a high, medium and low range of 982,922, 822,584 and 599,242 respectively, and recommended using the medium projection of 822,584. These forecasts proved to be naïve and fell far short of these expectations. This projection of visitor numbers was one of the most significant factors that led to an over-anticipation of income and was based on unrealistic assumptions about tourist and residential market penetration and the attraction's appeal as a landmark destination.

Whilst the business plan used a forecast between 700,000 and 800,000 visitors annually (in the reviewed business case the visitor projection was 822,582 in 2016 and falling to 733,705 in 2026), in reality the attraction averaged around 270,000 per year. This discrepancy stemmed from an overestimation of market penetration - assumed to be 3.6–4% of the local and tourist population, as well as unforeseen global shocks for which there was no mitigation.

The Financial Case

Financial projections also proved overly ambitious. The plan anticipated £11.7 million in revenue and £6.7million in EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortisation) in the first year, rising modestly over the following years. The attraction was expected to be highly cash generative, with sufficient income to cover operating costs and service the £36 million loan provided by Brighton & Hove City Council.

However, the i360 struggled to break even and eventually defaulted on its loans. As well as visitor numbers, a further key issue was the overestimation of revenue per visitor and secondary spending, such as purchases at the Sky Bar and merchandise sales. The expected conversion rates and spending levels did not materialise, undermining the financial viability of the project.

Scrutiny of the Business Plan

The Brighton i360 business plan demonstrated optimism bias, a common cognitive and planning pitfall in large infrastructure and public sector projects.

Optimism bias refers to the systematic tendency to overestimate benefits and underestimate costs, risks, and timelines. It has been particularly prevalent in public infrastructure and regeneration projects, and the HMT Green Book warns against it.

Applying an optimism bias adjustment would have changed the Brighton i360 business plan projections and would have provided a more realistic set of figures, that may have created a more considered approach to the investment. Visitor numbers would have been forecast at closer to 500,000 for the first year and EBITDA would have been projected at around £5million, reducing the perceived financial headroom for debt servicing. These adjustments may have flagged early concerns about loan repayment capacity and prompted more cautious financial structuring.

To improve the realism and reliability of the financial projections in the Brighton i360 business plan, additional scrutiny, testing and validation could have been employed. It is useful to summarise what these may have been.

Scenario Analysis & Sensitivity Testing

The original plan relied heavily on a single scenario, and although a 50% reduction in visitor numbers was modelled, it failed to account for a number of potential downside risks. This approach limited the robustness of the financial and operational projections. A more comprehensive strategy would have involved developing a more comprehensive range of scenarios - best-case, base-case, and worst-case - to reflect varying market conditions and uncertainties. More detailed sensitivity testing should have been applied to key variables such as visitor numbers, average spend per visitor, operating costs including other operator costs, weather-related closures, and broader economic downturns. Whilst a revised version of the business review by D & J Consulting did look at some ‘constrained’ visitor number estimation, these were only modest changes and did not consider a realistic worst case. More detailed scenario testing would have provided a clearer understanding of how

fluctuations in these factors could impact overall performance and financial viability, enabling more informed decision-making and risk mitigation.

Benchmarking Against Comparable Attractions

While the plan referenced and benchmarked against a number of regional UK attractions, it also considered iconic global landmarks such as the London Eye, Eiffel Tower, CN Tower, Empire State Building, Berlin TV Tower, Willis Tower, and the Auckland Sky Tower and used some of the information on these attractions to determine market penetration. These international comparators operate at a scale and within destination markets that bear little resemblance to the local regional context. The approach should have primarily focused on benchmarking against domestic attractions such as the Spinnaker Tower in Portsmouth, Blackpool Tower, and SEA LIFE Brighton. These UK-based comparators provide far more relevant insights into visitor penetration rates, seasonality patterns, and average spend per head in comparable market conditions. Strengthening the focus on such regional benchmarks would have grounded the projections in more applicable evidence and enhanced the robustness of the business plan.

Independent Market Validation

Although AECOM provided original attendance forecasts, the plan lacked evidence of independent scrutiny of the underlying financial assumptions. Whilst the Council worked with a number of independent advisors such as Pinsent Mason, Osborne Clark, Gardener Theobold to provide legal and technical assurance, only D & J Consulting were appointed by Marks Barfield Associates to provide a further evaluation of the potential attendance and financial performance. Relying on a limited source for market validation introduces the potential bias and reduces confidence in the projections. Additionally, incorporating further feedback from local stakeholders would have added valuable context and ensured alignment with regional tourism dynamics. This multi-faceted validation process would have enhanced the reliability of the forecasts and built broader stakeholder support.

