



Belfast City Council

<b>Report to:</b>	<b>Strategic Policy and Resources Committee</b>
<b>Subject:</b>	<b>Titanic Signature Project - Funding Proposal</b>
<b>Date:</b>	<b>16<sup>th</sup> December, 2008</b>
<b>Reporting Officer:</b>	<b>Peter McNaney, Chief Executive</b>
<b>Contact Officer:</b>	<b>Gerry Millar (ext 6217)</b>

1.0	<b><u>PURPOSE</u></b>
1.1	To receive the findings of the Due Diligence Report commissioned by the Council on the Titanic Signature Project and determine whether the Council will make a £10million contribution to the £97million total cost of the project.
1.2	<b><u>BACKGROUND INFORMATION</u></b> At its meeting on 29 February 2008 the Committee received a presentation from Titanic Quarter Ltd (TQL) on the proposals for the building of a Titanic Signature Project (TSP) in the city. The Committee noted the support of central government for the project and outlined its support for the building of a TSP in time for the 100 <sup>th</sup> anniversary of the launch of the ship in 2012. The Committee further noted the need for the Council to show leadership by investing in significant projects which would bring significant benefit to the city. The Committee therefore agreed that active consideration should be given to investing £10million in the project, subject to a full due diligence review being undertaken.
1.3	Accordingly, the Council commissioned Deloitte to undertake the due diligence exercise with a view to appraising the economic appraisal undertaken by PricewaterhouseCoopers of the TSP; examining the financial viability of the project proposals; assessing the relative benefits and risks attached to the project; recommending the necessary actions required to mitigate against identified risks; examining potential issues in regard to the wider Titanic Quarter development; and outlining those conditions which should be attached to any funding offer, if agreed, from the Council.
1.4	Members will recall that the origins for the TSP lie in the Northern Ireland Tourism Board (NITB) Strategic Framework, which had identified five key signature projects to enhance the Northern Ireland tourism product. Members will recall that it was the Council back 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 within the city.
1.5	Members will further recall that a Big Lottery Bid for funding was unsuccessful and that the private sector has been unable to bring forward a viable proposal to realise the Titanic Signature Project. It has therefore been accepted by central government that public sector intervention was needed to allow the project to be built.
2.0	<b><u>KEY ISSUES</u></b>
2.1	<b><u>EXECUTIVE SUMMARY OF KEY ISSUES</u></b>
2.1.1	In summary, Members are asked to note: <ul style="list-style-type: none"> <li>▪ The total cost of the project has been established as £97million.</li> <li>▪ The proposed funding formula is £43.5m from central government; £43.5m from the private sector, TQL and Belfast Harbour Commissioners; and £10m from Belfast City Council.</li> <li>▪ Central government commissioned an Economic Appraisal from PricewaterhouseCoopers. This appraisal looked at a number of options and determined that the most favourable in terms of economic and social returns was the Titanic Signature Project submitted by TQL.</li> <li>▪ The Northern Ireland Executive have therefore agreed to commit £43.5m towards the project, subject</li> </ul>

