

## CABINET ITEM COVERING SHEET PROFORMA

**AGENDA ITEM**

**REPORT TO CABINET**

**20 JULY 2017**

**REPORT OF CORPORATE  
MANAGEMENT TEAM**

### **CABINET DECISION**

**Regeneration and Housing – Lead Cabinet Member – Cllr Cooke**

#### **THE GLOBE RESTORATION**

1. Summary

This report updates Members on the successful outcome of the bidding process for Heritage Lottery funds (HLF) to support the restoration of The Globe, as a fully accessible entertainments venue. It also seeks to outline progress on the design evolution of the project resulting in a new scope of the works, estimated project costs, estimated delivery programme, the procurement of a highly experienced and internationally renowned, commercial operator and the potential economic impact associated with the renovation and operation of the Globe.

2. Recommendations

1. Accept the increased offer of £4.492m lottery grant, from the Heritage Lottery Fund (HLF) to support the project;
2. Confirm the outcome of the operator selection process and agree to enter into an agreement with the Ambassador Theatre Group (ATG), to operate the Globe for a period of 25 years;
3. Note the estimated overall project timetable (para 26) opening Spring 2019;
4. Note the economic impact assessment which highlights;
  - a. Gross impacts of GVA: £38.3m after 5 years; £80.5m after 10 years;
  - b. Addition jobs of 256, with 90 from direct operation of the venue and supply chain and 166 from attendee spend;
  - c. Potential future visitor spend brought to the local economy is estimated at £18m per year.
5. Agree to commit £6.900m from funds allocated for infrastructure and investment in the Borough in the 2017/18 Medium Term Financial Plan (MTFP);
6. Agree to draw down the final element of £400,000 from the Stockton Town Centre Heritage Initiatives budget, to contribute to the renovation of The Globe.

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.

The restoration and re-opening of the Globe creates a focus for Stockton High Street, reinvigorates the night-time economy, and provides the Tees Valley and wider hinterland community with a building and live music and comedy offer that they can be justly proud of.

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).

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**SUMMARY**

This report updates Members on the successful outcome of the bidding process for Heritage Lottery Funds (HLF) to support the restoration of The Globe as a fully accessible entertainments venue. It also seeks to outline progress on the design evolution of the project resulting in a new scope of the works, estimated project costs, estimated delivery programme, the procurement of a highly experienced and internationally renowned, commercial operator and the potential economic impact associated with the renovation and operation of the Globe.

**RECOMMENDATIONS**

1. Accept the increased offer of £4.492m lottery grant, from the Heritage Lottery Fund (HLF) to support the project;
2. Confirm the outcome of the operator selection process and agree to enter into an agreement with the Ambassador Theatre Group (ATG), to operate the Globe for a period of 25 years;
3. Note the estimated overall project timetable (para 26) opening Spring 2019;
4. Note the economic impact assessment which highlights;
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  - b. Addition jobs of 256, with 90 from direct operation of the venue and supply chain and 166 from attendee spend;
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5. Agree to commit £6.900m from funds allocated for infrastructure and investment in the Borough in the 2017/18 Medium Term Financial Plan (MTFP);
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**DETAIL**

1. Since 1935, the Globe, as standing today, has played a significant role in Stockton-on-Tees' modern history, hosting world famous artists and capturing a connection to huge numbers of local people.