Pilot Testing or Pre-Opening Engagement

The absence of any pilot testing or phased opening represented a missed opportunity to validate demand before full-scale launch. Leveraging pre-booking data and monitoring social media interactions would have offered real-time indicators of market appetite. These methods are cost-effective and low-risk ways to test assumptions, refine the offering, and build anticipation ahead of the official opening. Such engagement would have helped de-risk the launch and inform more accurate forecasting.

Stress Testing the Financial Model

While the financial model included basic assumptions around inflation and costs, including a view on a 50% reduction in attendance, it lacked rigorous stress testing to evaluate resilience under adverse conditions. Key vulnerabilities, such as the ability to service debt under reduced revenue scenarios and the impact of fixed costs during low seasons, were not adequately explored. A more robust approach would have involved modelling cash flow under stress conditions. Using the 50% assumption to assess financial sustainability may have helped to consider further mitigation. Additionally, contingency planning for refinancing

or restructuring debt should have been incorporated to prepare for potential financial shocks. This level of analysis is essential for ensuring long-term viability and investor confidence.

Post-Opening Review Mechanism

The plan did not include a mechanism for revisiting projections and assumptions after launch, which is critical for adaptive management. A rolling forecast model with quarterly updates would have allowed for ongoing performance tracking and timely adjustments. Establishing performance triggers would prompt early strategic reviews and corrective actions. This dynamic approach ensures that the attraction remains responsive to market realities and can pivot effectively in response to emerging challenges or opportunities.

Summary of Financial Testing against the Business Plan

Several lessons can be learned from the financial projections process. Conducting more extensive independent market research and validating local versus tourist demand would have helped ensure more accurate forecasting. Incorporating scenario planning and sensitivity testing around key variables like ticket pricing and attendance would have strengthened the visitor projections. Breaking down revenue streams and benchmarking spend per visitor would have improved realism, while clearer separation of fixed and variable costs, along with inflation and staffing contingencies, would have enhanced cost modelling. Financial stress testing, such as modelling cash flow under reduced revenue, would have helped assess resilience. More detailed benchmarking against regional attractions and aligning pricing with local demographics would have made projections more grounded. Including commercial risks in the risk register, with documented mitigations and insurance coverage, would have supported risk management. Finally, establishing rolling forecasts, KPIs, and independent oversight would have ensured better governance and adaptability post-launch.

The Commercial Case

The concept behind the Brighton i360 was fundamentally sound. It aimed to replicate the success of the London Eye in a smaller, more cost-effective format, which was a logical and appealing proposition. Brighton, being one of the UK's most popular tourist destinations with approximately 8.5 million annual visitors, was a sensible location for such an attraction. The city's vibrant tourism industry provided a strong foundation for the project's potential success. However, as mentioned above, this was overstated.

From a construction standpoint, the i360 was genuinely "shovel-ready." Planning permissions had already been secured, steel had been purchased, and initial groundwork was underway. These factors indicated a high level of preparedness and commitment to moving the project forward efficiently.

Economically, the project was designed with regeneration and job creation in mind, and it largely delivered on these fronts. The i360 contributed to local development and provided employment opportunities, aligning with its original goals and reinforcing its value to the community.

How Risk was Managed

One of the key elements of the Commercial Case is the management of risk. The risk register for the project reveals some areas of strength, but also some notable gaps and limitations.

Strengths of the Risk Register

Structured Format and Clarity

The risk register is well-organised, presenting risks and opportunities in a clearly categorized format. Each entry is systematically documented with key attributes including the likelihood of occurrence, potential impact, overall risk score, designated owner, and corresponding mitigation actions. This structure enhances transparency and facilitates effective tracking and management of risks across the project lifecycle.

Comprehensive Coverage of Key Risk Domains

The register demonstrates a broad scope by addressing several critical areas. It includes legal risks that could arise from regulatory or contractual issues, construction and operational risks related to project delivery and day-to-day functioning, and stakeholder relationship risks that could affect public perception and collaboration. Additionally, it identifies environmental and social opportunities, reflecting a balanced approach that considers both threats and potential positive impacts.

