Item 6

3rd November 2022

Glasgow City Council

Contracts and Property Committee

Report by Executive Director of Neighbourhoods, Regeneration and Sustainability

Contact: George Gillespie Ext: 79106

LETTING OF PART OF THE KELVIN HALL, 1445 ARGYLE STREET, G3 8AW to BBC STUDIOWORKS LIMITED.

Purpose of Report:

To approve the terms of a lease to be granted to BBC Studioworks Limited of part of the Kelvin Hall, 1445 Argyle Street, G3 8AW.

Recommendations:

The Committee is asked to:

1. Note the content of this report.
2. Note and approve the terms of the lease to be granted to BBC Studioworks Ltd on the terms contained within this report and
3. Authorise the Executive Director of Neighbourhoods, Regeneration and Sustainability in consultation with the Director of Legal and Administration to conclude all other matters pertaining to the lease of the subjects and to enter into the necessary legal agreements on terms which are in the best interests of the Council.

Ward No(s): 10 – Anderston / Yorkhill Citywide: ✓

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

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1.0 Introduction

1.1 In January 2021, a paper was considered and approved by the City Administration Committee which outlined the funding from the Scottish Government and requested that the Council give consideration to the provision of an additional £4m funding for the creation of a centre of excellence for film and TV production in the vacant vaults of the Kelvin Hall.

1.2 In June 2021 the Contracts and Property Committee authorised the Director of Corporate Asset Management to continue negotiations with BBC Studioworks Limited to convert heads of terms agreed in principle into a lease, with a further report seeking final authority to enter the lease to be submitted to a future meeting of the committee.

1.3 As requested we are returning to this committee seeking final authority to enter into a lease on the terms outlined within this report.

2.0 The Subjects

2.1 The subjects comprise a purpose built TV studio constructed within Phase 2 (vacant vaults) of the Kelvin Hall extending to approximately **3,668.9 sq m (39,492 sq ft).**

3.0 Current Position

3.1 Heads of Terms were agreed in principle and the parties' respective solicitors have negotiated a formal lease based on those.

3.2 The Date of Entry for BBC Studioworks will be back dated to accommodate the actual date of entry.

4.0 Agreed Heads of Terms

- **Landlords** – Glasgow City Council
- **Tenants** – BBC Studioworks Ltd
- **The Subjects - 3,668.9 m2** (39,492 sq ft) within Phase 2 (vacant vaults) of the Kelvin Hall, the location of which is shown on the plan attached to this report.
- **Term** – 12 years with an option to extend for a further 5 years exercisable upon not less than 6 months' notice prior to the end of the initial 12 year period. Annual rental and service charge to be re-negotiated at the renewal date
- **Date of Entry** – Backdated to match agreed first day of utilisation.

- **Rent** – £255,000 (excl VAT) per annum
- **Service Charge –** Fixed at £50,000 per annum with CPI increases.
- **Rent Reviews** - No rent review provision until renewal.
- **Rent Free Period** – N/A.
- **Repairing Obligations** – Internal repairing and insuring subject to an agreed Schedule of Condition.
- **Use** – Operation of the subjects as a centre for film and TV studio production and other complimentary and ancillary uses.
- **Alienation –** Tenant may allow occupation by third party production companies without Landlord's consent providing no tenancy relationship is created and details are given in advance to GCC. The Tenant can also share occupancy with group companies subject to no tenancy relationship being created and giving GCC details. Otherwise the Tenants cannot assign and can only sub-let.
- **Costs** – each party to be liable for their own legal costs

5.0 Policy and Resource Implications

Resource Implications:

Financial:	Annual rental income of £255,000 will offset the GCC capital contribution.
Legal:	None
Personnel:	None
Procurement:	None

Equality and Socio-Economic Impacts:

Does the proposal support the Council's Equality Outcomes 2021-25?	BBC SW operate equality policies that are in line with GCC policies.

Please specify.	
What are the potential equality impacts as a result of this report?	No negative equality impacts identified.
Please highlight if the policy/proposal will help address socio-economic disadvantage.	The creation of this facility will create employment opportunities within the city.
Climate Impacts:	
Does the proposal support any Climate Plan actions? Please specify:	Construction and fit out has been undertaken using the most climate friendly technologies available.
What are the potential climate impacts as a result of this proposal?	No negative climate impacts have been identified.
Will the proposal contribute to Glasgow's net zero carbon target?	N/A
Privacy and Data Protection Impacts:	No privacy and data protection impacts have been identified.

6.0 Recommendations

It is recommended that the committee:

1 Note the content of this report.

2 Note and approve the terms of the lease to be granted to BBC Studioworks Ltd on the terms contained within this report, and

3 Authorise the Executive Director of Neighbourhoods, Regeneration and Sustainability in consultation with the Director of Legal and Administration to conclude all other matters pertaining to the lease of the subjects and to enter into the necessary legal agreements on terms which are in the best interest of the Council.