	<p>to a number of conditions, one of which relates to securing the support of Belfast City Council to making a £10m contribution to the overall cost of the project.</p> <ul style="list-style-type: none"> <li>▪ The other main conditions relate to a fixed price contract being entered into with the contractors with a guarantee that all cost overruns would be borne by the contractors and that TQL would provide an operational underwrite for the TSP for 7 years from its construction.</li> <li>▪ The Council’s independent due diligence review has concluded “Based upon the analysis undertaken as part of this investment review and in examining the relative merits of the TQL proposed Titanic Signature Project and the associated risks, we would suggest that Belfast would significantly benefit from the development and the Council would receive a positive return from the proposed investment of £10million towards the realisation of the TSP”.</li> <li>▪ There will be a number of significant social and economic benefits for the city and the citizen resulting from the TSP including job creation, increased visitor numbers, increased business tourism, community physical regeneration and local economy expenditure.</li> <li>▪ Appropriate provisions are in place (through the Funding Agreement and associated Legal Frameworks to which all co-funders will enter into) to mitigate against potential risks and to secure the Council’s investment in terms of the cost of construction and ongoing operation of the Titanic Signature Project and full Council input into and joint agreement on the final content and ongoing operation of the TSP.</li> <li>▪ An Independent Technical Advisory Team (EC Harris) has been appointed to act on behalf of the co-funders to oversee the project programme to ensure that it remains on time and budget. A recent review report prepared by EC Harris states that project design is at final stages, project programme and costs are on target and the project represents value for money.</li> <li>▪ Titanic Quarter Limited will enter into a Memorandum of Understanding with Belfast City Council which sets out their commitment (including a £100k annual financial contribution) to work in partnership with key stakeholders to create the necessary conditions to optimize the city and community benefits of the Titanic Quarter development. This will be incorporated within the Funding Agreement for TSP.</li> </ul>
2.1.2	<p><b>In consideration of the issues outlined above (with further detail contained within the main body of this report), Members are asked to consider whether they support the funding of £10million towards the realisation of a £97million Titanic Signature Project within Belfast. This commitment would be conditional on the following basis:</b></p> <ol style="list-style-type: none"> <li>1. Signing of a legal agreement which commits: <ol style="list-style-type: none"> <li>i. TQL/Harcourt Construction to enter into a target cost or fixed price contract, with cost overruns the responsibility of the contractor</li> <li>ii. TQL to provide an underwrite for TSP operational costs for 7 years</li> <li>iii. TQL to enter into a Memorandum of Understanding with Belfast City Council</li> </ol> </li> <li>2. Securing a bank guarantee or satisfactory equivalent to cover the private sector contribution towards the project and the cost of the underwrite.</li> </ol>
2.2	<p><b><u>POSITION OF NI EXECUTIVE</u></b></p>
2.2.1	<p>The Northern Ireland Executive considered the TSP project at its meeting on 27<sup>th</sup> November 2008 and agreed to increase its committed funding contribution from £32.5million up to £43.5million towards the Titanic Quarter Limited (TQL) TSP proposal. The funding is subject to the satisfactory completion of commercial discussions and funding conditions with the project promoters, the conclusion of a legal agreement between all the funders and the receipt of planning approval (Appendix 1 details the relevant press release).</p>
2.2.2	<p>Members will note that the Northern Ireland Tourist Board has already proceeded with developments linked to the TSP project including £1.2million restoration project at the Thompson Dock and Pump House. In addition, it will be a condition of funding that TQL commit to undertake further development works on the Titanic and Olympic Slipways and the Headquarter Building to enhance the overall Titanic maritime tourism experience.</p>
2.2.3	<p><u>Members will note that the proposed £10million Council funding remains the key lever to the overall realisation of the TSP and is a central condition of the NI Executive’s support towards the project. This would represent one of the largest single capital commitments and arguably the most iconic investment from the Council into the city from the development of the Waterfront Hall which had proven to be the</u></p>

