



Glasgow City Council
City Administration Committee

Item 6

7th March 2019

Report by Executive Director of Regeneration and the Economy

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PROPOSAL TO GRANT ADDITIONAL FUNDING TOWARDS THE CITIZEN'S THEATRE REDEVELOPMENT PROJECT

Purpose of Report:

To inform committee of progress on the Citizens Theatre Redevelopment Project and to seek approval for an increase in the Council's funding contribution that will support the successful delivery of the project.

Recommendations:

The City Administration Committee is asked to:

- note progress on the redevelopment project and the level of external funding secured by the team at the Citizen's Theatre;
- approve grant funding of an additional £1m in addition to the £5m already accounted for in the council's capital planning.

Ward No(s): 8

Citywide:

Local member(s) advised: Yes No consulted: Yes No

PLEASE NOTE THE FOLLOWING:

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1 Background

- 1.1 The Citizens Theatre building, which is a Council-owned asset, is leased to the Citizens Theatre Ltd. The City Administration Committee and formerly the Executive Committee has considered reports on the redevelopment of the building on three occasions in recent years as detailed in Table 1.

Table 1- Previous Approvals at Committee:

Date	Title	Decision
27 th June 2013	Item 21 - Proposed Lease to Citizens Theatre Ltd.	Approved
23 rd January 2014	Item 11 – Terms Agreed For Grant of New Lease to Citizens Theatre Ltd.	Approved
12 th June 2014	Item 2 – Funding Support to Citizens Theatre Ltd.	Approved
22 nd February 2018	Item 2 - Support for the Citizen’s Theatre Redevelopment	Approved

- 1.2 The redevelopment and restoration of this Category ‘B’ listed building will be the first comprehensive renovation in the building’s 140 years. The renovation will secure the future of an ageing and vulnerable building as an essential theatrical, creative and cultural hub for both the city and local communities, generating new levels of civic pride and excitement, and playing a leading role in the regeneration of the Gorbals, and the wider cultural economy of Glasgow. The redevelopment is a beacon project in the Laurieston regeneration area and is an urgent response to a deteriorating building and to the Citizens’ ambition to partner in the social and economic regeneration of the local community.
- 1.3 The Citizen’s theatre is currently operated by the Citizen’s Theatre Limited who occupy the building under a 99-year lease which expires in 2113.
- 1.4 Given the extent of the ambition in relation to the scope of the project, multiple sources of funding were being sought, which would combine to meet the predicted cost of the works, which at that time were estimated at £18.4m.
- 1.5 In late 2018 when the proposals were completed and sent out to tender, a tender sum in excess of the predicted project budget was returned.
- 1.6 The Citizen’s Theatre Limited have been able to secure a total of £20.5m of funding, included in which is the Council’s current commitment of £5m towards the project (a full list of funders’ contributions are listed in table 2.2.1 below).
- 1.7 There is currently a funding gap between the estimated project cost vs confirmed funding.

2 Current Position

- 2.1 Following a number of combined “funders’ meetings”, some of the funders have committed to increasing their funding contribution to assist in bridging the funding gap, whereas other funders have confirmed an inability to increase their funding contributions at this time.
- 2.2 The table below outlines the current list of funders and the “confirmed” amount of funding from each in relation to the overall project cost:

<u>Funder/Organisation</u>	<u>Current Confirmed Funding</u>	
GCC	£	5,000,000.00
Heritage Lottery Fund	£	5,295,000.00
Regeneration Capital Grant Fund	£	2,500,000.00
Scottish Government (original offer)	£	1,500,000.00
Scottish Government (additional offer)	£	500,000.00
Creative Scotland	£	1,500,000.00
Historic Environment Scotland (original offer)	£	500,000.00
Historic Environment Scotland (additional offer)	£	282,000.00
Private/Public Giving/Fundraising Original Target	£	3,107,552.00
Private/Public Giving/Fundraising Additional Target	£	300,000.00
Total Funding	£	20,484,552.00
Total Current Predicted Project Costs* (*see paragraph 2.3 below)	£	21,517,636.00
<u>Funding Gap</u>	-£	<u>1,033,084.00</u>

- 2.3 It should be noted that the total predicted project cost above (£21,517,636.00) is inclusive of contingencies at £1.4m, however, it is also predicated on achieving additional value engineering and re-tendering savings of £1.03m.
- 2.4 All funders in attendance at the funders’ meetings agree that given the nature of some of the work packages, this level of value engineering and re-tendering savings is achievable.
- 2.5 Also worth noting from the above, is that the additional £500,000 funding confirmed from the Scottish Government is contingent on “match funding” being proposed by GCC – covered in section 3 below.

