

# Finance and Resources Committee

10.00am, Thursday 23 March 2017

## King's Theatre Capital Development Project - referral from the Culture and Sport Committee

|               |      |
|---------------|------|
| Item number   | 7.17 |
| Report number |      |
| Wards         | All  |

### Executive summary

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The Culture and Sport Committee on 20 March 2017 considered the attached report by the Executive Director of Place providing an overview of the Festival City Theatres Trust's current capital project plans to develop the King's Theatre.

The report has been referred to the Finance and Resources Committee for inclusion of the project in the Council's Capital Investment Programme prioritisation process.

### Links

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|                                 |                     |
|---------------------------------|---------------------|
| <b>Coalition pledges</b>        | See attached report |
| <b>Council priorities</b>       | See attached report |
| <b>Single Outcome Agreement</b> | See attached report |

# Terms of Referral

## King's Theatre Capital Development Project

### Terms of referral

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The Culture and Sport Committee 20 March 2017 considered a report which provided an overview of the Festival City Theatres Trust's (FCTT) current capital project plans to develop the King's Theatre. An options appraisal commissioned by the Trust had costed the project at £25m.

The report has been referred to the Finance and Resources Committee for inclusion of the project in the Council's Capital Investment Programme prioritisation process which would also include any lease extension agreement process and principles.

The Culture and Sport Committee agreed:

- 1) To agree, in principle, to the extension of the King's Theatre lease to the Festival City Theatres Trust (FCTT) for a further 25 years from 2023.
- 2) To agree that a contribution of £5m towards the development project be considered as part of the next review of Council's Capital Investment Programme 2018-23 and that any capital contribution be subject to the achievement of the full project budget of £25m, presentation of a robust business case together with consideration of the Council's future budgetary position and priorities.
- 3) To refer the project to the Finance and Resources Committee for inclusion in the Council's Capital Investment Programme prioritisation process and to include any lease extension agreement process and principles.

### For Decision/Action

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- 2.1 The Finance and Resources Committee is asked to approve the inclusion of the King's Theatre Capital Development Project in the Council's Capital Investment Programme prioritisation process and to include any lease extension agreement process and principles.

### Background reading / external references

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Minute of the Culture and Sport Committee 20 March 2017

[Minute of the Culture and Leisure Committee 26 April 2011 \(item 13\)](#)

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## Links

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|                                 |   |
|---------------------------------|---|
| <b>Coalition pledges</b>        | See attached report                       |
| <b>Council priorities</b>       | See attached report                       |
| <b>Single Outcome Agreement</b> | See attached report                       |
| <b>Appendix 1</b>               | Report by the Executive Director of Place |

# Culture and Sport Committee

2.00pm, Monday, 20 March 2017

## King's Theatre Capital Development Project

|                   |           |
|-------------------|-----------|
| Item number       | 8.3       |
| Report number     |           |
| Executive/routine | Executive |
| Wards             |           |

### Executive summary

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The Festival City Theatres Trust (FCTT) is responsible for the successful management, maintenance and development of both the Festival and King's Theatres. The Trust is a Council Company and their performance report is submitted annually to the Culture and Sport Committee.

This report captures an overview of the Trust's current capital project plans to develop the King's Theatre and recommends that a Council contribution to the project is considered as part of the next review of Council's Capital Investment Programme 2018-23.

FCTT also seeks agreement to the extension of the King's Theatre lease to the Festival City Theatres Trust for a further 25 years from 2023.

The capital project cost is estimated at £25m. The Trust will provide £5m from their Theatre Development Fund which is resourced from through their ticket levy; the fundraising target is £15m; and the requested Council partnership contribution is £5m.

### Links

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|                          |                     |
|--------------------------|---------------------|
| Coalition pledges        | <a href="#">P31</a> |
| Council priorities       | <a href="#">CP6</a> |
| Single Outcome Agreement | <a href="#">SO1</a> |

## King's Theatre Capital Development Project

### 1. Recommendations

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- 1.1 To agree in principle to the extension of the King's Theatre lease to the Festival City Theatres Trust (FCTT) for a further 25 years from 2023.
- 1.2 To agree that a contribution of £5m towards the development project is considered as part of the next review of Council's Capital Investment Programme 2018-23 and that any capital contribution would be subject to the achievement of the full project budget of £25m, presentation of a robust business case together with consideration of the Council's future budgetary position and priorities.
- 1.3 Subject to Committee agreement, to refer the project to Finance and Resources Committee for inclusion in the Council's Capital Investment Programme prioritisation process. The referral would include any lease extension agreement process and principles.

