

<b>Subject:</b>	<b>Madeira Drive Regeneration Framework and Madeira Terraces update</b>		
<b>Date of Meeting:</b>	<b>30 November 2017</b>		
<b>Report of:</b>	<b>Executive Director Economy Environment &amp; Culture</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Katharine Pearce</b>	<b>Tel: 01273 29-2553</b>
	<b>Email:</b>	<b>Katharine.Pearce@brighton-hove.gov.uk</b>	
<b>Ward(s) affected:</b>	<b>Queens Park, East Brighton, Rottingdean Coastal</b>		

**FOR GENERAL RELEASE**

**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 On 4 May 2017 Policy Resources & Growth Committee (PRG) agreed the Madeira Drive Regeneration Framework and noted the 4 point plan for securing funding for restoration and refurbishment of the Madeira Terraces.
- 1.2 On 13 July 2017 Policy Resources & Growth Committee approved a contribution of £100,000 to support the newly launched Madeira Terrace crowdfunding campaign from the i360 reserve; and to earmark a further £1m from the i360 reserve to support the regeneration and refurbishment of Madeira Terrace subject to the approval of a business case.
- 1.3 This report provides a summary of progress on the 4 point plan for securing the regeneration of Madeira Drive including the restoration of Madeira Terrace and specifically progress with regard to the crowd funding campaign completing on 30 November.
- 1.4 A verbal update regarding the final Crowd Funding total will be provided at Committee.

**2. RECOMMENDATIONS:**

- 2.1 That the committee note the success of the crowd funding campaign in raising funds for the restoration of the first three arches of Madeira Terrace, engaging the wider community in the future of Madeira Terrace, raising the profile of the Terrace nationally and internationally, and in galvanising the support of the business community.
- 2.2 That, subject to the final crowd funding target being achieved, the committee authorise the Executive Director of Environment, Economy & Culture to ensure all relevant legal and statutory permissions are in place in order to allow restoration work for the first three arches to begin in 2018.
- 2.3 That the Committee note that work to complete the tender specification for the restoration will take place in consultation with Historic England, Conservation

groups and key stakeholders and will form part of a full tender exercise to take place in Spring 2018.

- 2.4 That the Committee agree that work already underway to submit bids for future funding for the Terrace, including a proposed HLF (Heritage Lottery Fund) bid, be further progressed and regarded as a priority for support within the city.
- 2.7 That the Committee agree that officers will initiate an early soft market testing exercise to continue to assess the capacity of the private sector to deliver a 100% privately financed proposal for Madeira Terrace. If such a scheme were shown to be viable (and deliverable within the parameters of the wider regeneration framework for Madeira Drive) this committee will be asked to agree a formal procurement process. Soft market testing will be carried out during the early feasibility stage of the project.

### **3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 In May 2017 PRG approved the Madeira Drive Regeneration Framework which was produced using funds achieved via the Coastal Communities Fund. The framework responded to findings of the Council's Scrutiny Panel in 2015 and looked in detail at the problem of the Grade II Listed Madeira Terrace, identified as one of the most challenging infrastructure issues facing the city and also a Strategic Risk. The report included detailed feasibility work from engineers Mott McDonald and world class architects, Wilkinson Eyre, and conclusions regarding possible development options.
- 3.2 A 4 point plan was also noted at PRG which included four fund raising action points, including:
  - (1) Crowd Funding
  - (2) Further bids for Government or Lottery funding
  - (3) Harnessing local talent
  - (4) Exploring uses for the area now

These are summarised below with their current status.

#### ***(1) Crowd Funding***

- 3.3 The Crowd Funding Campaign was launched on 26 July 2017 with the support of the Tourism Alliance and fronted by VisitBrighton (VB). Spacehive, specialists in Crowd Funding Campaigns, were brought on board to assist VB and work on the campaign.
- 3.4 Spacehive have commented that "*The Save Madeira Terrace campaign is the most ambitious crowdfunding campaign to be run on Spacehive's platform. It has been fantastic to see so many people from Brighton rally behind the campaign by pledging. With just over three weeks to go, 1420 pledges have been made to the campaign, with 95% of these coming from individuals. The campaign currently holds the record for the biggest number of individual pledges to a campaign*"
- 3.5 Over the period of the full campaign, which ends on 30 November 2017, the numbers of backers and public support has been unprecedented. The level of the average pledge at £39.00 in itself has demonstrated just how much importance is

attached to Madeira Terrace by the public and many pledges from individuals have been far in excess of this amount.