	<u>anchor and catalyst to the overall regeneration of the Liganside area.</u>
2.3	<b><u>GREEN BOOK ECONOMIC APPRAISAL OF TITANIC SIGNATURE PROJECT</u></b>
2.3.1	In order to inform the NI Executives' consideration of its funding commitment towards the Titanic Signature Project, the Department of Enterprise Trade and Investment (DETI) commissioned PriceWaterhouseCoopers to undertake a Green Book Economic Appraisal of the Titanic Quarter Limited (TQL) Titanic Signature Project. The Economic Appraisal assessed the costs and benefits of the proposed TQL iconic scheme and benchmarked it against a number of alternative options including a smaller scale £50million proposal put forward by the Odyssey Trust Company (OTC).
2.3.2	In summary, the findings of the economic appraisal favoured the TQL Titanic Signature Project proposal on the basis of value for money and the benefits the project would bring to Belfast and the wider region including the generation of a positive net present value of £47million. It was also stated that the TQL proposal is at Stage D Design, has received preliminary planning approval and, therefore, there is greater confidence that the project can be delivered by the targeted 2012 date (centenary of the RMS Titanic).
2.3.3	The economic appraisal highlighted the fact that the Titanic Signature Project is the key centrepiece of a much larger Titanic/maritime tourism package which includes the Titanic and Olympic Slipways; The Harland and Wolff Headquarter Building and Drawing Offices; The Thompson Dock and Pump House; HMS Caroline; SS Nomadic and H & W Cranes. Accordingly, the PwC Economic Appraisal gave a qualitative score of 725 to the TQL proposal in comparison to 455 for the OTC proposal.
2.3.4	There is no doubt that these landmark developments would prove to be a significant investment which will result in consolidating and growing the Belfast tourism product, which has been a major success story in recent years. It will also reinforce Belfast's position as the tourism gateway within Northern Ireland.
2.3.5	Members will note that DETI has shared the contents of the Green Book Economic Appraisal with the Council's consultants Deloitte who, in turn, have undertaken an independent assessment of the key assumptions contained within the report as part of due diligence exercise (referred to below).
2.4	<b><u>BENEFITS TO BELFAST</u></b>
2.4.1	<b><u><i>The PricewaterhouseCoopers Economic Appraisal</i></u></b> The PricewaterhouseCoopers economic appraisal (referred to at section 2.2 above) comments that the forecast visitor numbers to the Titanic Signature Project would be between 300,000 - 400,000 per annum. This would place the attraction in second place behind the Giant's Causeway as the most visited Northern Ireland attraction. In 2006 the Causeway achieved 553,000 visitors with 290,000 visitors to the Belfast Zoological Gardens; 260,000 visitors to the Oxford Island Nature Reserve which is free to the public and 235,000 visitors to W5 at the Odyssey Complex.
2.4.2	Whilst the report states that the projected visitor numbers is the key risk to the continued sustainability of the project, it states that there are clear benefits to Belfast of any additional visitors, particularly out of town or out of state visitors attracted by the iconic nature of the Titanic Signature Project and the Titanic Experience. It is estimated that <u>£30m benefit of expenditure will accrue to the local economy based on 400,000 visitors and £23m from a reduced tourism figure of 300,000.</u>
2.5	<b><u>DELOITTE DUE DILIGENCE REPORT</u></b>
2.5.1	A copy of the detailed Deloitte Due Diligence report is attached at <b>Appendix 2</b> for Members consideration. I would refer to, in particular, the Executive Summary section of the report as this provides a high level overview of the main issues considered within the report and the associated recommendations put forward by Deloitte. The following sections of this report examine the issues under consideration within the Due Diligence report.
2.6	<b><u>Benefits</u></b> (refer to Section 5 of Appendix 2)
2.6.1	The Deloitte Report takes a more conservative view than PwC but nevertheless reported that there are clear socio-economic and social benefits of the Titanic Signature project to the city of Belfast. These will accrue in terms of both direct economic benefits through job creation, increased visitor numbers, increased business tourism, community physical regeneration and local economy expenditure as well as indirect benefits including improving civic pride and supporting social integration. Specific benefits