### 2. Background

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#### History

- 2.1 Opened in 1906, The King's Theatre is successfully managed by the FCTT, and is one of Scotland's oldest and best loved theatres. Each year, over 200,000 people visit the King's for touring drama, musicals and children's shows. The King's is also home to Scotland's most popular Panto production, the annual Gang Show, and also plays a pivotal role in hosting the Edinburgh International Festival.
- 2.2 Now 110 years old, the theatre is in need of major redevelopment to bring it up to 21<sup>st</sup> Century theatre standards; to make it accessible; and to meet the needs of modern audiences. The King's went through renovations in the 1950's and in 2011/12 a £2.3m refurbishment, £2.1m of which was funded by the Council. This addressed some urgent repairs and upgrades to the exterior of the building to ensure it is wind and water tight. However, back stage redevelopment is essential to meet current legislative requirements and to attract modern touring companies. The exterior and interior of the building are in a poor state, and facilities are in need of modernization. Access to the building is extremely difficult for visitors with limited mobility.
- 2.3 FCTT is planning a substantial capital and business redevelopment investment programme to secure the future of this important and successful Council asset.

### 3. Main report

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- 3.1 The King's Theatre has been in Council ownership since the 1960's. FCTT aims to transform the historic venue to create a home for a vibrant theatre; a newly created visitor attraction; and an education hub. The ambition is to modernise and preserve the King's for at least the next 50 years. The redevelopment would give a new lease of life to a beautiful and important historic building, and an asset to the city and local community. The project proposal will include recovering some of the architectural heritage.
- 3.2 The redevelopment plans include the transformation of back stage facilities which will enable FCTT to attract modern touring companies, allowing a fuller programme to be enjoyed by residents and visitors alike. It will ensure both day and night time activities and use, through the creation of a destination venue and visitor attraction which showcases the history of Scottish theatre, and celebrates the locality. Facilities and spaces designed especially for lifelong learning will be provided.
- 3.3 Key areas which need to be addressed include physical access which is very limited both to the auditorium and to the performance spaces; welfare facilities for customers and staff; toilet provision which requires to be brought up to current standards; back of house dressing rooms; improvements to income opportunities for FCTT including bars, hospitality and catering support space; replace the outdated raked stage (touring sets are designed for a flat stage); space to deliver outreach and educational projects; access for stage sets and scenery; legislative compliance concerns such as fire and evacuation; electrical installation; lifting operations and lifting equipment; asbestos (currently encapsulated).
- 3.4 An improved business model has been established by the Trust which addresses:
- Flexibility for more, new productions which cannot currently tour to Edinburgh (including mid-scale dance)
  - Improvements to efficiency for current model of productions, which will cut costs, increase earning potential, improve compliance, and reduce impact on neighbouring properties
  - Expand existing learning, participation and outreach programmes
  - Bridge a current gap between students emerging from higher education and going into employment in the arts, working with FE partners and theatre experts relating to the wide mix of visiting companies that we attract
  - Create a vibrant visitor attraction including the building and theatre heritage in tours and activities
  - Capture the cultural heritage of this important architectural and cultural asset.
- 3.5 The Trust's business plan intends to deliver a number of key benefits including transformational change to a key element of the arts infrastructure in Edinburgh; the opportunity for the further establishment of the King's as a destination for

