

BRIGHTON & HOVE CITY COUNCIL

SPECIAL POLICY & RESOURCES COMMITTEE

4.00pm 6 MARCH 2014

COUNCIL CHAMBER, HOVE TOWN HALL

MINUTES

Present: Councillor J Kitcat (Chair) Councillors G Theobald (Opposition Spokesperson), Morgan (Group Spokesperson), Bowden, Davey, Hamilton, Lepper, A Norman, Peltzer Dunn and Randall.

PART ONE

131. PROCEDURAL BUSINESS

(a) Declarations of Substitutes

131.1 Councillors Bowden and Davey declared that they were attending the meeting as substitutes for Councillors Shanks and Littman respectively.

(b) Declarations of Interest

131.2 There were no declarations of interest.

(c) Exclusion of the Press and Public

131.3 The Committee considered whether the press and public should be excluded from the meeting during the consideration of any of the items listed on the agenda.

131.4 **RESOLVED:** That the press and public be excluded from the meeting during consideration of the item contained in part two of the agenda.

132. CHAIR'S COMMUNICATIONS

132.1 The Chair welcomed everyone to the meeting and explained that he intended to invite representatives from Marks Barfield and the West Pier Trust to address the meeting by way of a presentation. This would be followed by a question and answer session before he invited officers to introduce the report and to take any questions. He would then open the matter for a general debate before moving into closed session for consideration of the additional information attributed to the report and then returning to open session to put the recommendations of the report to the vote.

133. PUBLIC INVOLVEMENT

133.1 The Chair noted that there were items from members of the public for consideration at the meeting.

134. MEMBER INVOLVEMENT

134.1 The Chair noted that there were no items from Members for consideration at the meeting.

135. BRIGHTON I360

135.1 The Chair invited the Mr. Marks and his colleagues to give their presentation in respect of the proposed i360 development.

135.2 Mr. Marks thanked the Chair and outlined the proposed development for the i360 which would be built on the land site of the old west pier. He was followed by his colleagues, Ms. Harris, Mr. Camp and Mr. Screen who outlined the benefits of the development for the city in relation to the tourism, employment, the local economy and the financial benefits to the council as a result of the proposed deal to secure the necessary funding for the development.

135.3 The Chair then invited Mr. Jones to outline the position of the West Pier Trust and its support for the i360.

135.4 Mr. Jones thanked the Chair and stated that the Trust was grateful for the time and consideration given to the proposal and noted that it had the overwhelming support of the business community. He believed that it offered the city a chance to highlight its unique position and to bring much needed investment to the seafront.

135.5 The Chair thanked the presenters and then invited questions from the committee.

135.6 Councillor G. Theobald asked what would happen to the West Pier and any potential redevelopment should the i360 be approved.

135.7 Mr. Jones stated that the Trust would benefit from the i360 development and any proposal to re-establish the pier would require consultations and a planning application and the Trust would wish to have the support of all those affected by any such application.

135.8 Councillor Davey asked if an idea could be given on the time-scale for the build and how confident the developer was in terms of managing costs associated with the development.

135.9 Mr. Marks stated that the contract for the build was based on a fixed-price contract with contingencies included which covered the design risk and the various factors such as the marine environment that would affect the construction. It was estimated that the build would take two years with elements of the construction arriving by sea and the whole development being completed by the summer of 2016.

- 135.10 Councillor Bowden noted that a large number of people visited the London Eye without actually going on it and queried whether a similar situation had been projected in the visitor numbers for the i360.
- 135.11 Ms. Harris stated that on average twice as many people chose to view the Eye than go on it and it was anticipated that a similar situation would evolve with the i360. There would be a number of people simply coming to the area to watch the build and the arrival of the various elements as well as then coming to look at the final structure once it was open without actually going on it.
- 135.12 Councillor Peltzer Dun asked if there was an estimated life expectancy for the structure.
- 135.13 Mr. Marks stated that a 50 year life span was the general length of time for such structures, but he hoped that it would be over 100 years and noted that the Eiffel Tower had been in place for over 125 years with inferior technology. There would be a need for general maintenance and a programme was accounted for within the proposal to ensure that funding was available for that.
- 135.14 The Chair noted the comments and asked officers to introduce the report.
- 135.15 The Executive Director for Finance & Resources introduced the report and stated that it was the culmination of joint working with the Coast to Capital Local Enterprise Partnership and Mark Barfield Ltd. It was a very bold project and one that officers and Members had been able to look at extensively and question aspects. The project required significant funding arrangements and having looked at the options open to the council the recommendations were to borrow from the Public Loans Work Board and to loan the company £21.4m as detailed. She stated that careful consideration of the risks involved in the development and in not progressing with the project had been undertaken as well as due diligence work and on balance was felt that the project should be supported.
- 135.16 The Assistant Chief Executive stated that she wished to draw the committee's attention to the benefits to the city of the project, notably its regeneration impact for the immediate area and in particular Preston Street. It would also create a revenue stream for the maintenance of the seafront, which was crucial for local businesses and visitors. In regard to visitors she noted that it had been specifically designed for the site and would offer a completely different experience to other similar attractions. It complimented the other venues and attractions in the city and the operators would bring valuable experience with them that could be shared with businesses, hoteliers and retailers in the city.
- 135.17 The Chair stated that he wished to thank everyone involved with the project to date, including the officer team, the Local Enterprise Partnership (LEP) and Marks Barfield Ld. He also noted that the LEP had recently approved their loan which formed part of the overall financial package.
- 135.18 Councillor Morgan stated that he had voted for the project when it came to the Planning Committee in 2006; and noted that it was intended to be self-financing,

however the report referred to the position in July 2012 but appeared to not mention any of the previous history associated with the matter.

