



Glasgow City Council

Contracts & Property Committee

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

**Item 4**

14th September 2023

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**PROPOSED INCLUSION OF AN EXCLUSIVITY AGREEMENT OVER A LONG LEASE AT THE KING'S THEATRE**

**Purpose of Report:**

To seek committee approval for an exclusivity agreement clause to be included in a lease extension between GCC and Glasgow Theatres Limited (GTL), to allow a period for the parties to develop an ambitious refurbishment plan for the venue and negotiate a long-term lease over the subjects.

**Recommendations:**

It is recommended that Committee:

1. Notes the content of this report.
2. Approves the Council including provision for an exclusivity agreement with GTL for a specified period within a lease extension, and
3. Approves that the Director of Corporate Asset Management in consultation with the Director of Legal and Administration be authorised to conclude all necessary legal agreements in relation to the lease extension and period of exclusivity.

**PLEASE NOTE THE FOLLOWING:**

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Ward No(s): 10

Citywide:

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

## **1 Introduction**

- 1.1 This report relates to the proposal for an exclusivity agreement to be incorporated into a lease extension to allow a period of time – within which – to co-develop an ambitious redevelopment of the King's Theatre and facilitate negotiations between GCC and "Glasgow Theatres Limited" (a subsidiary of Ambassador Theatre Group) for a new long-term Lease of the subjects.

## **2 The Subjects**

- 2.1 The subject site is shown edged and hatched black on the attached plan, J98598, comprising The King's Theatre, Bath Street, Glasgow.

## **3 Background**

- 3.1 GTL has been in occupation of the King's Theatre since 26 September 2002, having signed both a lease and a management agreement for the venue.
- 3.2 GTL has been operating the venue successfully since taking over operational control, however, advances in theatre design and the trend for shows to require larger and heavier sets, along with the requirement to significantly upgrade the accessibility and internal condition of the theatre, has prompted GTL to commence discussions with GCC over a significant redevelopment of the venue.
- 3.3 These discussions commenced as far back as early 2019, and progress was made at that time to agree a short-term extension to both the management agreement and the lease which would enable the development of a refurbishment proposal. The development of the proposal was, however, significantly impacted by the Covid 19 pandemic and all theatre operations came to a complete standstill as part of the restrictions imposed by the pandemic.
- 3.4 The outcome is that the short-term extension of the management agreement and lease did not facilitate enough time to undertake all of the development work associated with a significant redevelopment of the theatre, and therefore, additional short-term extensions to both agreements are being concluded.
- 3.5 The purpose of the short-term extensions is to – once again – allow a sufficient period of time to develop an ambitious refurbishment plan for the venue and to negotiate a long-term lease of the premises to GTL which will provide a sufficient security of tenure over which GTL will be able to amortise any capital investment in the redevelopment.
- 3.6 As part of the lease extension, GTL is seeking to include an exclusivity agreement as part of the T&C's.

## 4.0 TERMS AND CONDITIONS

- **Landlord** – Glasgow City Council
- **Tenant** –Glasgow Theatres Limited
- **Subjects** – As per attached plan J98598
- **Period of Exclusivity** – Now until approx. Jan 2028 (or earlier if agreement on the refurbishment and a long-term lease can be reached).
- **Costs** – each party will bear their own costs.
- **Conditions** –
  - a. The Parties intend to enter negotiations to agree a potential future new longer lease of the Premises;
  - b. Accordingly, the Tenants have requested that the Landlords grant the Tenants a 'period of exclusivity' in which to conclude the negotiations for this proposed new longer lease;
  - c. The period of exclusivity will commence as at the Effective Date until the earlier of (i) the new lease being entered into or (ii) eighteen months prior to September 2029 ("the Exclusivity Period");
  - d. During the Exclusivity Period the Landlords undertake to the Tenants that they will:
    - i. not dispose of, or agree to dispose of, the Premises absolutely, by lease or by security;
    - ii. not permit any third party to have rights of occupation of any part of the Premises that would prevent or restrict the exercise of the rights of the Tenants under the Lease;
    - iii. not negotiate with any third party about the disposal of the Premises absolutely, by lease or by security, or to have rights of occupation of any part of the Premises which would prevent or restrict the rights of the Tenants under the Lease.

## 5.0 Policy and Resource Implications

### Resource Implications:

<i>Financial:</i>	The lease extension will be on the same terms as the existing lease – no change.
<i>Legal:</i>	A Common Good assessment has been undertaken and the asset is not deemed to be Common Good.

*Personnel:* No implications.

*Procurement:* No implications.

**Council Strategic Plan:** Meets (some of) the objectives contained in:  
Grand Challenge 1 Mission 4  
Grand Challenge 2 Mission 2  
Grand Challenge 3 Mission 4

**Equality and Socio-Economic Impacts:**

*Does the proposal support the Council's Equality Outcomes 2021-25? Please specify* N/A – the lease extension remains on the same terms as existing

*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:**

*Does the proposal support any Climate Plan actions? Please specify:* Re-use of existing and historic buildings is recognised as making a positive contribution to climate change.

*What are the potential climate impacts as a result of this proposal* All new building works will be to current building standards recognising the carbon neutral ambitions of GCC.

*Will the proposal contribute to Glasgow's net zero carbon target?* Positive impact as outlined above

**Privacy and Data  
Protection impacts:**

No impact.

## **6.0 Recommendations**

It is recommended that Committee:

1. Notes the content of this report.
2. Approves the Council including provision for an exclusivity agreement with GTL for a specified period within a lease extension, and
3. Approves that the Director of Corporate Asset Management in consultation with the Director of Legal and Administration be authorised to conclude all necessary legal agreements in relation to the lease extension and period of exclusivity.