	<p>referred to within the report include:</p> <ul style="list-style-type: none"> <li>▪ £97million investment within Belfast, of which £43.5m will come from Government and £43.5m will come from the private sector;</li> <li>▪ creation of 250 new permanent jobs in visitor servicing and conferencing (refer to <b>Appendix 3</b>);</li> <li>▪ annual visitor numbers in the region of between 250,000-400,000;</li> <li>▪ 110,000-150,000 out of state, new visitors to the city;</li> <li>▪ £18million tourism spend in local economy (based on 250,000 visitors);</li> <li>▪ an economic benefit for Belfast of between £34.2m and £44m depending upon the annual tourism numbers</li> <li>▪ an annual rateable income for Belfast City Council of £3.6m (at minimum) by 2015 from the development of Titanic Quarter</li> <li>▪ increase the population base of the city</li> <li>▪ at the project's peak there will be some 600 construction workers on site;</li> <li>▪ 12,000 jobs (temporary construction and permanent) created within the overall Titanic Quarter development by 2012 (refer to <b>Appendix 3</b>);and</li> <li>▪ provision of one of largest conferencing and banqueting facilities within Northern Ireland (750 seated) which will be a key attractor for new large scale conferences into the city</li> </ul>
2.6.2	Deloitte has also estimated that the breakeven position for the TSP is 289,000 visitors per annum which equates to the annual visitor numbers presently experienced by the Belfast Zoo.
2.7	<b><u>Rates Contribution</u></b>
2.7.1	As part of the Council's due diligence exercise, an independent prudence review of the rateable value from the development of the Titanic Quarter was undertaken by the Council's Building Control section in liaison with Land and Property Services (refer to <b>Appendix 4</b> ). It is estimated that on completion of Phase II of Titanic Quarter (by 2015) the annual rate income is estimated to be at minimum £7.8 million. This would equate to <b>£3.36million (at a minimum) additional rate income which would represent 3.4% on the district rate per annum.</b>
2.8	<b><u>Legal Position</u></b> (refer to Section 8 of Appendix 3)
2.8.1	The Councils Legal Services Team, with independent support from Arthur Cox Solicitors, has been actively engaged in developing the legal documentation around the TSP and, in particular, the Funding Agreement to be entered into by all co-funders. Accordingly, the Director of Legal Services reports that appropriate provisions are in place (through the Funding Agreement) to secure the Council's investment and to mitigate against potential risks in regards to the construction and ongoing operation of the Titanic Signature Project; ensuring that TQL enter into a Memorandum of Understanding with the Council for wider community benefit (see below); and ensuring full Council input into and joint agreement on the final content and ongoing operation of the TSP. Further details are contained in Section 8.4 (page 54) of Appendix 3.
2.9	<b><u>Financial Position</u></b>
2.9.1	The Council's position in regards to the potential funding of the TSP project is that any commitment would be predicated on the basis that our funding would be committed last. This is in line with the assurance given that monies from the Council's City Investment Fund will only be released once the Council has them available.
2.9.2	The projected balance of the City Investment Fund at 31 <sup>st</sup> March 2009 will be £5.04m (refer to <b>Appendix 5</b> ) with current commitments under the fund of £4.2m towards the realisation of a £30 Connswater Community Greenway project and £1.5m towards the £17m new iconic Lyric Theatre.
2.9.3	Specifically in relation to the Titanic Signature Project, the Council will develop a strategy to secure the necessary financing if a commitment is given to fund the project. Negotiations are ongoing in regard to the disposal of sites to public sector funded bodies which should be complete by the end of 2008/09 and the capital receipts raised from this will be earmarked for the City Investment Fund. The rates increase ratio agreed by the Committee for the City Investment Fund will generate an additional £5million over the next two years.

