Item 2

22nd February 2018

Glasgow City Council

City Administration Committee

Report by Councillor David McDonald, Depute Leader of the Council and City Convener for Communities

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SUPPORT FOR THE CITIZENS THEATRE REDEVELOPMENT

Purpose of Report:

To inform committee of progress on the Citizens Theatre Redevelopment and to seek approval for a range of measures that will support the successful delivery of the project.

Recommendations:

Committee is asked to

1 note progress on the redevelopment project and the level of external funding secured by the team at the Citizens Theatre;

2 approve funding of an additional £1m of grant funding in addition to the £4m already accounted for in the council's capital planning;

3 Agree in principle to a loan facility in the event that there is a shortfall in the fundraising campaign;

4 note the support being provided by the Council in accommodating the ongoing work of the Citizens Theatre during the works; and

5 note the governance arrangement proposed for the life span of the project's delivery.

Ward No(s): Citywide: ✓

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

1 BACKGROUND

1.1 The Citizens Theatre building, which is a Council-owned asset, is leased to the Citizens Theatre Ltd. 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 Approval at Council Executive Committee.

Date	Title	Decision
27th June 2013	Item 21 - Proposed Lease to Citizens Theatre Ltd.	Approved
23rd January 2014	Item 11 – Terms Agreed For Grant of New Lease to Citizens Theatre Ltd.	Approved
12th June 2014	Item 2 – Funding Support to Citizens Theatre Ltd.	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 Citizens Theatre - A world class theatre at the heart of the Gorbals*

The redevelopment will allow the Company to produce more work, engage with more audiences and participants, and develop more emerging talent. The Company's artistic reputation has never been higher and box office never more buoyant while the building itself has never been more fragile. The importance of the Citizens Theatre to Glasgow's cultural, tourism and regeneration ambitions is well understood and has been recognised and endorsed by external funding bodies.

- Excluding Christmas shows, Trainspotting (October 2016) was the Company's highest grossing production, with 47% of the audience 'first time attenders'.
- At the 2016 Critics' Awards for Theatre in Scotland in 2016 the Company's productions were nominated 12 times and won six awards.
- Artistic Director Dominic Hill is the most celebrated director in Scottish theatre with five awards and nine nominations in the ten-year history of the Critics' Awards for Theatre in Scotland.

1.4 *A theatre for the community, addressing inequalities and engaging marginalised communities*

The Citizens delivers a pioneering range of creative participatory projects and places a special emphasis on work with children, young people and socially excluded adults. Its learning team has an international reputation for excellence and, in the last decade, has delivered over 1,000 small, medium and large-scale projects working with a wide range of community groups in Glasgow and beyond. The Company's work breaks down social barriers and challenges entrenched social prejudices across Glasgow's diverse communities.

- The Company has delivered multi-year projects at HMP Barlinnie, the Chara Centre (supporting vulnerable women) and with primary and secondary schools across Greater Glasgow, e.g. Divided City, its anti-sectarianism project for primary and secondary schools ran for five years in 86 schools across four council regions, including Glasgow, engaging over 3,500 pupils, 267 teachers and 10,500 audience members.

- The Friday Club and Saturday Citizens provide opportunities for teaching disabled adults and teenagers new skills, build confidence and create new networks and friendships.

- The Gorbals Vampire (October 2016) was a large-scale community production with 60 participants and an audience of more than 1,500 for its three performances. 24% of this audience was from the Gorbals and 32% of participants had a family or professional or social connection to the Gorbals.

1.5 *The Citizens as a catalyst within the regeneration of the Gorbals and a tourist destination*

The Citizens redevelopment plan is fully supported by the Gorbals Regeneration Group (comprising Glasgow Community Planning Partnership partners, locally elected representatives, the community council and Gorbals Voluntary Sector representatives) which oversees Thriving Places, an initiative to build community capacity, resilience and social capital through consultation, engagement, co-production, control and ownership. The Gorbals Regeneration Group considers the Citizens Theatre's proposal to be central to the success of Thriving Places and the associated community development strategy. The Citizens already contributes to individual and community confidence and sense of place. It is a source of great pride and a locally valued asset, the worth of which will increase even further with the culmination of the redevelopment project as proposed. A redeveloped Citizens Theatre is essential if the Gorbals is to become a genuine visitor destination because it will be a catalyst for further commercial and cultural development in its immediate environs.

1.6 *A Victorian Theatre in a deteriorating physical condition*

The physical condition of the building threatens the Company's operation and the sustainability of the theatre as with each year, building services deteriorate and emergency patch-up repairs add escalating expense to the Citizens' annual operational budget, thereby reducing the amount that can be spent on delivering performances and work for community participants and audiences. Dilapidations are now so serious that inclement weather results in water ingress from the roof travelling through all four levels of the building and into the basement, causing significant damage to props, costumes, light fittings and historic machinery. The Front of House heating system broke down in 2015 and is beyond repair. The fixed wire testing fails each year and requires significant additional funds for remedial work in order to pass the standards required for the theatre license. Working conditions and the general environment for audiences and participants are very poor.