- 135.19 The Chair stated that the current report dealt with the proposed financial arrangements to enable the project to be taken forward rather than the planning approach and proposal for the development as this had been approved.
- 135.20 Councillor Davey queried whether there was an alternative plan for the seafront infrastructure if the project did not go ahead.
- 135.21 The Executive Director for Finance & Resources stated that the need to maintain the seafront infrastructure had been identified in the Risk Register and a scrutiny review was about to be undertaken in regard to what could be done to ensure there was sufficient investment and maintenance of the seafront infrastructure. However, there had been an under-investment in the infrastructure and whilst capital receipts may be one option, the challenge would be to find potential projects that could be taken forward and would then provide the necessary funding to support the seafront.
- 135.22 Mr. Jones stated that the West Pier Trust did not have the resources to provide for a scheme that could see the derelict pier revitalised and to clear the wreckage which meant it would be more likely to be handed back over to the council who would then have to address the situation.
- 135.23 Councillor G. Theobald stated that the Conservative Group were fully supportive of the proposed project and the financing arrangements and wished to thank everyone concerned in bringing the matter to the committee for consideration. He and his colleagues had attended a number of briefings and been able to question officers and the developer's representatives on all aspects of the project and had concluded that it was worth supporting and seeing the area benefit. He hoped that all Members would support the project and be able to see it come to fruition in due course.
- 135.24 Councillor Randall stated that the council had a great tradition in investing in the city and supporting its community. The city was known for its innovative approach and this provided another opportunity to make the city different and attractive to visitors and to boost the local area and the local economy. He noted that the developer had given assurances in terms of local employment opportunities and to maintain the living wage which was very welcome and he hoped something other businesses would take on board. He also noted that the business community and trade unions supported the project and hoped that it would be seen as different and exciting should it be agreed.
- 135.25 Councillor Morgan stated that the Labour & Co-operative Group had supported the proposal in 2006 and 2012; and saw the merits of the development for the city. However, there was a concern over the request to provide £36m over such a long period and a question mark as to whether the council should undertake such a financial undertaking rather than it being for the developer to do so. He had met with the Mr. Marks and Mr. Jones earlier in the week and would support the project if it was agreed but could not vote for it because of the financial concerns.
- 135.26 Councillor Peltzer Dunn stated that having given careful consideration to the proposal and taken the opportunity to question officers and the representatives, he believed it

offered an opportunity to revitalise the area. The seafront was the shop window for the city and needed to be improved and maintained and he hoped residents would see the benefit of a decision to agree to the project in the years ahead.

- 135.27 Councillor Davey stated that the project offered a much needed opportunity to provide funding for the maintenance of the seafront and its infrastructure. He also believed that it would create a momentum for the area and the city in terms of future investment and the local economy and therefore hoped it would be supported.
- 135.28 Councillor A. Norman stated that it was an area which required investment to improve and she believed it was in the best interests of the city to support the project.
- 135.29 Councillor Hamilton stated that he had supported the project at the Planning Committee in 2006 and back in 2012. However, he had concerns in regard to the overall number of visitors required to ensure that the loan repayments could be achieved over the period of time and therefore could not support the recommendations before the committee today.
- 135.30 The Chair noted the comments and stated that he wished to thank everyone involved and that he believed it was a critical time for the seafront. The project would help to support the much needed investment required to maintain the seafront and its infrastructure and he hoped would enable the local economy to develop and realise the potential of Preston Street. There was a need for the city to expand its choice of attractions and to offer something new to generate interest and encourage visitors. He was certain that if any other authority had been approached by the developers of the London Eye to have a bespoke attraction in their city, they would have jumped at it.
- 135.31 The Chair noted that there was a need for the committee to move into closed session to consider the information relating to the project and therefore asked for the chamber to be cleared for a period. He stated that the meeting would be reconvened in open session in order to consider and vote on the recommendations listed in the report.
- 135.32 The meeting then moved into closed session at 5.20pm.
- 135.33 The Chair then reconvened the meeting in open session at 5.35pm.
- 135.34 The Chair then put the recommendations to the vote which was carried by 7 votes to 3.
- 135.48 **RESOLVED:**
- (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.

136. ITEMS REFERRED FOR COUNCIL

- 136.1 The Chair noted that no items were referred to the Council meeting on the 27th March 2014 for information.

PART TWO SUMMARY

137. BRIGHTON I360

- 137.15 **RESOLVED:** That the report be noted.

138. PART TWO PROCEEDINGS

- 138.1 **RESOLVED:** That the item contained in part two and the discussion thereon remain exempt from disclosure to the press and public.

The meeting concluded at 5.40pm

Signed

Chair

Dated this

day of

2014