2.10	<b><u>Potential Project Risks for Belfast City Council</u></b> (refer to Section 6 of Appendix 2)
2.10.1	<p>As part of the Council's due diligence exercise Deloitte has identified a number of high level risks which they believe need to be taken into consideration in determining whether the Council should fund the TSP project as set out below.</p> <ol style="list-style-type: none"> <li>1. <b>Project realisation</b> - will the project be delivered</li> <li>2. <b>Funding</b> - the potential for the Council to be asked for additional funding as a result of project cost overruns (i.e. construction and operation costs)</li> <li>3. <b>Achievability by 2012</b> - will the project be delivered by the target date of 2012</li> <li>4. <b>Sustainability</b> - the operation of the TSP becomes unsustainable and the project collapses</li> <li>5. <b>Reputation</b> - Council's reputation is negatively impacted by the association with the TSP project</li> </ol>
2.10.2	<p><b>What provisions are in place to mitigate the risks?</b></p> <p>The due diligence report sets out the range of actions and provisions which have been put in place to which will appropriately mitigate the risks identified, a summary of which is outlined below (<i>please refer to Section 6 of Appendix 3 for further detail</i>).</p> <ol style="list-style-type: none"> <li>1. <b>Project realisation</b> - Independent Technical Advisory Team (EC Harris appointed). Design has progressed to Stage D. Central government funding has been secured.</li> <li>2. <b>Funding</b> - the potential for the Council to be asked for additional funding as a result of project cost overruns (i.e. construction and operation costs)</li> <li>3. <b>Achievability by 2012</b> - outline planning permission secured and stage E and F Design stages underway; ITA to oversee project programme and timetable to ensure that it remains on target date. A recent ITA review report states that the project will be delivered on time if the targeted start date of January 2009 is achieved and identifying any remedial action required</li> <li>4. <b>Sustainability</b> - steering group established including representation from Belfast City Council to oversee the development of the content and ongoing operation of the TSP so as to ensure that the overall tourism experience underpins the sustainability of the project. An operation underwrite for 7 years has been secured from TQL.</li> <li>5. <b>Reputation</b> - Independent Technical Advisory Team to oversee the project and liaise with co-funders in regards to progress updates/milestone reports as well as early warning of any potential problems.</li> </ol>
2.11	<b><u>Governance Arrangements for the Titanic Signature Project</u></b>
2.11.1	For Tax reasons, the Titanic Signature Project will be owned and operated by a charitable foundation, Titanic Foundation Limited (TFL), with a board of independent trustees. They will have a wholly-owned subsidiary, Trade Co., for non-charitable activities (a similar model to that used by the Odyssey Trust).
2.11.2	The TFL Board will consist of seven independent Trustees. The current trustees are Brian Ambrose, Chief Executive of George Belfast City Airport and Jonathon Hegan, past chairman of RPS Consulting Engineers. The additional board members will be appointed in consultation with the co-funders (including the Council).
2.11.3	In relation to the representation on the board of Titanic Foundation Limited by appointments of co-funders, including Belfast City Council, the advice provided by Ernest and Young has been to the effect that because of a number of fiscal and taxation reasons, none of the participating parties should have representation on the Board of Titanic Foundation Limited.
2.11.4	Accordingly, the Director of Legal Services has taken steps to ensure (through the Funding Agreement) that provisions are in place for the establishment of a forum whereby Titanic Foundation Limited will consult with Belfast City Council (and other parties if they wish) in relation to the ongoing future operation of the Titanic Signature Project.
2.12	<b><u>Capital Costs and Construction</u></b>
2.12.1	Members will be aware that the target cost for the Titanic Signature Project is £90million. Given the potential VAT recovery implications outlined at section 2.9.2 below, this figure may raise to £97million.