- 3.6 Local business support has also built towards the end of the campaign. Generous and notable donations were received, some as high as £25,000, from a range of local businesses, charity and amenity organisations. These larger pledges have helped to raise the profile of the campaign in both press and social media, generating further support during the closing days of the campaign.
- 3.7 In addition to financial support, there have been less tangible, but no less important, benefits from the campaign. Regular Facebook and Twitter feeds have kept the conversation in the public domain, hundreds of ideas and suggestions on the Campaign website have been put forward, and events and fund raisers have been led by various organisations willing to offer support to the campaign. A raffle set up by the Facebook page “Save Madeira Terraces” has received over 500 prize donations from local businesses ranging from free flights to free dinners at local hotels/restaurants.
- 3.8 The public have understood that Crowd Funding cannot restore the whole Terrace but they have got behind the idea of the campaign to use the first three arches as a catalyst for more support. The intention of this ‘pilot’ project will therefore be to assist in delivery of the longer term project in a number of ways:
- (i) By acting as a showcase for the remaining Terrace by providing a physical and strong visual reminder of how impressive the final Terrace will look once restored.
  - (ii) By allowing for a costed ‘mini’ project, relative to the whole Terrace, also providing an important opportunity to test technical solutions. Combined with the conservation of the Terrace the ability to incorporate freestanding commercial “pods” within the arches can also be fully explored (although this is not captured within the scope of the crowd funding).
- 3.9 In light of the above, the ‘pilot’ project will provide for a more robust business case for future bids for funding and a more certain set of technical requirements to act as a benchmark for the larger project.
- 3.10 Finally, the presence of the newly restored arches will help to maintain the profile of the wider campaign. The intention is to provide a brand new space for a changing and diverse range of ‘pod’ occupants. This will help to re-energise the area and to showcase the variety and interest that might be achieved once the remaining 148 arches are restored.
- 3.11 The proposed timescale for the ‘pilot’ project is estimated as follows:
- Project definition agreed, specification developed with key stakeholders, further final survey work: January – March 2018
  - Final tender pack compiled and advertised: April/May 2018
  - Evaluation of Tenders and Tender Award: June/July 2018
  - Start on Site: July/August 2018
  - Completion: subject to final agreed works, but anticipated to be: Dec. 2018 – Feb. 2019

3.12 Once fully restored, the newly conserved arches will be a permanent testament to the crowd funding campaign itself and the more than 1700 supporters who have generously dug into their own pockets to show how much they want to see a solution found for Madeira Terrace. This will be hugely beneficial in helping to demonstrate to Government, Heritage and other bodies how much importance is attached to the Terrace by the people of Brighton and Hove.

***(2) Further bids for Government or Lottery funding***

- 3.13 Funding for listed buildings throughout the UK is keenly fought over between local authorities and especially for projects of this stature. National and often international support is needed to achieve the levels of funding required from national government and charitable organisations in order to make inroads into the levels of funding needed. Estimates for the Madeira Terraces are variously stated as between £20m to £24m, and these costs will gradually be firmed up as more feasibility work takes place (and the pilot project paves the way for a more detailed understanding of the risks and costs of future work).
- 3.14 The city has demonstrated its capacity for delivering complex heritage projects: the recent success of the HLF/Arts Council funding bid for restoration work at the Dome and more recently with Stanmer Park, have shown that with the right business case and demonstrable support from the business community and others, these kinds of projects can be successful.
- 3.15 Developing sound commercial propositions, evidence based business cases and using the considerable community support available, alongside tangible economic and educational outcomes, continues to be the challenge with attracting the interest and confidence from funding bodies such as HLF.
- 3.16 The work to build the strategic and business case for the Terraces began with the Madeira Drive Regeneration Framework, and more recently work has started to build a case both for Heritage Lottery Funding (HLF) and other potential funding sources via the following:
- (i) Appointment of specialist conservation project managers “Piece Regen” to lead dialogue with HLF at the appropriate time. Submission of project particulars and Project Definition documentation will begin the process of formal bidding to the Heritage Lottery Fund. This will be submitted following PRG and once the result of the Crowd Funding Campaign is known. See Appendix One.
  - (ii) Further work on the business case to support the commercial viability of proposals to provide business units within the arches. This has involved working with officers producing the Cultural Framework and dialogue with in-house property and external property advisers. The aim is to ensure that the assumptions regarding types and sizes of businesses are robust. A final business case will be needed for later stages of the HLF funding proposals.

- (iii) Further work to understand how to achieve greater permeability and access to the Terraces and how future movement and access will link with the Waterfront development at Black Rock. People and vehicle movement is one of the key components of a successful strategy for the Madeira Drive Regeneration Framework, and will be needed to support the Business Case.
  - (iv) The option to develop a Trust vehicle will need to be considered along with any other possible funding structures. The ability to access charitable trusts (who require non Local Authority owned assets to make an award) will need to be weighted fully against other factors.
- 3.17 Bringing together the skills and expertise of the private, voluntary and public sector will be the key to unlocking the future strategy for the successful delivery of the Madeira Terrace restoration.
- 3.18 The involvement of the private sector will also form part of any formal HLF submission. The delivery of the wider regeneration framework will require funding bodies to have confidence in order to invest. For this reason it is suggested that officers continue to openly engage with the private sector to see if developers are able to generate their own ideas to achieve the capital injection needed to revive the arches, guarantee future investment in their upkeep, and be acceptable in planning and heritage terms.
- 3.19 This ongoing market testing process would be as well as, not instead of, continuing to work through the HLF bid process. Any private funded scheme delivered with a development partner may well still require a bid for HLF funding. If the soft market testing shows there are viable options with the private sector then officers would return to PRG before going out to a formal procurement. If the soft market testing is unsuccessful then this evidence will help to bolster any bid to the HLF as it will show the city council has tried to pursue this project without public money, but a scheme has not proved viable or deliverable.
- 3.20 How the overall proposition is structured to offer an appropriate balance of risk will need to be evaluated and proposals agreed by PRG at the appropriate time. Retention and restoration of the Terraces requires creative solutions and significant funding, balancing competing demands in terms of deliverability, viability, planning and heritage and community and stakeholder needs. A future funding bid to HLF will need to work through these aspects and show how these have been considered. A Project Team has now been established to progress this work and a Steering Group of Senior Managers will oversee.

