

Strategic Policy and Resources Committee

Friday, 29th February, 2008

SPECIAL MEETING OF STRATEGIC POLICY AND RESOURCES COMMITTEE

- Members present: Councillor D. Dodds (Chairman); and
Councillors Hartley, Adamson, W. Browne, Convery,
Crozier, Lavery, Maginness, Rodway and Stoker
- Also attended: The Right Honourable the Lord Mayor
(Councillor Rodgers); and
Councillors Ekin, Hendron and McCarthy.
- In attendance: Mr. P. McNaney, Chief Executive;
Ms. M.T. McGivern, Director of Development;
Mr. G. Millar, Director of Improvement;
Mr. T. Salmon Director of Corporate Services;
Mr. S. McCrory, Principal Committee Administrator; and
Mr. J. Hanna, Senior Committee Administrator.

Titanic Signature Project

The Chief Executive submitted for the Committee's consideration the undernoted report in relation to the Titanic Signature Project:

“Purpose

- 1.1 At its meeting on 22 February the Committee agreed to hold a special meeting on 29 February, to which all Members of the Council would be invited, to receive a presentation from Titanic Quarter Limited on their proposal to build an iconic Titanic Signature Project in the City, and to seek financial support from the Council to realise the project.

Relevant Background Information

- 2.1 Members may recall that a consortium made up of Titanic Quarter Limited (Harcourt Developments Ltd, Belfast Harbour Commissioners), the Northern Ireland Tourist Board and the Titanic Alliance supported an application to the Big Lottery Fund for funding of £25million towards the realisation of a £90million iconic Titanic Signature Project in Belfast.

- 2.2 The Titanic Signature Project is one of the key signature projects identified by the Northern Ireland Tourist Board Strategic Framework. The purpose of the signature projects is to develop a world class tourism product which will draw visitors from home and overseas and the projects identified are designed to have a significant impact on Northern Ireland tourism's performance. The Titanic Signature Project is one of five signature projects which have been identified.**
- 2.3 Members will recall that it was the Council in November 2004, along with the Northern Ireland Tourist Board, who agreed to jointly fund a feasibility study for the creation of a Titanic Signature Project in the city.**
- 2.4 The Northern Ireland Executive's position in relation to the development of a Titanic theme visitor attraction is that the Executive has agreed to commit up to £32.5million towards a proposed £90million iconic project. This agreement was subject to a number of conditions:**
- (i) the shortfall in funding would be made up by other funding partners, ie TQL / BHC £32.5million and Big Lottery £25million;**
 - (ii) the developer (ie TQL) would accept the construction risk above £90million, ie there would not be any further demand on government for additional capital funding;**
 - (iii) there would be no call on government for revenue funding for the operation of a Titanic Signature Project, ie the operating risk would be borne by the operator for the attraction for the first seven years of operation.**
- 2.5 The Northern Ireland Executive's present position is that it still wishes to have a Titanic theme visitor attraction in place in Belfast for 2012, the hundredth anniversary of the launch of the vessel. The view is that such a project would enhance Belfast's position as a gateway tourist destination and would expand tourism's contribution to the wider regional economy. The Executive is therefore seeking to find alternative (non-Executive) sources of funding to bridge the £25million gap left by the failure of the Big Lottery application.**
- 2.6 The purpose of the presentation by Titanic Quarter Limited is to set out the present position in relation to the funding of the project and to explore whether the Council would be prepared to consider contributing financial support which would help the project to be realised.**

Key Issues

In determining the Council's response to the presentation, a number of key issues need to be considered:

- 3.1 Firstly, the Council needs to clarify its overall position on the Titanic Quarter. The Strategic Policy and Resources Committee has taken the view that the Council needs to take an active role in encouraging investment in the City and has requested that work be undertaken to create a Strategic Investment Fund. One of the purposes of the Fund would be to encourage and support the development of iconic projects, which would contribute to economic growth in the City. This economic growth would add value to the City's rate base which would have the effect of making more money available to the Council through the rates, which would allow the development of Council services whilst ensuring prudence in setting the overall rate for the City.
- 3.2 The Town Planning Committee, when considering the Planning Application for Phase II of Titanic Quarter, passed a motion supporting its immediate development. The Development Committee, in its previous form, initiated the creation of a feasibility document on a 'must see' visitor attraction. The Committee has also raised a number of questions about how the development of Titanic Quarter will address the issues of affordable housing, employability, accessibility to the rest of the City and community benefit. The Parks and Leisure Committee will have to engage with TQL on issues regarding road access that require some Council open space. All of these issues need to be formulated in a 'one Council' response that provides a firm foundation on which to go forward.
- 3.3 If after hearing the presentation on the Titanic Signature Project the Committee is interested in exploring the provision of support, a detailed due diligence exercise would need to be undertaken. The business plan for the Titanic Signature Project needs to be robustly reviewed, together with any projections for visitor numbers, income etc. The Capital costs also need to be tested with clear accountability and guarantees established for any potential overspends or additional costs.
- 3.4 The governance of the project both during construction and more importantly afterwards would also need to be clarified particularly in regard to any potential revenue consequences and also as to who would be responsible should the project for some reason fail or one of the partners defaulted.