	<p>Titanic Quarter Ltd will give a legal <b>commitment to underwrite</b> any additional construction costs. The Independent Technical Advisory Team (ITA), DETI and the Strategic Investment Board are currently in discussions with Titanic Quarter Ltd/Harcourt to ensure that satisfactory assurances are put in place to secure the private sector (TQL) contribution towards the TSP project and the associated construction underwrite. This will be incorporated within the project Funding Agreement and will be a condition of the Council's funding.</p>
2.13	<p><b><u>Community Benefit</u></b></p>
2.13.1	<p>When the Committee considered an update on the Due Diligence Report at its meeting on 28 May it directed that a Memorandum of Community Benefit should be established between the Council and TQL and that the Memorandum should benefit all the citizens of the city. Accordingly Council officials have developed an ongoing discussion with TQL, community representatives and the Government Departments with an interest in the thematic areas set out below.</p>
2.13.2	<p>The above discussions have culminated in the development of a draft Memorandum of Understanding (MOU) between TQL and BCC to "optimise City and Community benefits of the Titanic Quarter development" (copy attached at <b>Appendix 7</b>). Six key priority themes have been identified:</p> <ul style="list-style-type: none"> <li>• Employment, education and skills</li> <li>• Accessibility and transport</li> <li>• Community outreach</li> <li>• Housing</li> <li>• Tourism development and promotion</li> <li>• Quality open space and public art</li> </ul>
2.13.3	<p>The draft MOU sets out the declaration, objectives and principles which together form the basis of a mutual partnership agreement between Titanic Quarter Limited and Belfast City Council. It sets out a clear commitment from both parties to actively work towards creating the necessary conditions to <b>optimize the city and community benefits of the Titanic Quarter development</b>. The MOU also sets out a proposed governance structure for taking the process forward and securing the engagement and commitment of all relevant stakeholders.</p>
2.13.4	<p>Members will note that Titanic Quarter limited has made a <b>commitment of £100k per annum</b> made up both of cash and in-kind support to assist in enabling the full benefit of these themes to be realised.</p>
2.13.5	<p>Given the significant scale and potential impact of the regeneration of the Titanic Quarter on the city and the need to ensure that all efforts are taken to maximise the city and community benefits to accrue as encapsulated within the MOU, there is clearly a need for a dedicated resource to coordinate the developmental process around the MOU and to ensure that all relevant partners are engaged and committed to the delivery of the objectives of the MOU. Accordingly, it is further proposed that a Coordinating Steering Group be established to drive the process forward with dedicated project and secretarial support put in place for a fixed-term period.</p>
2.13.6	<p>Subject to the approval of the other Belfast Area Partnership Boards it has been proposed that project and secretariat support could be provided by the East Belfast Partnership Board, acting as a managing agent on behalf of the Area Partnership Boards, to assist with the overall coordination and provide secretariat support to the proposed Coordinating Steering Group and Thematic Working Groups and feedback to the Advisory Board. Initial feedback from the Belfast Area Partnership Boards and relevant community representatives has been favourable of this proposal. There will clearly be resource implications attached to this (e.g. funding a fixed-term project officer at a PO1 scale -£26,800 to £29,000). Members will note that work is ongoing to gain the commitment of other statutory departments (e.g. Department for Employment and Learning, Department of Enterprise, Trade and Investment, Department for Social Development, Department for Regional Development etc.) to the MOU and to provide funding towards the central coordination of its implementation.</p>
2.13.7	<p>In addition, there will clearly be resource implications for the Council in terms of its continued engagement within the development stages of the MOU process and the associated thematic working groups and in providing overall scrutiny/oversight of the delivery of the commitments set out within the MOU. It is suggested that this resource be made available through the realignment of current activity within the Council at a neutral cost.</p>

