

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

23 MARCH 2016

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

Regeneration and Transport – Lead Cabinet Member – Cllr Cooke

THE GLOBE – PROGRESS UPDATE

1. Summary

To update Members on progress, and to provide proposals both for accelerating the delivery of the restoration of the Globe, and procurement of a Commercial Operator.

2. Recommendations

1. Cabinet note the content of the report and work undertaken to date;
2. Cabinet agree to the Council acting as lead Partner for the Globe project and to be the applicant to submit the Round Two bid to Heritage Lottery Fund (HLF);
3. Cabinet agree, conditional on HLF funding, to enter into a detailed agreement with Jomast Leisure Properties Ltd (the building owner), as outlined in the exempt Appendix A to this report; and any minor amendments of those terms be delegated to the Globe Project Director in consultation with the Cabinet Member for Regeneration and Transport;
4. Subject to recommendation 3, Cabinet agree to allocate £2.1M from funds identified for 'Heritage and Town Centre Development' in the 2016/17 Medium Term Financial Plan (MTFP) to contribute to the project;
5. Cabinet agree to delegate approval to negotiate commercial terms and appoint the preferred Commercial Operator, to the Globe Project Director, in consultation with the Cabinet Member for Regeneration and Transport;
6. Cabinet agree to delegate approval to submit the Development Appraisal and Round Two bid to HLF, to the Globe Project Director, in consultation with the Cabinet Member for Regeneration and Transport.

3. Reasons for the Recommendations/Decision(s)

Understanding the nature and extent of opportunities and challenges that exist within Stockton's economy will create a Borough that is more confident, vibrant and successful than ever before; where business and people prosper and grow.

4. Members' Interests

Members (including co-opted Members) should consider whether they have a personal interest in any item, as defined in **paragraphs 9 and 11** of the Council's code of conduct and, if so, declare the existence and nature of that interest in accordance with and/or taking account of **paragraphs 12 - 17** of the code.

Where a Member regards him/herself as having a personal interest, as described in **paragraph 16** of the code, in any business of the Council he/she must then, **in accordance with paragraph 18** of the code, consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest and the business:-

- affects the members financial position or the financial position of a person or body described in **paragraph 17** of the code, or
- relates to the determining of any approval, consent, licence, permission or registration in relation to the member or any person or body described in **paragraph 17** of the code.

A Member with a personal interest, as described in **paragraph 18** of the code, may attend the meeting but must not take part in the consideration and voting upon the relevant item of business. However, a member with such an interest may make representations, answer questions or give evidence relating to that business before the business is considered or voted on, provided the public are also allowed to attend the meeting for the same purpose whether under a statutory right or otherwise (**paragraph 19** of the code)

Members may participate in any discussion and vote on a matter in which they have an interest, as described in **paragraph 18** of the code, where that interest relates to functions of the Council detailed in **paragraph 20** of the code.

Disclosable Pecuniary Interests

It is a criminal offence for a member to participate in any discussion or vote on a matter in which he/she has a disclosable pecuniary interest (and where an appropriate dispensation has not been granted) **paragraph 21** of the code.

Members are required to comply with any procedural rule adopted by the Council which requires a member to leave the meeting room whilst the meeting is discussing a matter in which that member has a disclosable pecuniary interest (**paragraph 22** of the code).

AGENDA ITEM

REPORT TO CABINET

23 MARCH 2016

REPORT OF CORPORATE MANAGEMENT TEAM

Regeneration and Transport – Lead Cabinet Member – Cllr Cooke

THE GLOBE – PROGRESS UPDATE

SUMMARY

To update Members on progress, and to provide proposals both for accelerating the delivery of the restoration of the Globe, and procurement of a Commercial Operator.

RECOMMENDATIONS

1. Cabinet note the content of the report and work undertaken to date;
2. Cabinet agree to the Council acting as lead Partner for the Globe project and to be the applicant to submit the Round Two bid to Heritage Lottery Fund (HLF);
3. Cabinet agree, conditional on HLF funding, to enter into a detailed agreement with Jomast Leisure Properties Ltd (the building owner), as outlined in the exempt Appendix A to this report; and any minor amendments of those terms be delegated to the Globe Project Director in consultation with the Cabinet Member for Regeneration and Transport;
4. Subject to recommendation 3, Cabinet agree to allocate £2.1M from funds identified for 'Heritage and Town Centre Development' in the 2016/17 Medium Term Financial Plan (MTFP) to contribute to the project;
5. Cabinet agree to delegate approval to negotiate commercial terms and appoint the preferred Commercial Operator, to the Globe Project Director, in consultation with the Cabinet Member for Regeneration and Transport;
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DETAIL

1. The Globe has played a significant role in Stockton's modern history, hosting world famous artists and capturing a connection to huge numbers of local people.
2. The Council has plans to develop a larger scale performance venue to plug a gap in provision that would complement Arc, Georgian Theatre and other smaller venues in the region. Such a plan fits perfectly with the regeneration plans for our town centres to stimulate economic growth. Indeed we have seen significant private sector investment in and around The Globe since the announcement of the plans:
 - Manhattans (Proposal for a bar / bistro and boutique hotel)
 - Dabah (New Indian street food venue)
 - Lambton Castle (Refurbishment of public house into modern bar)