Alignment with ISO 31000 Risk Management Framework

The scoring matrix used in the register is aligned with the ISO 31000 international standard for risk management. This alignment ensures consistency with globally recognised best practices. Importantly, the register distinguishes between risks (negative impacts) and opportunities (positive outcomes), allowing for a more nuanced and strategic approach to risk assessment and decision-making.

Mitigation Planning and Accountability

Mitigation strategies are clearly outlined, including both actions already implemented and those planned for future execution. Each mitigation measure is assigned to a named officer, ensuring accountability and enabling follow-up. This proactive planning supports risk reduction and enhances confidence in the project's governance.

Gaps and Limitations

Financial Risk to the Council

Whilst financial risk was included within a version of the risk register, the mitigation considerations lacked the explicit modelling for the financial risk associated with the potential underperformance of the i360 project. Specifically, it did not sufficiently address the scenario in which the attraction fails to generate sufficient revenue, leading to loan defaults and substantial financial losses.

Optimism Bias in Forecasting

The register does not account for optimism bias, particularly in the context of visitor number projections and revenue forecasts. The absence of such adjustments contributed to inflated expectations that were not adequately stress-tested, increasing the risk of financial shortfall.

Loan Repayment Risk

There is no detailed assessment of the risk that Brighton i360 Ltd might fail to meet its debt obligations, nor of the council's exposure as the lender. This oversight is significant, as the council remained liable for repayments to central government even after the operating company defaulted. A thorough evaluation of this risk, including mitigation strategies and contingency plans, should have been included.

Reputational Risk to the Council

The potential reputational damage to the council from project failure, public criticism, or perceived mismanagement is understated in the register. Given the high-profile nature of the project and the financial implications, reputational risk should have been more prominently featured and analysed, with clear mitigation strategies to manage public perception and stakeholder trust.

Governance and Oversight Risks

The register lacks an assessment of governance-related risks, such as issues with board composition, absence of independent financial oversight, and potential conflicts of interest. These factors can significantly affect decision-making quality and accountability, and their exclusion represents a governance blind spot in the risk management process.

External Shocks and Macro-Level Risks

Finally, the register does not consider external shocks such as economic downturns, pandemics, or cost-of-living crises—all of which can (and did) have a profound impact on tourism and discretionary spending. The failure to include these macro-level risks limits the register's ability to anticipate and respond to broader environmental changes that could affect project viability.

Summary of the Risk Register Approach

The project's risk register showed strengths in structure, coverage, and alignment with best practices, but key gaps significantly limited its effectiveness. Crucial risks, such as financial exposure, loan repayment failure, optimism bias, reputational damage, governance issues, and external shocks were either understated or omitted. Had these areas been properly addressed earlier, it may have been possible to reach a more timely and better-informed decision on the project's future, potentially reducing financial and reputational impacts on the council.

The Management Case

The Management Case for the Brighton i360 project reveals several governance and delivery challenges that impacted the project's overall success. The project benefited from a

clear strategic vision and initial momentum, but the governance structures in place lacked the agility and oversight required for a complex commercial venture. While the project was delivered on time and within its construction budget, the post-launch phase lacked sufficient mechanisms for performance monitoring and strategic adjustment. Roles and responsibilities were not consistently defined, and escalation routes for emerging risks were unclear. Communication between stakeholders, including the council, delivery partners, and external advisors, was inconsistent, leading to delays in decision-making and missed opportunities for course correction.

Effective management of complex commercial ventures requires a robust framework that includes rolling forecasts, key performance indicators (KPIs), and independent oversight. The absence of these tools in the i360 project meant that early warning signs were missed, and corrective actions were not taken in a timely manner. Future projects should embed adaptive management principles, ensuring that governance structures are agile and capable of responding to emerging risks and opportunities.

Additionally, stakeholder communication was inconsistent, which undermined public confidence and limited the council's ability to build consensus around strategic decisions. A more proactive engagement strategy, including regular updates and transparent reporting, would have strengthened trust and facilitated better decision-making. The council should also invest in internal capacity-building to ensure that project managers and decision-makers possess the necessary commercial and strategic skills to oversee complex investments.

In addition, whilst the leadership team of Brighton i360 Ltd has strong credentials in design, construction, and commercial operations, there appears to be gaps in financial acumen. There is no mention of a CFO or financial controller with deep expertise in financial modelling, investment analysis, or debt management as part of the senior team. Neither does the plan reference any external financial advisors or independent validation of the financial model beyond AECOM's attendance projections.