2. The proposal for a complete restoration of The Globe – a Grade II art-deco style listed building, which was in a particularly poor condition, and 153 High Street the adjacent building, has to date received a Heritage Lottery Fund (HLF) allocation of £401,000. This has been used to develop the scheme design and, complete site and building investigations, resulting in a final stage 2 application to HLF, submitted in March this year.
3. The planned restoration of the Globe has been a complex project, both technically and commercially, however, a significant amount of progress has been made since March 2016 when the Council agreed to take the lead on the project, including early safety and security work, cleaning of key areas, and some early strip out works. Works have also been undertaken to ensure the building is “water tight” and works have commenced to remove all asbestos from the building, due to complete in summer 2017.
4. In early 2016, following lengthy discussions with all partners, a preferred model of development, which enabled the acceleration of the scheme by putting the Council firmly in the lead role was supported by the building owner and HLF. This has enabled the Council to procure the commercial operator for the Globe.
5. This lead role required the Council to fund capital works and enter into contracts with the building owner to secure a 40-year lease of the Globe, with an option to purchase at a pre agreed valuation after 15 years.
6. In March 2016, Cabinet approved funds and agreed to delegate approval to progress the procurement of a commercial operator. Cabinet also agreed to the development of the submission of the Development Appraisal and Round 2 bid to HLF, submitted in March 2017.
7. In late June 2017, HLF advised the Council that it had been successful in its bid to secure the delivery phase of grant funding and approving a further £4,090,400. This included an additional £500,000, supporting the increased scope of works, proposed to be undertaken.
8. Following the detailed investigative work, business planning and detailed consultation with operators, the scope and nature of the project has increased as the operational and business requirements of the operator have now been considered and included with the scope of the project.
9. The completion of the development phase has also confirmed that the capital needed to re-develop the Globe could not be repaid under a normal commercial arrangement and as such the “Heritage/Project Deficit” will need to be met via significant capital grant from HLF and the Council.
10. Further work during the project development stage confirmed the most viable commercial use is a predominantly, live music venue, (with comedy and some light entertainment), and as a result of additional design work, an audience capacity of up to 3,000 can now be accommodated; firmly positioning the venue as the largest between Leeds and Newcastle.
11. The Globe will complement both the current arts organisations in Stockton-on-Tees and contribute to a Tees Valley regional offer, complementing both Middlesbrough Town Hall and Darlington Civic Theatre, both of which are in receipt of Heritage Lottery funding.
12. The Globe will attract audiences from across Tees Valley, North Yorkshire and County Durham, and will retain local audiences who currently have to travel to Leeds or Newcastle to see music and entertainment at this scale.
13. Following comprehensive market engagement with potential operators, it is clear that the venue can be operated commercially and without ongoing support from the Council, beyond the capital grant required to refurbish The Globe and the adjacent 153 High Street. Within the

commercial structure of such deals is the potential for profit sharing arrangements.

14. Once the Globe is fully operational we anticipate visitor numbers in the first year of over 100,000 growing to over 200,000 attendances per annum by year 5. The impact this is likely to have on the economy is estimated as follows:
  - a. Gross impacts of GVA: £38.3m after 5 years; £80.5m after 10 years;
  - b. Addition jobs of 256, with 90 from direct operation of the venue and supply chain and 166 from attendee spend;
  - c. When the Globe is fully established, by year 5 of opening, the “visitor spend” brought to the local economy is estimated at £18m per year once fully established.
15. As a result of this detailed additional work, full asbestos removal and investigations, the project now also proposes:
  - a. To increase audience numbers from 2,500 to 3,000, to allow for several seated and standing configurations for different types of shows;
  - b. To increase the bar facility to support the larger capacity, now proposed. It is also proposed to use this additional bar/café/small venue, independently when the main Globe facilities are not in use;
  - c. To complete new auditorium (stalls) flooring and new demountable seating with under stage storage system, which will be stored under a new replaced and slightly raised stage;
  - d. An extension of a new six-storey building to the north east corner (stage left) which will include dressing rooms, green room and full production facilities to support the viable operation of the venue as a major music venue;
  - e. Additional/replacement facilities to support the practical use of the restored building:
    - Additional engineering and full replacement of all stage support facilities;
    - Enhanced “get in” facilities (Stage lift and loading doc);
    - New full security/safety curtain;
    - New stage lighting galleries and flying system;
  - f. Full replacement of the roof;
  - g. Increased toilets provision;
  - h. A revised and re-measured full scheme based on a much more detailed design.
16. The procurement of an operator has been a lengthy and complex process, however great benefits have resulted with the operators working with the Council and design team, to ensure commercial reality is imbedded within the design, ensuring a successful future for The Globe is realised.
17. In June 2017, the procurement process and dialogue with potential operators concluded with heads of terms being agreed with Ambassador Theatre Group (ATG), a global leader in live theatre, now diversifying in to music programmed venues. Owing and operating 46 venues, across the UK, Europe and the USA, ATG is also an internationally recognised and award winning producer, and operates a market leading ticketing business ATG Tickets. They will operate the Globe on a 25-year lease as a ‘music led entertainments venue.’

