

Subject:	Former Peter Pan site, Madeira Drive – Sea Lanes		
Date of Meeting:	18 March 2021		
Report of:	Executive Director Economy Environment & Culture		
Contact Officer:	Name:	Angela Dymott	Tel: 01273 291450
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Ward(s) affected:	East Brighton		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 Policy & Resources Committee has previously approved an Agreement for Lease for a 5 year temporary lease and an option for a subsequent 150 year Agreement for Lease to Sea Lanes Brighton Limited. Neither of these leases has come into effect as the Sea Lanes consortium have not developed the site. Approval is now sought for one 25 year Agreement for Lease to Sea Lanes. This will give the council long term control over the site and enable the consortium to access the relevant funding for their investment.

2. RECOMMENDATIONS:

- 2.1 That the Policy & Resources Committee agree to the grant of a 25 year Agreement for Lease to Sea Lanes Brighton Limited.
- 2.2 That delegated powers be given to the Executive Director of Economy, Environment & Culture, Assistant Director Property & Design and Head of Legal Services to agree terms and take any necessary steps to facilitate this recommendation.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 In April 2016, following an extensive marketing exercise, a Special Policy and Resources Committee authorised the granting of an agreement for lease and a 150 year lease to a development consortium known as Sea Lanes, subject to planning approval. The £5m development was conceived as an open water swimming venue including a 50m outdoor swimming pool together with a mix of retail, office, leisure and catering uses. However, the developer did not submit a subsequent planning application due to their concerns over the future of Madeira Terraces and the scheme in its initial scope stalled.
- 3.2 In 2017 Sea Lanes consortium proposed a change to their proposals for the former Peter Pan site. The developers requested an agreement for lease for a 5

year lease with an option to take an agreement for lease for a 150 year lease at the end of the term, subject to planning approval. The change to a 'meanwhile' use came about due to the desire of the consortium to test the market for commercial uses in this yet unproven location. The temporary scheme was also amended to include a 25m rather than a 50m pool. There was a critical timeline to ensure that the site was developed and ready to operate in time for the following summer. The decision to grant this 5 year lease was therefore made using Officer urgency powers under the scheme of delegation in consultation with the Council Leader. Delaying the decision until the next appropriate committee meeting would have meant the window of opportunity to be on site and building over the Winter period would be lost. A report noting the decision was taken to the Policy Resources & Growth Committee in October 2017.

- 3.3 In 2018 Sea Lanes created a 'pop-up' on the site. The aim was to activate the space and start the process of place making whilst the planning application for the 5 year project was considered. The scheme included an indoor endless pool for swimming coaching; leisure activities and events such as yoga and personal training; a sauna, a therapy room and a beach bar all contributing towards establishing a character and a destination.
- 3.4 The initial Planning application went to committee in December 2018 but unfortunately was not given consent. Therefore, the 'pop-up' continued throughout the summer of 2019 while adjustments were made. The revised Planning application for the 5 year scheme was approved by the Planning Committee in April 2019.
- 3.5 Due to the uncertainty caused by the Covid pandemic and the knock-on effect to the property market, the development did not commence in 2020. Officers agreed to an extension of the pop-up lease to October 2021. The consortium reviewed their objectives and returned to the original proposal to build a 50m pool on the site. It has always been Sea Lanes' aspiration to deliver a 50m pool on the site however the business model requires at least a 10 year period to make this viable based on an investment of around £5m. Sea Lanes sought a material minor amendment to the planning decision granted in April 2019 extending the temporary permission to 10 years and the provision of a permanent 50m pool. The Planning Committee approved the amendment on Wednesday 10th March 2021.
- 3.6 The development will deliver an outdoor swimming facility for the city which will specialise in open water and competition training. Alongside the heated 50m pool and changing facilities there will be an endless pool training facility and improved access to the sea by way of a boardwalk. This will create a stand-out sports destination which will be a unique attraction for open water swimmers and athletes from across the country. A report by FMG leisure consultants highlighted the shortage of pool water in the city per head of population. The council's recent Sports Facilities Investment Plan public consultation indicates a strong desire from serious swimmers and swimming clubs for a 50m pool. There has been an exponential growth in open water swimming as residents seek to exercise outside more during the pandemic. This has added to the trend of the growth in open water swimming that has taken place in recent years. An outdoor pool open all year round offers swimmers a safer alternative environment in bad weather.

