

<b>Subject:</b>	<b>Former Peter Pan site, Madeira Drive – Sea Lanes</b>		
<b>Date of Meeting:</b>	<b>12 October 2017</b>		
<b>Report of:</b>	<b>Executive Director Economy, Environment &amp; Culture</b>		
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<b>Ward(s) affected:</b>	<b>East Brighton</b>		

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

- 1.1 Sea Lanes consortium are proposing a change to the proposed development of the former Peter Pan site on Madeira Drive that was approved by Special Policy & Resources Committee in 2016. The developers would like to take 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 for a 'meanwhile' use has come about due to the desire of the consortium to test the market for commercial uses in this yet unproven location. The proposed mixed use development includes retail, office, catering and a variety of leisure uses, some of which have not been trialled on Madeira Drive.
- 1.2 The experience and verified data achieved during this 5 year period will enable the consortium to finesse the business model and provide the foundations on which to progress the permanent scheme. Creating a 'destination' is key to the success of the site and attracting anchor tenants with proven status is central to this. Alongside the constraints of the site there is also uncertainty around the timescales for the redevelopment of Madeira Terrace which when combined limits interest from leading and viable operators. This amendment to the agreement provides for welcomed activity on the site in the short term whilst providing assurance to balance uncertainties for the longer term. This proposal was discussed at the Leaders Group on 4<sup>th</sup> September, the decision to grant this lease has been made under delegated powers in consultation with the Council Leader and the report is for noting.

**2. RECOMMENDATIONS:**

- 2.1 That the Policy Resources and Growth Committee notes the decision made using Officer urgency powers ( 7 (2) in Part 6 Scheme of delegation to Officers) in consultation with the Council Leader, to grant 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.

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

- 3.1 In April 2016, following a 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 and an agreed set of Heads of Terms. The £5m development was conceived as an open water swimming venue comprising a 50m pool, associated changing facilities and a mix of retail, office, leisure and catering uses. The developer did not submit a subsequent planning application due to their concerns over the future of Madeira Terrace and the scheme in its initial scope stalled.
- 3.2 The former Peter Pan site has been derelict for decades and despite several attempts the council has been unable to secure a viable development for this site. The council is keen to encourage 'meanwhile' uses on Madeira Drive whilst the redevelopment of the Terraces is secured. The site has been advertised in recent months for a short term temporary use but there has been no interest.
- 3.3 The Sea Lanes consortium remains committed to developing the site and has submitted a scaled down temporary version of their original proposal which whilst still including many of the original uses now comprises pre-fabricated modular units and a prefabricated 25m pool. The pool will be located on the beach adjacent to Yellowwave and secured with fencing, subject to planning approval. The intention is to remove all buildings and pool at the end of the 5 year term.
- 3.4 The rationale for this temporary scheme is to test the market for mixed commercial uses in this as yet unproven location and to monitor progress on the redevelopment of Madeira Terrace. The developers have indicated that funding for the permanent scheme has been hampered by the uncertainties over the future of Madeira Terrace.
- 3.5 Terms have been agreed for a 5 year lease to Sea Lanes Brighton Ltd. Assignment will not be permitted during the term. There will be an option at the end of the 5 years for Sea Lanes to take an agreement for lease and a 150 year lease based on the agreed set of Heads of Terms given Committee approval in April 2016. The broad terms were the provision of an open air 50m pool with associated changing facilities and commercial units for retail office and leisure use. The option of a long lease at the end of the temporary scheme gives the developer some comfort that their initial investment and commitment to the regeneration of Madeira Drive will be worthwhile and lessens their commercial risk. Both the 5 year lease and the terms of the 150 year lease have been confirmed by the Council's Valuer to represent the best value which could reasonably have been obtained for this site.
- 3.6 There is a critical timeline to ensure that the site is developed and providing a leisure attraction and an active frontage along Madeira Drive next summer. The consortium required signed Heads of Terms which are now in place and this has given them the comfort to go ahead with their design proposals, pre-application planning advice and planning approval before the end of the year, whilst the agreement for lease and 5 year lease is being finalised. Groundworks and construction of the scheme can then proceed in the New Year with completion of the development to be open and trading by the end of May 2018. It was therefore

not possible to wait for this meeting of the Policy, Resources & Growth Committee so the Chief Executive used his urgency powers to make the decision to proceed with the revised arrangements. It is anticipated that the agreement for lease will have been signed by the date of this Policy, Resources & Growth Committee and the developer is proceeding with preparing a planning application.

#### **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 remain committed to developing the site but have been unable to secure funding due to the uncertainties around the closure of Madeira Terrace. A temporary mixed use development will allow the location to be tested for viability.

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

- 5.1 Officers within the Seafront, Tourism and Visit Brighton teams welcome this development 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.

#### **6 CONCLUSION**

- 6.1 The development of this site is a key part of the regeneration of Madeira Drive. The granting of a 5 year temporary lease will enable the developer to test the market for a swimming pool and mixed use scheme in this location before proceeding with a significant long term investment.

#### **7. FINANCIAL & OTHER IMPLICATIONS:**

##### Financial Implications:

- 7.1 The council will secure a ground rent income stream for the five year period. The ground rent reflects the rents achieved on sub-leases for that period. The rental income will support the council's revenue income budget targets. Sea Lanes Brighton Ltd will be responsible for all running costs including utilities, security, maintenance and business rates. The operators will also be required to invest in any initial installations such as electrical sites and security fencing required to commence business. The council will not incur any liability for costs associated with the site during that period.

*Finance Officer Consulted: Rob Allen*

*Date: 14/09/17*

Legal Implications:

- 7.2 Section 123 of the Local Government Act 1972 (“the Act”) enables a local authority to dispose of land provided it achieves the best consideration reasonably obtainable. Recommendation 2.1 is proposing the grant of an initial agreement for lease for a 5 year lease with an option for the lessee to take a further 150 year lease. This report confirms that steps have been taken to ensure best consideration.

Section 7(2) in Part 6 of the Scheme of Delegation to Officers gives Chief Officers the power to take decisions if there is a case of urgency. The Chief Officer is required to consult with the Chair of the relevant Committee and the power can only be used if it is not reasonably practicable to obtain prior approval of a Committee or Sub-Committee. The reasons it was not practical to wait for this meeting of the Policy, Resources & Growth Committee are set out in this report. The Chief Executive consulted with the Chair prior to exercising this power.

*Lawyer Consulted:*

*Joanne Dougnaglo*

*Date: 14/09/17*

Equalities Implications:

- 7.2 The site has been widely marketed.

Sustainability Implications:

- 7.3 These will be dealt with through planning conditions.

**SUPPORTING DOCUMENTATION**

**Appendices:**

None

**Documents in Members’ Rooms**

None

**Background Documents**

None