- Gloucester House (Recent sale to new business investor for business use)
 - Mohujos (Mexican restaurant)
 - Wasps Nest (New micro pub)
3. Officers are actively involved in bringing forward a range of further investments as the Globe development proceeds.
 4. An application to secure HLF grant funding to refurbish the Globe was made in 2012 but despite genuine interest and support from HLF, was unsuccessful.
 5. In 2013, HLF launched a new funding programme – ‘HLF *Heritage Enterprise*’ – which presented a further opportunity. The building owner and the Council in partnership, worked with HLF to put forward a proposal under this new scheme, which was announced as successful in September 2013.
 6. The proposal is a complete restoration of The Globe – a Grade II art-deco style listed building – which is in a particularly fragile and poor condition. The HLF *Heritage Enterprise* programme is a new programme so this proposal became very much a pilot for all concerned.
 7. In February 2014, Cabinet was advised that Round One funding had been granted by the HLF, giving the green light for a more detailed Development Phase to take place and a Round Two bid application to be developed.
 8. The Round One application released £401,600 from HLF, which subject to approval of Round Two would then see the remaining £3.5M approved by HLF and delivery / construction work begin on site.
 9. At that time, the Council had also approved £1.15M for the project with an expectation that a fundraising campaign would raise the additional £0.65m required.
 10. It is a complex project both technically and commercially involving the Council, the building owner, the Globe Stockton Foundation and HLF. A significant amount of progress has been made including early safety and security work and complete cleaning out of the buildings to enable digital surveys, assessments, etc.
 11. The partnership received ‘Permission to Start’ (PtS) from HLF in May 2015. This permission enabled further detailed technical work to progress and detailed development work proposals to be undertaken.
 12. The newness of the Heritage Enterprise funding however, has led to months of discussions and negotiations in terms of how, commercially, the project should be taken forward and this has caused some delay.
 13. As a result, subsequent discussions with all partners has led to a preferred model of development which would enable the acceleration of the scheme putting the Council firmly in the lead role, supported by the building owner and HLF. This would enable the Council to negotiate terms and procure the commercial operator for the Globe.
 14. The new model requires the Council to contribute £2.1m to fund capital works which can be funded from the Heritage and Town Centre Development fund established as part of the 2016/17 Medium Term Financial Plan. In addition, the Council will need to agree terms with the building owner in order to secure the lead role. As discussions with potential Commercial Operators of the Globe proceed, potential contributions and profit share will be explored which, it is anticipated, will offset the aforementioned costs. Details of the terms to be agreed with the building owner are commercially sensitive and are provided at **Appendix A**.

15. Subject to Cabinet approval and formal support from HLF, this preferred delivery arrangement would enable acceleration of the scheme with visible development works on site within months.
16. The HLF process requires further submission of a business case as part of the Round 2 process expected February 2017. The Council would be in the lead role to progress this with an expectation of an opening event during the winter season 2018. A revised draft high-level programme for the scheme can be seen at **Appendix B**.

FINANCIAL IMPLICATIONS

17. The revised cost of the capital works for the project are £7.8m reflecting the increased contribution from the Council from £1.15m to £3.25m. Total funding is as follows:

	£m
Stockton Borough Council	3.25
Heritage Lottery Fund	3.90
Fundraising Activity	0.65

18. In addition there are costs which are commercially sensitive and outlined at **Appendix A**. As discussions with potential Commercial Operators of the Globe proceed, potential contributions and profit share will be explored which, it is anticipated, will offset the aforementioned costs.

LEGAL IMPLICATIONS

19. The Council, as accountable body for the development phase (Round One HLF funding), has the legal responsibility to ensure that any external funding received is spent in accordance with the grant conditions. As accountable body, the Council would ultimately be responsible should there be any breach of any grant conditions.
20. It is proposed that the Council also act as accountable body for the delivery i.e. construction (Round Two HLF funding) phase of the restoration project with the same aforementioned responsibilities.

RISK ASSESSMENT

21. Any 'project' specific risks have been assessed and placed on the Globe Project and Corporate Risk Registers as appropriate.
22. More immediate risks include the following:
 - Securing of an Operator – discussions with two of the four interested Operators will ensue during the remainder of the Development phase with Heads of Terms agreed with a preferred Operator for the Round Two bid to HLF. A contract will then be in place in time for 'PtS' the delivery phase on site.
 - Final capital costs for the construction works are estimated until such time as the design is completed and final costed proposals agreed. This will be the subject of a final report to Cabinet ahead of the Round Two submission.
 - HLF approval of the Round Two submission will remain outstanding until such a time as the Round Two bid is submitted and appraised (anticipated May 2017).
 - If the restoration of the Globe does not proceed, the building will be placed back on the 'Theatres at Risk' Register and further deterioration will likely escalate costs further.

COUNCIL PLAN IMPLICATIONS

23. These projects / schemes contribute to the Council Plan 2015-2018, in particular to:

Big Plans for an Outstanding Borough

i. Deliver vibrant and economically successful town centres

Big Plans for Great Experiences

ii. Making more people aware of local history and heritage

iii. Improving our understanding of the culture and leisure needs and aspirations of our residents, customers and audiences

EQUALITY IMPACT ASSESSMENT

24. This report itself is not subject to an Equality Impact Assessment (EIA).

CONSULTATION INCLUDING WARD/COUNCILLORS

25. Leader of the Council, relevant Portfolio Holder, Group Leaders, Chair of Executive Scrutiny, and appropriate officers.

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Background Papers

Stockton Town Centre Cabinet reports - June 2012, January 2013, and February 2014

Globe CMT report - 24 May 2014

Globe Cabinet report - June 2014

MTFP Cabinet report – February 2016

Ward(s) and Ward Councillors

All

Property

The Globe and 153 High Street, Stockton Town Centre