- 3.5 The Council would also have to consider the issues around affordable housing, employability, access, community benefit and open space.

Resource Implications

- 4.1 Should Committee decide to further explore these issues there will be a financial implication in carrying out due diligence reviews.

Recommendations

- 5.1 Members are asked to determine whether they wish to explore support for the realisation of the Titanic Signature Project and whether they wish to direct officers to conduct a full due diligence review on the issues outlined above.

Key to Abbreviations

TQL – Titanic Quarter Limited
BHC – Belfast Harbour Commissioners
DETI – Department of Enterprise, Trade and Investment
SP&R – Strategic Policy and Resources Committee
TPC – Town Planning Committee.”

In pursuance of the decision of 22nd February, Mr. Mike Smith, Titanic Quarter Limited, who was in attendance to make a presentation in relation to the Project, was admitted to the meeting and welcomed by the Chairman.

Mr. Smith outlined the objectives of the Titanic Signature Project which were to:

- create a world-class visitor attraction;
- deliver an iconic design;
- provide a rich cultural and educational experience;
- foster pride in Belfast’s heritage; and
- deliver significant economic, social and cultural benefits to the people of Belfast and Northern Ireland.

He stated that the concept of the project was to create a unique must-see destination, with multiple dimensions in order to stimulate repeat visits to the attraction, and provide a dynamic urban environment with extensive leisure and recreation amenities. He reviewed the masterplan for the project and the direct benefits which would accrue to the City, including an additional 165,000 visitors, an annual spend of £30 million in the local economy, 250 new jobs in visitor servicing, new conference facilities and an increase in the rates income.

Mr. Smith reviewed the proposed funding which was required for the project and stated that the failure to attract a grant from the Big Lottery Fund had resulted in a shortfall of £25 million. However, a reconfiguration of the proposed funding would require £40 million from the Titanic Quarter Limited and the Belfast Harbour Commissioners, £40 million from the Northern Ireland Executive and a contribution of £10 million from the Council.

During discussion, a number of points were made in relation to the proposed transport infrastructure, the need to ensure that the location of the project would not result in it being isolated from the City centre, the financial benefits, aside from the rates income, which would accrue to Belfast, membership of the Charitable Trust which would oversee the Project and who would be responsible for any potential deficits which might arise.

In response, Mr. Smith explained that the planning application had been approved on the basis that a dedicated metro bus service would run regularly from the City centre to the Titanic Quarter and this would provide accessibility to the site. In addition, the Department for Regional Development was presently carrying out a feasibility study for a rapid light transport system running from the City centre to Titanic Quarter. A sum of £90million had been included in the Investment Strategy for Northern Ireland to build such a system and this would substantially improve accessibility between Titanic Quarter and the rest of the City. With regard to any potential trading deficits, he stated that Titanic Quarter Limited was proposing to underwrite any operational losses for the first seven years during which the project would be in operation. After that period of time, it would be a matter for the Charitable Trust to determine how any potential deficit would be met. However, he explained that the projected visitor numbers for the attraction would result in a surplus income which would be reinvested in the Visitor Centre. He indicated that the Charitable Trust would consist of representatives of the Stakeholder Organisations, together with other individuals whom the stakeholders determined would be likely to be of benefit to the Trust.

Mr. Smith thanked the Committee for receiving him and he retired from the meeting.

The Chief Executive advised the Committee that the Council had always been supportive of an iconic Titanic project and highlighted the fact that it was the Council, in collaboration with the Northern Ireland Tourist Board, which had funded the feasibility study for the creation of a Titanic Signature Project in November, 2004.

The Chief Executive further explained that Titanic Quarter Limited, which was a partnership of Harcourt Development Limited and the Belfast Harbour Commission, had been in discussion with the Department of Enterprise, Trade and Investment to consider how the present funding gap for the project could be bridged and the funding partners were now asking the Council to make a £10million capital contribution to assist in the realisation of the project in time for the 100th anniversary of the launch of the Titanic in 2012.

After further discussion, during which the Committee reaffirmed its support for the building of a Titanic Signature Project in time for the 100th anniversary in 2012 and the need for the Council to show leadership by investing in iconic projects which would bring significant benefit to the City through the Strategic Investment Fund, the Committee agreed that consideration should be given to investing £10million in the project, subject to a full due diligence review of the issues raised by Members and the matters set out in the report of the Chief Executive being undertaken, with a full report being presented to the Committee within a two month period.

Chairman