- 3.7 The commercial buildings will provide flexible space for local leisure and retail businesses that have been successfully trialled during the pop-up. This includes provision for sports therapists, personal trainers, yoga and exercise classes. There is demand from bicycle retailers/repair and office space provision for SwimTrek, a successful local independent travel business together with food and drink offers. There will be thresholds in the lease to ensure that a varied mix of commercial uses are provided. The development is a key part of the regeneration of Madeira Drive and will make an important contribution to the recovery of the city as we build back stronger and healthier.
- 3.8 As outlined above there has been a 5 year Agreement for Lease and an option for a 150 year Agreement for Lease in place since 2018 but from both the council and Sea Lanes' perspective these are no longer appropriate for the proposed way forward. The Sea Lanes consortium's bank require a lease for a minimum of 21 years and a 25 year lease will allow the consortium to access development funding and a standard commercial mortgage product on completion. It is in line with the lease of the adjoining site, let to Yellowwave Limited who were granted a 25 year Agreement for Lease to develop a beach sports venue. For the council it gives more long term control of the site and allows sufficient time for the developer to achieve a return on the investment.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The site has been marketed several times over the years for both short-term uses and for permanent development without success. The last national marketing of the site in late 2014 was prior to the closure of Madeira Terraces. Two developers were interviewed, and the panel's decision was that the Sea Lanes proposal was the strongest submission for the site. Sea Lanes have been successfully operating a range of meanwhile uses on the site but remain fully committed to developing the site for the longer term.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 The Sea Lanes consortium have carried out public consultation with residents and visitors as part of the planning process. They continue to engage with local swimming clubs and leisure user groups whilst operating the meanwhile uses on the site and have consulted with Swim England on the 50m pool who are very supportive of the scheme. The council's recent Sports Facilities Investment Plan public consultation indicates a strong desire from serious swimmers and swimming clubs for a 50m pool in the city.

6. CONCLUSION

- 6.1 The redevelopment of this site represents a key part of the regeneration of Madeira Drive. It will form an important element of the city's recovery from the pandemic. An open water swimming centre with a 50m pool and complimentary health and fitness activities will be a valuable addition to the city's sport and leisure facilities as well as having national significance.
- 6.2 A 25 year Agreement for Lease will ensure the council has control over the long term future of the site and allows the Sea Lanes consortium to access the necessary funding for their investment.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 There will be an initial rent-free period followed by a rent payable to the council under the 25 year lease. This will be a turnover rent based on a % of the rents payable by the commercial businesses. The rental income following the rent-free period will be reflected in future years budgets.

Finance Officer Consulted: James Hengeveld

Date: 17/02/21

Legal Implications:

- 7.2 The council is required under s123 Local Government Act 1972 to dispose of land for the best consideration reasonably available. The council will negotiate a turnover rent which satisfies this test. The council will enter into an Agreement for Lease which will set out terms which will apply during the construction period. Once the construction is completed, the Lease will be executed.

Lawyer Consulted: Alice Rowland

Date: 15/2/21

Equalities Implications:

- 7.3 The new public realm and proposed boardwalk will provide improved access around the site and across the beach to the sea for ambulant disabled and wheelchair users. Access to the pool will be facilitated by way of a hoist ensuring an inclusive, adaptable and accessible swimming facility. There will also be a fully equipped 'Changing Places' facility built within the complex.

Sustainability Implications:

- 7.4 The site is adjacent to the Volks Railway Local Wildlife Site designated for its coastal vegetated shingle habitat. As part of the planning process, there is a S.106 Agreement in place dated 13.08.19 requiring Sea Lanes to provide an off-site vegetated shingle mound providing an enhanced 371sqm vegetated shingle habitat, a boardwalk with an interpretative board and a 246sqm green vegetated roof. The County Ecologist has noted that the larger pool size will not impact any additional vegetated shingle to that already identified under the S.106 Agreement and is supportive of the proposed amendments to the scheme. Sea Lanes are also required to make an ecology monitoring contribution, a sustainable transport contribution and provide an Employment and Training Strategy to the Planning Authority for approval. The consortium's current preferred pool supplier is UK based and uses a panel pool system insulated with 100% recycled plastics. The system uses 80% less concrete and reduces heating costs by up to 50%.

- 7.5 Public Health Implications:

Sea Lanes proposals address the shortfall in swimming pool facilities in the city and will seek to increase participation in swimming and other physical activity. Swimming is recognised by Sport England as a key activity to deliver significant

physical and mental health benefits to participants who are active on a regular basis.

7.6 Corporate / Citywide Implications:

This lease will allow the long-awaited development of a key site within the seafront portfolio and will play an important role in the city's economic recovery from the pandemic.

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