- high quality programme which will attract UK and international touring; inter-generational engagement with the Trust's activities and the built heritage; further public involvement in the arts and in the theatre's rich architectural heritage; learning, through the Trust's activities and through work with FE providers; further enriching tourism in the city; increase both day and night time activity in the locality and contribute to Edinburgh as a place to live and work.
- 3.6 An options appraisal by Page/Park architects, commissioned by FCTT, has costed the King's redevelopment project at £25m. FCTT will contribute £5m towards the King's redevelopment project. This amount will come from FCTT's Theatre Development Fund which has income from a £1.50 ticket levy. Post re-development, the ongoing maintenance and preservation of the King's will be met by the Theatre Development Fund.
  - 3.7 Stakeholder support and input includes FCTT's continuing contact with all key stakeholders in designing the project, and input to the Options Appraisal from a number of parties, including the main UK touring producers and Edinburgh International Festival. Learning and participation work has already started and is supported by a number of partners in its delivery. Positive dialogue with FE colleges and universities is established. The Options Appraisal has been shared with staff and key stakeholders.
  - 3.8 FCTT proposes a partnership capital contribution from the Council of £5m of which would provide essential leverage to realise a further £15m of funding through a planned fundraising campaign, including an application to the Heritage Lottery Fund. This amount matches the Trust's direct capital contribution to the budget of £5m. Without partnership capital funding from the Council, it is highly unlikely that a Heritage Lottery application could be successful. The deadline for the Trust's Stage 1 Heritage Lottery Fund (HLF) application is December 2017.
  - 3.9 In principle capital support from the Council as venue landlord would serve to evidence support for the funding application to HLF. HLF do not lead fund on the projects they resource. The HLF funding deadlines and process are as follows:
    - 3.10 Stage 1 HLF application will be in December 2017; the outcome for HLF stage 1 application is released in April 2018, if successful, design development will take place to allow a stage 2 application, thereafter contractor and final design team procurement can take place.
    - 3.11 FCTT also requests that the Council commits to extending the theatre's lease for a further 25 years. The current lease expires in 2023. The extension of the lease also affects the likelihood of other key partnership funders commitment to committing resources to the project.
    - 3.12 Should a lease extension be agreed in principle by the Council, any lease agreement would be required to ensure that the Council's position is protected should the capital project not go ahead as planned. As part of this agreement process, the rental value to the Council will be reviewed and agreed.
    - 3.13 FCTT aim to start building works in 2021 and are projecting an 18 month build period. The impact of this timeline on principal partners such as the Edinburgh International Festival will be mitigated and reported in due course.

## **4. Measures of success**

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- 4.1 The delivery of a renewed King's Theatre and an enhanced business model providing an extensive programme of day and night time activity in the venue and throughout the year.

## **5. Financial impact**

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- 5.1 The report requests an in principle Council capital contribution to the King's Theatre redevelopment project of £5m as a core element of an overall project budget of £25m.
- 5.2 The contribution, if agreed in due course and as outlined in the report, would be subject to the realisation of the full capital budget requirement of £25m. It is noted that the Council cannot agree its new capital budget by December 2017, the reported Stage 1 application deadline for partner funding from the Heritage Lottery Fund for the redevelopment project. Potential partner funders, including HLF are aware of Council budgetary processes. Any Council agreement to capital resources would be in principle at this stage, and would be subject to the Council's future budgetary position and priorities; the achievement of the full required partnership budget of £20m; and the delivery of a robust business case.

## **6. Risk, policy, compliance and governance impact**

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- 6.1 The Festival City Theatre Trust's management of the King's Theatre venue and programme contributes to the delivery of the Council's citywide Culture Plan. There are no risk, compliance or governance impacts arising from this report.

## **7. Equalities impact**

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- 7.1 An Equality and Rights Impact Assessment for the King's Theatre Project has been carried out positive impacts include creation of full public access to the venue; and the development for the city's cultural infrastructure, and for its residents and visitors.

## **8. Sustainability impact**

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- 8.1 There are no negative sustainability impacts arising from this report. The refurbishment of the building will provide for its sustainable future.



## 9. Consultation and engagement

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- 9.1 The development of the project to date has been dependent on a communications and consultation programme informing the programme content and business purpose of the renewed venue.

## 10. Background reading / external references

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- 10.1 [Festival City Theatres Trust - King's Theatre Refurbishment](#) to Culture and Leisure Committee, 26 April 2011

### Paul Lawrence

Executive Director of Place

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## 11. Links

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|---------------------------------|--|
| <b>Coalition pledges</b>        | P31 – Maintain our City's reputation as the cultural capital of the world by continuing to support and invest in our cultural infrastructure |
| <b>Council priorities</b>       | CP6 – A creative, cultural capital   |
| <b>Single Outcome Agreement</b> | SO1 - Edinburgh's economy delivers increased investment, jobs and opportunities for all  |
| <b>Appendices</b>               |  |