2 PROJECT COST, FUNDING AND PROGRAMME

2.1 The redevelopment at the Citizens Theatre is estimated at £19.4m, and is due to start on site this year and be complete by December 2020.

2.2 Table 1 - Funding Profile

Funder	£	Status
Heritage Lottery Fund	5.3m	Approved subject to approval of outstanding funding.
Glasgow City Council	4.0m	£4m Secured.
Regeneration Capital Grant Fund (Scottish Government)	2.5m	Secured.
Creative Scotland	1.5m	Secured
Scottish Government Culture budget	1.5m	Secured
Historic Environment Scotland	0.5m	Secured
Other Private Sector grants and fundraising	3.1m	£1.54m secured. The further £1.56m to be raised as part of the ongoing funding campaign.
Total	**18.4m**	

2.3 Programme

Table 2 - Programme

Date	Milestone	Status
March 2018	Appoint main contractor	On Programme
June 2018	Theatre Closes	On Programme
July 2018	Commence main contract	On Programme
December 2020	Project completion	On Programme

3 PROGRESS AND FUNDRAISING

Design Development

3.1 Since the last Executive Committee report in 2014 the scope and design approach to the building has evolved and flexed to cope initially with functional requirements of the Company and the enhanced level of access and activity required by the vision and latterly, in order to value engineer the overall build costs associated with the project.

3.2 The scheme that was granted planning permission in 2014 was based on a plan to continue operating on site through the building works. In part, due to the cost and risk associated with continuous trading it became unaffordable with an overall capital cost in excess of £21m.

3.3 The project team has been working with Glasgow City Council and Glasgow Life over the last 18 months to engineer the capital cost of the building works and to mitigate the risks associated with the project. This has resulted in a reduced scope and cost associated with the building project and an operational model that allows the Citizens Theatre move out of the building for two years thereby reducing the length of the works, project costs and risks.

Fundraising

3.4 The project team has been successful in securing £14.4m of external funding for this strategically important city asset. This includes an additional £2m which has been secured in the last year from HLF and the Scottish Government on the condition that the project was value engineered, that risks associated with continuous trading and funding were addressed. To address the funding shortfall it is proposed that the council's contribution is increased by £1m, to just under 26% of the total budget. By committing to an extra £1m, the portfolio of funding secured over the last five years and the opportunity for a comprehensive redevelopment of an iconic theatre and rich community asset are not lost to the city.

4 ADDITIONAL COUNCIL SUPPORT

Temporary Accommodation

4.1 In supporting the closure of the theatre the administrative, box office and learning functions will be relocated at Scotland Street School Museum from June 2018 until the end of the project in 2020. These functions will co-exist with the existing museum activity and interpretation spaces at the building and represent an opportunity for partnership working and audience development for both Glasgow Life and the Theatre Company. Citizens Theatre Ltd will be granted a lease and will carry out defined day to day operational duties including providing access to the listed building, which is in itself a significant element in Glasgow's built heritage offer, while collections based activities will continue to be delivered by Glasgow Life teams. This innovative way of

working will ensure that neither organisation suffers an unnecessary revenue funding burden during this period.

4.2 The back of house technical functions such as the carpentry, wardrobe, lighting, stage management and rehearsals will be housed in the Skills Academy run by City Building Glasgow in the Gorbals. As with Scotland Street School Museum, the operational activity in that building will not be compromised by sharing space with the Citizens Theatre.

4.3 A number of the performances will be hosted at Tramway ensuring that the award winning work of the Citizens Theatre remains part of the cultural life of the Southside of Glasgow. As with Scotland Street School Museum and the Skills Academy, the core programme of activity at Tramway will continue during the building works at the Citizens Theatre. In addition, Citizens Theatre intends to expand its touring profile over this period taking work out to community venues across Glasgow as well as to mid and large scale venues throughout Scotland.

4.4 By working in partnership across these three Council buildings the activities of the Citizens Theatre will be retained.

Agreement in Principle to a Loan Facility

4.5 The £3.1m private fundraising campaign is progressing well with £1.54m already secured. Once core funding of £17.8m is secured it is expected that the public and corporate donations will increase, and given the international reputation and depth of local support for the institution, the remaining £1.56m fundraising target is considered achievable. While an overall shortfall is unlikely, a cash flow shortfall as the project nears completion is possible due to the draw down arrangements across the external funders. To cover both contingencies a loan facility may be required from the Council to allow the project to complete on time. Any loan that is required will be paid back with an appropriate level of interest in line with financial lending standards.

5 GOVERNANCE

Financial Reporting and Control

5.1 The terms and conditions attached to the grant funding will include a requirement for transparency with regard to cost and risk reporting. The consultant team will provide regular reports to Development and Regeneration Services who will track progress and escalate any concerns via the Council's normal capital monitoring process.