18. Whilst the operator procurement has taken place, the Council has also been considering which construction contract procurement option would be best suited to The Globe project, undertaking an options analysis to support that determination.
19. The Scape Framework has been selected as the preferred procurement option at this stage, as it will enable the Council to obtain Early Contractor Involvement (ECI), develop price certainty at an earlier stage, and confirm delivery of the programme. This work will conclude later in 2017 and, subject to agreeing the final price, will be the method adopted.
20. Scape is a national construction framework which has a proven track record of delivering measurable time, cost, quality and community benefits on projects. The framework is fully performance managed and the key performance indicators require optimum levels of training and apprenticeships, community engagement, local supply chain usage and supply chain fair payment terms. The project will aim to achieve 79% local spend within 40miles.
21. Scape contractor, Wilmott Dixon, is currently carrying out works of a similar nature at Darlington Civic Theatre and, should timings be appropriate, it is likely that the construction team will transfer to the Globe project. This will ensure in a construction team with experience in the delivery of this type of renovation and working with HLF will support the project next major delivery phase.
22. Through-out the construction period there will be many activities which people from Stockton and the surrounding areas can become involved with, including developing new skills and taking part in volunteering opportunities and community activity days.
23. The restoration of the Globe affords a fantastic opportunity to inspire people about heritage and build on the cultural and historic assets of the town centre. As well as the physical fabric of the building, our heritage survives through experiences documented throughout the 20<sup>th</sup> Century, and the activities planned outline ways in which the public can contribute to sustaining this heritage, embed the stories of the past, and encourage future generations to create new and meaningful interactions within the Globe in its next phase of life, protecting and supporting it for many years to come.
24. Activities include:
  - a. Heritage apprenticeship(s);
  - b. Volunteer and public heritage skills training programme - development of a volunteer body: volunteers will be recruited, trained, developed and supported to create a skilled and engaged group of whom many will stay involved;
  - c. Public engagement programme;
  - d. Reminiscence project with local community groups including those living with dementia;
  - e. Photography/film project recording the restoration which will culminate in a Globe exhibition;
  - f. Development of heritage trails linking the heritage of Stockton as a music and dance;
25. The Planning and Listed Building Consent Applications were approved by Planning Committee in May 2017.
26. The current programme anticipates:
  - The renovation and construction is estimated to take 14 months;

- i. Complete final design summer 2017
- ii. Start on site, autumn/winter 2017
- iii. Practical completion winter 2018/19
- iv. Opening spring 2019

## **FINANCIAL IMPLICATIONS**

27. Much of the capital needed to renovate the Globe could not be repaid under a normal commercial arrangement. The proposed restoration of the Globe will allow a commercial entertainment operator (ATG) to take occupancy of the building on a long-term lease. The grant provided by HLF and the Council will close the conservation deficit and enable a viable on-going business to be delivered.
28. The new scope of the works within the project, are outlined in paragraph 15 and the new project total costs are estimated to be £15.042m.
29. The funding agreed to date is £8.142m (including the £4.492m total HLF Lottery Grant)
30. In the 2017 Medium Term Financial Plan (MTFP), Council approved funds to develop infrastructure investment in the Borough. Approval is now sought to utilise £6.900m of this to fund the full renovation of the Globe and adjacent 153 High Street.

## **LEGAL IMPLICATIONS**

31. The Council, as accountable body for the delivery (construction) phase, 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. The Council has the power to enter into grant agreements in accordance with the general power of competence contained within section 1 of the Localism Act 2011.
32. Section 145 of the Local Government Act 1972 provides an express power for the Council to provide, improve or fund theatres and other places of entertainment.

## **RISK ASSESSMENT**

33. Any 'project' specific risks have been assessed and placed on the Globe Project and Corporate Risk Registers as appropriate.
34. At this stage the following remain risks:
  - Final capital costs for the construction works are based on detailed estimated costs, however, until such time as the design is completed and final costed construction contract agreed, they remain a project estimate, and as such appropriate contingencies have been included;
  - The programme outlined in the report is again estimated based on best available information. The programme will again be confirmed once the final cost and programme is complete ahead of the final stage of the works progressing.

## **COUNCIL PLAN IMPLICATIONS**

35. 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**

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

## **CONSULTATION INCLUDING WARD/COUNCILLORS**

37. 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

Globe Cabinet report – March 2016

MTFP Cabinet report – February 2017

### Ward(s) and Ward Councillors

All

### Property

The Globe (154-157) and 153 High Street, Stockton Town Centre