### ***(3) Harnessing local talent***

- 3.21 The Crowd Funding Campaign has generated many offers to assist from a range of individuals and businesses. Some of the offers arising from the crowdfunding campaign have been 'in-kind' offers of work from local businesses – including technical and engineering expertise from qualified local businesses. The officer team will try where possible to take such offers up and focus the considerable energy and enthusiasm.

#### **(4) Exploring uses for the area now**

3.22 Any future vision for the Terraces and the wider environment of Madeira Drive will need to consider the role of this part of the seafront in the Brighton Waterfront project. The Madeira Drive Regeneration Framework proposed a number of key principles to drive development of the area, which the Madeira Terrace project will need to address or complement. These goals for Madeira Drive include:

- Addressing severance – the Madeira Terrace has a key role in tying together elements of the Seafront and the Waterfront Project and can also contribute to building improved access from east Brighton to the Seafront.
- Transforming the public realm along Madeira Drive
- Redeveloping and reactivating Madeira Terrace
- Developing an anchor tenant that will draw people along Madeira Drive, specifically Brighton Waterfront at Black Rock
- Encouraging a variety of temporary uses
- Reinforcing a role for Madeira Drive as outdoor events space

3.23 The Council has also received some initial contact from a number of developers who are interested in the potential delivery of the project with some private investment. This has included local architects who have developed outline designs and developers who propose mixed use development to generate a commercial return. Officers are proposing to initiate a soft market testing exercise to continue to assess whether private development partners might be able to deliver a project that requires less, or no, grant funding. If such a scheme with a sound business case can be demonstrated, this committee will be asked to agree a formal procurement process for such a partner. This soft market testing will be carried out throughout the early feasibility stages of this project.

#### **4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

4.1 A do-nothing option would lead to further decline in the arches. The recommendations set out in this report do not rule out future options of working with a variety of partners to maximise the resources brought to bear for this project. This will include the private sector.

#### **5. COMMUNITY ENGAGEMENT & CONSULTATION**

5.1 Community engagement has been a significant part of the crowd funding campaign. The Spacehive platform has generated enthusiasm and ideas as well as generating funds and raising the profile of the project. On completion of the campaign, further work to continue this momentum will need to take place, including consultation via the Seafront Stakeholder Group which will be enlarged to capture those individuals and groups who have shown their considerable support for the campaign. The council will work with Spacehive to progress these further.

5.2 Meanwhile uses will also be generated as part of English Tourism Week (17-25 March) and this will allow more opportunity for volunteers to take part.

## 6. CONCLUSION

- 6.1 The crowd funding campaign has shown the importance attached to the Madeira Terrace by the public. This momentum can now be used to garner other support. If restoration of the first arches proceeds as anticipated, this will be a permanent and impressive showcase for future funding.
- 6.2 The crowd funding initiative will also act as a catalyst for HLF and any other bids for funding.

## 7. FINANCIAL & OTHER IMPLICATIONS:

### 7.1 Financial Implications:

In July this year, this committee approved an initial contribution of £100,000 towards the Crowdfunding campaign target of £430,000. If this target is not met then none of the funds pledged will be available to support the restoration of the first 3 arches.

*Finance Officer Consulted: James Hengeveld*

*Date: 08/11/17*

### 7.2 Legal Implications:

The contracts referred to in this report will be procured in accordance with the Council's Contract Standing Orders and the Public Contracts Regulations 2015 (PCR 2015). The pre-market engagement will also be carried out in compliance with the PCR 2015.

*Lawyer Consulted: Alice Rowland*

*Date: 08/11/17*

### Equalities Implications:

- 7.3 None

### Sustainability Implications:

- 7.4 The project to deliver restoration of the first three arches will be used as a test bed to explore the best way to balance restoration objectives with future maintenance and sustainability impacts.

### Any Other Significant Implications:

- 7.5 None

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Draft HLF Project Definition document

### **Documents in Members' Rooms**

1. Seafront Investment Plan
2. Madeira Drive Regeneration report

### **Background Documents**

1. None