Furthermore, the absence of adaptive management frameworks meant that the project was not responsive to changing market conditions or performance data. There appeared to be limited use of rolling forecasts, key performance indicators (KPIs), or structured review mechanisms to monitor progress and adjust strategies. This rigidity contributed to the persistence of optimism bias and the failure to address financial underperformance in a timely manner.

To strengthen future management cases, the council should establish robust governance frameworks with clearly defined roles, escalation protocols, and independent oversight. Adaptive management tools, such as quarterly performance reviews and scenario planning, should be embedded into project delivery to ensure responsiveness and accountability. Investment in internal capacity, including commercial and project management skills, is essential to support effective governance and risk management.

Summary of Lessons Learnt

1. Strategic Planning and Alignment

- The project was conceptually aligned with regeneration and tourism goals, but lacked clearly defined success criteria and measurable outcomes.
- Strategic ambitions were not translated into robust performance indicators, making it difficult to assess progress or impact over time.

2. Economic Forecasting and Market Assumptions

- Visitor number projections and market penetration figures were significantly overestimated, and not focused enough on local regional comparators which may have provided a better comparator.
- The assumptions failed to reflect Brighton's actual market dynamics, leading to unrealistic expectations and financial shortfalls.
- Optimism bias was evident throughout the business case, with insufficient adjustment for downside risks or external shocks.

3. Financial Modelling and Resilience

- Revenue and EBITDA forecasts were overly ambitious and not supported by realistic secondary spending assumptions.
- The financial model lacked sufficient stress testing and scenario planning, which would have revealed vulnerabilities in debt servicing and operational sustainability. Later Business Plan medium and low 'constrained' number assumptions were still highly overstated.
- The absence of post-launch review mechanisms meant that financial underperformance was not addressed in a timely or adaptive manner.

4. Commercial Governance and Risk Management

- The risk register was well-structured, but failed to capture key financial, reputational, and governance risks. Whilst later additions included financial risk these were not given enough emphasis or mitigation strategies.
- There was no modelling of loan repayment risk or contingency planning for default scenarios, despite the council's exposure as lender.
- Optimism bias and external shocks were not adequately considered, limiting the robustness of risk mitigation strategies.

5. Benchmarking and Validation

- Comparison to global attractions distorted expectations. A greater emphasis on more appropriate comparators like regional UK attractions would have provided more grounded insights.
- The business plan lacked independent market validation and relied heavily on a single forecasting source, reducing confidence in its assumptions.

6. Governance and Management Oversight

- Governance structures lacked agility and clarity. Roles and escalation routes were poorly defined, and stakeholder communication was inconsistent.
- There was limited use of rolling forecasts, KPIs, or adaptive management frameworks to monitor and respond to performance issues.
- Internal commercial acumen was insufficient, contributing to weak oversight and a lack of challenge to key assumptions.
- The leadership team for i360 Ltd lacked financial depth.

Recommendations for Future Projects

1. Apply Optimism Bias Adjustments

Use standard adjustments to temper projections and ensure financial realism, especially in revenue forecasts.

2. Conduct Scenario and Sensitivity Testing

Model best-case, base-case, and worst-case scenarios to understand financial resilience and inform risk mitigation strategies. Whilst a later iteration to the Business Plan included a ‘constrained’ medium and low attendance demand, these were still considerably overstated.

3. Benchmark Appropriately

Compare intended outcomes with similar market profiles to ensure projections are grounded in realistic data.

4. Commission Independent Market Validation

Use multiple sources to validate demand, pricing, and positioning, and engage local stakeholders for contextual insights.

5. Implement Pilot Testing and Pre-Opening Engagement

Use data and social media analytics to gauge market appetite and refine offerings before full launch.

6. Stress Test Financial Models

Evaluate cash flow under adverse conditions and include contingency plans for refinancing or restructuring debt.

7. Establish Post Review Mechanisms

Use rolling forecasts and performance triggers to monitor progress and enable timely strategic adjustments.

8. Strengthen Risk Registers

Include financial, reputational, governance, and macro-level risks, with documented mitigations to ensure a balanced view can be taken.

9. Enhance Governance Frameworks

Define roles, escalation protocols, and oversight mechanisms clearly. Embed adaptive management tools and independent scrutiny.

10. Review Partnership Roles and Responsibilities

Ensure that any delivery partner or operating company includes qualified financial leadership as part of its core team.

11. Build Internal Capacity

Invest in commercial and project management skills through recruitment, training, and partnerships to support disciplined investment management.