5.2 The Citizens Theatre's project team have established a governance structure that will include representation from Glasgow Life on behalf of the Council, who will take part in project decision making and provide a representation for the wider support provided by the council to the Citizens Theatre project.

6 Policy and Resource Implications

Resource Implications:

Financial:	The Citizens Theatre is a Common Good asset. As a result of the level of capital growth in recent years it is proposed that the additional contribution of £1 million be met from the Common Good Fund. Should a loan from the Council be required repayment terms would be agreed based on the Citizens Theatre Business Plan and relevant lending standards.
Legal:	The Director of Governance and Solicitor to the Council will agree appropriate terms and conditions with the Citizens Theatre.
Personnel:	N/A
Procurement:	N/A
Council Strategic Plan:	Specify which theme(s) and outcome(s) the proposal supports A Thriving Economy The project will create 7.7FTE new jobs and ensure existing jobs (38 permanent and 255 freelance/seasonal) are secure for the future. A community benefits clause will be included in the construction contract, creating opportunities for both targeted new entrant and work experience placements. A Vibrant City The new building celebrates the rich built and theatrical heritage and will provide a world class cultural offer and an expanded tourism offer through a significant heritage engagement programme, accessible to both visitors and citizens. Excellent and Inclusive Education The learning programme, which will continue at Scotland Street School Museum during the works will be enhanced in the new building by new

flexible and accessible learning spaces and an enlarged learning team.

A Healthier City

The flexible, accessible and high quality learning and rehearsal spaces, as well as a welcoming foyer and café bar, will support preventative activities beneficial to physical and mental health and create a community hub at the heart of the regenerated Gorbals.

Powerful outcomes are achieved through the Citizens Learning work in terms of combating isolation, establishing new social networks, imparting practical and transferable skills and building self-confidence.

A sustainable Low Carbon City

The delivery of a new and refurbished building, with a BREEAM rating of “very good” will ensure environmentally sustainable mechanical and electrical systems.

Resilient and Empowered Neighbourhoods

The Citizens provides a community platform on which to build its tested connectivity with its local audiences and participants. This, in turn, provides a catalyst for social regeneration and increased opportunities to engender civic pride and greater participation in the immediate Gorbals locale.

Equality Impacts:

Does the proposal support the Council’s Equality Outcomes 2017-22	Yes
What are the potential equality impacts as a result of this report?	Positive impact as set out in report

Sustainability Impacts:

Environmental:	The Redevelopment Project aims to achieve a BREEAM rating of very good with an aspiration

for excellent.

The redevelopment will make a strong and positive contribution to the local streetscaping and the building will continue to be a major cultural asset to the local community. Specifically, new street frontage and foyer spaces will replace the current lacklustre facade on Gorbals Street.

The Citizens Theatre has a strategic location at the centre of one of the main north-south routes to and from the City Centre and key east-west connections across the local Laurieston area. The redevelopment will extend to substantial areas of public realm and car parking outside the building itself, helping to reinforce existing and extended connections with new residential, office, community and leisure developments.

There are plans for new cycle facilities to be based at the theatre with a new cycle hub and cycle hire on site which will complement plans for the new South City Way cycle route that will join the Southside of Glasgow to the City Centre.

Social:

This project will have a positive impact on:
• job creation and skills development; and
• local communities.

The continuing social regeneration within the Gorbals is a major priority for the city and the Citizens' redevelopment has a vital role to play within this. The project will result in a cultural destination at the heart of the Laurieston Transformational Area, improving connections with neighbouring areas, the City Centre and strengthening the relationships with the River Clyde corridor. Without the Citizens Theatre as an 'anchor' for cultural life, the south side of the Clyde is less likely to contribute to this wider regeneration agenda.

Economic:

The regeneration agenda for the Laurieston Transformational Area reimagines the Gorbals as Glasgow's South Bank – a premier visitor destination - and the redeveloped Citizens is the cultural provider at the heart of that transformational vision.

The redevelopment will make an impact in terms

	of increased growth and job creation by augmenting tourism. It will enable the Citizens to diversify income streams through the cafe and bar offer, hire of office spaces for cultural tenants or for events and corporate as well as maximising Box Office potential through the expansion of the main stage and studio programmes. The redevelopment is a central regeneration initiative providing positive foot traffic in the city, reinforcing a vibrant link from the City Centre from the Merchant City via the Briggait to the Caledonia Church and expanding and reimagining a world-class City Quarter. In developing the local corporate market, this project will include micro businesses, cultural sector enterprises and SMEs that want to be part of a vibrant business community in the Gorbals. This will result in greater trading opportunities for current local businesses. From a current standpoint of 75,000 visitors, the expanded building is projected to attract 100,000 visitors annually, thereby increasing the commercial viability of the organisation. Both Box Office revenue and trading income will grow.
Privacy and Data Protection impacts:	NA

7 Recommendations

Committee is asked to

1 note progress on the redevelopment project and the level of external funding secured by the team at the Citizens Theatre;

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