2.13.8	It will be equally as important that those staff within relevant specialist disciplines (e.g. tourism development, economic development; planning and transportation, community development etc) feed into the ongoing work of the respective Thematic Working Groups.
2.14	<p><b><u>TIMETABLE</u></b></p> <p>Following the Executive decision of 27 November 2008 and subject to a positive response from Belfast City Council it is proposed that legal agreements will be finalised and signed-off week commencing 5th January 2009 and an immediate construction start. The project is due for completion in Spring 2012.</p>
3.0	<p><b><u>COMMUNICATION</u></b></p>
3.1	Members will be aware that the recent announcement made by the NI Executive in regard to its funding of the TSP created extensive media coverage. Regardless of the decision taken by the Committee and Council in regard to the proposed funding of the TSP, it is anticipated that there will be significant media interest and the Council will need to ensure that an appropriate communication plan is in place based on the following key messages.
3.2	<p>If a <u>positive decision</u> is taken the following messages will apply:</p> <p>The approval of financial support for TSP will be the largest single financial investment by the Council since the opening of the Waterfront Hall over 10 years ago. It is an opportunity to promote the council as civic leader and deliver a message around the 'today's action, tomorrow's legacy' message. It can also point out that this is in keeping with the council's proud past of providing investment that becomes a catalyst for major improvements to the city. It will also provide us with the opportunity to promote some of the messages contained with the development of the new <b>B brand</b> which reflect Belfast's new status.</p> <p>It is suggested that the key messages around this could be:</p> <ul style="list-style-type: none"> <li>▪ Today's decision to invest in TSP is a bold statement showing Belfast City Council's commitment to taking action today to leave a positive legacy for future generations.</li> <li>▪ Just over a century ago, the City Fathers invested in the new City Hall which changed the face of the city forever. Just over a decade ago, they took the decision to build the Waterfront Hall which was a catalyst for the riverside developments of the past 10 years that have transformed the city. The investment in TSP can be the catalyst for transforming our great city again, while at the same time providing a vital link to our proud past.</li> <li>▪ This is the time to invest in the future of the city. We must build on our recent successes in attracting tourists to the city by giving them iconic attractions - and there can be nothing better than bringing the Titanic story back to its homeplace.</li> </ul>
3.3	<p>The recent B brand development showed that citizens, visitors and investors believe that this is Belfast's moment. This reflects Belfast's coming of age, the turning of a new page and the new shared enthusiasm which is palpable to all those who experience the city.</p> <ul style="list-style-type: none"> <li>▪ A unique history and a future full of promise have come together to create a city bursting with energy and optimism.</li> <li>▪ New things are happening, there is a determination to keep what is good and change the things that could be better. A vibrant mix of old and new is a visual proof of a dynamic city reinventing itself.</li> <li>▪ TSP is the tangible expression of all of the above, bringing it all to life.</li> </ul>
3.4	It is suggested that a press announcement be issued if the committee approves the funding. Given the extensive media interest in this issue, it is recommended that the statement be issued following the committee meeting rather than wait until ratification by the full council, otherwise it will be subject to leaks and we will lose control of it. It is further suggested the press release should include comments by the chairman of Strategic Policy and Resources on the actual decision and from the Lord Mayor on the overall benefits to the city to show a one council approach to this issue.
3.5	If a <u>negative decision</u> is taken then the reasons for this decision will emerge as part of the Committee meeting and a press release will be drafted on that basis.
4.0	<p><b>Resource Implications</b></p>
<p><u>Financial and Human Resources</u></p>	
<ul style="list-style-type: none"> <li>▪ If approved the Council will be committing £10million towards the realisation of the Titanic Signature</li> </ul>	

Project. This financial commitment will be required in 2011/2012.

- If approved the Council will be required to commit substantial Human Resources (both Members and Officers) towards supporting the development and implementation of the Memorandum of Understanding and ensuring that the community and city benefits attached to the TSP and wider Titanic Quarter development.

## **5.0 Recommendations**

5.1 Members are asked to:

- a) consider the content of this report;
- b) agree that the Council enter into a Memorandum of Understanding (MOU) with TQL which seeks to optimise the city and community benefits of the Titanic Quarter Development (refer to Appendix 7);
- c) agree that the Council be actively engaged in the proposed governance structures to be established to take forward the development and implementation of the objectives set out within MOU;
- d) agree that internal support structures be put in place through the realignment of activity to support the development and implementation
- e) agree, in principle, that the Council will have political representation on the proposed Strategic Advisory Board to emerge from the MOU, subject to such membership being agreed by the Committee;
- f) agree that the Council commits £10million towards the realisation of the Titanic Signature Project subject to the following conditions:
  1. Signing of a legal agreement which commits:
    - i. TQL/Harcourt Construction to enter into a target cost or fixed price contract, with cost overruns the responsibility of the contractor
    - ii. TQL to provide an operational underwrite for TSP costs for 7 years from the date of opening
    - iii. TQL to enter into a Memorandum of Understanding with Belfast City Council
  2. Securing a bank guarantee or satisfactory equivalent to cover the private sector contribution towards the project.
- g) agree to the proposed communication plan set out in Section 3 above.

## **6.0 Documents Attached**

**Appendix 1:** NITB Minster Press Release on Executive's decision regarding the TSP

**Appendix 2:** Deloitte Due Diligence (Investment Review) Report, December 2008

**Appendix 3:** Employment Projections for TSP

**Appendix 4:** BCC prudence review of rates generation from TQ

**Appendix 5:** BCC City Investment Fund - current position

**Appendix 6:** EC Harris TSP Project Review, October 2008

**Appendix 7:** Draft Memorandum of Community Understanding