



Glasgow City Council

City Administration Committee

Item 9

20th June 2024

Report by George Gillespie, Executive Director of Neighbourhoods, Regeneration and Sustainability

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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 for the project;
- approve grant funding of an additional £2m in addition to the £6m already accounted for in the council's capital planning. (Subject to other funders also contributing additional capital).

Ward No(s): 8

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 Citizens Theatre Ltd. The City Administration Committee, and formerly the Executive Committee, has considered reports on the redevelopment of the building on five 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 Citizen's 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
7 th March 2019	Item 6 – Proposal to Grant Additional Funding Towards the Citizen's Theatre Redevelopment Project	Approved
17 th August 2023	Shared Prosperity Fund – proposed Capital Funding Awards	Approved

- 1.2. The redevelopment and restoration of this Category 'B' listed building will be the first comprehensive renovation in the building's 140 year history. 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 a response to a deteriorating heritage building and to the Citizens' ambition to be a critical 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, funding in excess of £25m has been secured to date, and has come from multiple sources as presented in the table below, along with an indication of the percentage of the total funding that each funder has contributed:

Funding Source	Total %
GCC	22.65%
Heritage Lottery Fund	29.39%
Regeneration Capital Grant Fund	15.10%
Scottish Government	7.55%
Creative Scotland	5.66%
Historic Environment Scotland	3.22%
Fundraising by Citizen's Theatre Company	9.32%
Shared Prosperity Fund	5.66%
Town Centre Fund	1.44%

2. Current Position

- 2.1. Committee members may have already noted that one of the most recent reports that was brought to committee was on 7 March 2019, almost one calendar year before the Covid lockdown.
- 2.2. Similar to a large number of construction projects, Covid had a significant negative impact on this project both in terms of delay and cost. Committee will be familiar with projects that have found themselves in financial difficulty post-covid as a result of global socio-economic factors which have led to unprecedented levels of inflation. This has especially impacted projects which were tendered and awarded pre-covid, then had to endure an extended period of inactivity during covid, further exacerbated by significant inflationary rises post-covid.
- 2.3. As a result of the above, and also the more “normal” challenges associated with large scale redevelopment of an old, listed building, the project is once again facing significant funding challenges.
- 2.4. Given the commercial and contextual challenges that are being faced by this contract, it is unlikely that the project will be able to be concluded under the terms of the agreed contract (for the reasons noted in para 2.2 above), therefore, a “commercial settlement” or some other form of contract resolution will be required. As a result, it would not be appropriate for this report to quote any further information on the totality of available budget or current commercial situation, lest it prejudice negotiations between the contracting parties going forward.

3. Closing the Funding Gap

- 3.1. Notwithstanding para 2.4 above, both contracting parties are aware that additional funding will be required in order to conclude this project regardless of the wide range of potential final account scenarios that may exist.
- 3.2. Most recently (Dec 2023), National Lottery Heritage Fund increased their contribution of funding by £2.5m and confirmed that they would not be in a position to provide any additional increase.
- 3.3. Whilst “any and all” funding sources are being contacted to seek additional funding, there remain three main sources of any substantive additional funding:
 - GCC
 - Scottish Government
 - UK Government
- 3.4. Citizen’s Theatre Limited are currently engaging with the UK Government regarding utilisation of the “Community Ownership Fund”, and early indications appear positive in terms of securing funding from this source.
- 3.5. Officers from GCC’s NRS Property team have been having positive discussions with colleagues in the Scottish Government about an increase in funding allocation, and these discussions remain ongoing.
- 3.6. This report, however, is to seek the agreement of Committee to provide an additional £2m from Glasgow City Council – specifically – from the “common good fund”. This will be conditional on the other funders also contributing additional capital.
- 3.7. The Citizen’s Theatre is an asset of the Council which sits within the “Common Good” and therefore the common good fund is being viewed as an appropriate source of additional funding.
- 3.8. It is hoped that this additional funding, along with funding secured from other sources (i.e., Community Ownership Fund and Scottish Government), will enable the project to be completed as originally planned, and create a financial envelope, within which, an appropriate commercial settlement with the contractor can be negotiated.

4 Policy and Resource Implications

Resource Implications:

Financial:

The request for additional funding will come from existing funding within the Council’s “Common Good” fund.

<i>Legal:</i>	New/amended Grant Agreements will be prepared by the legal team for any additional funding approved.
<i>Personnel:</i>	No impact.
<i>Procurement:</i>	N/A

Council Strategic Plan: The request in this report supports the following Grand Challenges and Missions:

Grand Challenge 1 Mission 4 – Support Glasgow to be a city that is active and culturally vibrant

Grand Challenge 3 Mission 2 – Become a net zero city by 2030

Equality and Socio-Economic Impacts:

<i>Does the proposal support the Council's Equality Outcomes 2021-25? Please specify.</i>	The request in this paper has no direct impact in this category, however, the project itself supports the Council's Equality Outcomes by making this asset more accessible.
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What are the potential equality impacts as a result of this report?

Please highlight if the policy/proposal will help address socio-economic disadvantage.

Climate Impacts:

<i>Does the proposal support any Climate Plan actions? Please specify:</i>	The request in this paper has no direct impact in this category, however, the project itself supports the Council's Climate Plan by reducing energy consumption in the asset, and improving its environmental performance.
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What are the potential climate impacts as a

*result of this
proposal?*

*Will the proposal
contribute to
Glasgow's net zero
carbon target?*

**Privacy and Data
Protection Impacts:** No impact

Are there any potential
data protection impacts
as a result of this report
Y/N

If Yes, please confirm that
a Data Protection Impact
Assessment (DPIA) has
been carried out

5 Recommendations

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