- 2.6 As noted in the above table, two of the funders have been able to make provision for additional funding to be made available, however, there remains a funding gap of £1m.

3 Closing the Funding Gap

- 3.1 In order to close the funding gap to an acceptable level which would allow the project to continue, this paper is proposing that GCC increases its overall capital funding towards the project by £1,000,000. In so doing, it not only closes the gap and allows the project to progress, it also “locks-down” the other funders’ increased offers, which were predicated on GCC increasing their own contribution.
- 3.2 The proposal contained in this paper is that £500,000 of the funding be realised from the Council’s “Common Good” fund, and the other £500,000 be funded from the Community Asset Fund. Actual drawdown of this funding from both funds will be during the 2020/21 financial year.
- 3.3 Notwithstanding the Council’s additional contribution, it is the intention of the Council to continue to engage with existing funders and seek additional sources of external funding to potentially reinstate the funding used from either the Common Good or Community Asset Fund.

4 Next Steps

- 4.1 Whilst the additional £1m from the Council would close the funding gap to a level that would allow the project to proceed, the decision to progress with the works is not without an element of risk, given the current predicted project cost being dependent upon an additional £1.03m of value engineering and re-tendering savings being realised. However, the risk of not achieving this cost saving balanced against the risk of not progressing the works as soon as possible is seen by all of the funders as the lesser risk. Any further delay in progressing the works will see the possibility of funders pulling out of the project altogether (leading to a total collapse of the funding package), the landed tenders becoming out of date, and the significant risks associated with construction based inflation.
- 4.2 Should Committee approve the additional funding, the other funders will be informed, and a collective decision taken to “green light” the project commencement.
- 4.3 GCC will have representation on the project board and will report the project’s physical and financial progress through the Capital Programme Board.

5 Policy and Resource Implications

Resource Implications:

<i>Financial:</i>	The additional funding for the project is containable within existing capital financial planning.
<i>Legal:</i>	In line with Council procedures and policy.
<i>Personnel:</i>	None
<i>Procurement:</i>	In line with Council procedures and policy

Council Strategic Plan:

The proposal supports all core objectives of the council plan. The project will continue to be developed to align future use to the cultural benefit of the citizens of Glasgow and will continue to be an attraction for visitors to Glasgow thereby stimulating the economy.

It is envisaged that the proposal will contribute to objectives: 13, 38, 44, 74, 78.

Equality AND Socio-Economic Impacts:

<i>Does the proposal support the Council's Equality Outcomes 2017-22</i>	Yes the proposal adheres to the Council's Equality Outcomes 2017 – 22
<i>What are the potential equality impacts as a result of this report?</i>	It is envisaged that the proposal would have a positive equality impact by continuing the use and legacy of the facility to the local and wider community providing cultural, social, and educational benefits.
<i>Please highlight if the policy/proposal will help address socio economic disadvantage.</i>	It is not envisaged that this proposal will have a significant positive or negative impact.

Sustainability Impacts:

<i>Environmental:</i>	The proposal will secure the future of a listed building and a key cultural asset of the city.
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Social, including Article 19 opportunities:

It is envisaged that property condition and management standards will improve as a result of the property being acquired by the Council.

Economic:

In contributing to the regeneration of the area, it is envisaged that the redevelopment project may provide some local employment opportunities and when completed, potential volunteering roles which help support local residents back to economic activity.

Privacy and Data Protection impacts:

No privacy or data protection impacts have been identified.

6 Recommendations

6.1 The City Administration Committee is asked to:

- note progress on the redevelopment project and the level of external funding secured by the team at the Citizen's Theatre;
- approve grant funding of an additional £1m in addition to the £5m already accounted for in the council's capital planning.

**Note: The attached appendix 1, whilst not pertinent to the proposals contained within this report, is included to provide background information on the benefits of progressing with this project.*