

ABERDEEN CITY COUNCIL

COMMITTEE	Council
DATE	26 th March 2013
DIRECTOR	Gayle Gorman
TITLE OF REPORT	Music Hall redevelopment
REPORT NUMBER:	ECS/13/045

1. **PURPOSE OF REPORT**

This report provides an update to Council on progress with the redevelopment of the Music Hall: presents to Elected Members the options available for supporting the redevelopment and further proposes a recommendation on Aberdeen City Council's contribution to the project.

2. **RECOMMENDATION(S)**

It is recommended that Council:

Agrees to fund the contribution to APA (Aberdeen Performing Arts) through the use of contingencies and/or a capital funding source. However, as the Council moves through the financial year 2013/14 where any reported underspend is achieved this would be used to supplement this funding mechanism and will be reported as part of the regular financial reporting to Committee.

3. **FINANCIAL IMPLICATIONS**

Beyond the proposed £1,000,000 capital contribution, APA receives revenue contributions of £935,993 from the Education, Culture and Sport directorate. Aberdeen Performing Arts have funded the initial design proposal from their own funds.

The financial implications of potential funding sources are outlined within section 5.6 of the report.

4. **OTHER IMPLICATIONS**

The review of Arts and Sports Commissioned Services, ECS C_10, undertaken as part of the PPB exercise, was presented to the Culture and Sport sub committee on 10th January 2013. Aberdeen Performing

Arts have been part of this process, and it is clear that the Music Hall is a key part of the future sustainability of the organisation, in terms of its ability to attract high quality productions, to develop music activity, and to generate the income needed to ensure it operates effectively. At the time of writing, the outcome of the first stage for the bid for UK City of Culture is expected. The Music Hall is a significant component of that bid as one of the major cultural assets in the city.

Any further implications will be brought before the appropriate Committee.

5. BACKGROUND/MAIN ISSUES

5.1 Committee reporting

On 20th January 2011, at the Education, Culture and Sport Committee, Elected Members agreed to instruct Aberdeen Performing Arts to present a detailed financial model and business plan for the Music Hall, and for officers to report back on the implications of supporting this development within the city's cultural priorities. The cultural priorities report approved at the subsequent EC&S Committee on 24th March 2011 established the Music Hall as a key capital priority for the City Council.

On 29th November 2012, at Urgent Business, the City Council agreed to confirm support for, and agreement to, APA carrying out a design competition in order to determine the full potential of any redevelopment of the Music Hall. Funded by APA, this competition was awarded to British Design Partnership, (BDP) who have recently worked on Kelvingrove Art Gallery & Museum and Perth Royal Concert Hall.

At the meeting of Council, on 22nd August 2012, where a decision was made to take no further action on the City Garden Project, a motion was also agreed, as follows:

(1) that officers consult the Scottish Futures Trust on whether they would accept a revised TIF submission based on not proceeding with the current City Garden Project but including all of the below listed projects:-

- A contribution to the Mither Kirk project
- A contribution to the refurbishment of the Music Hall
- A contribution to the refurbishment of the Arts Centre
- A contribution to the redevelopment of the Lemon Tree
- The redevelopment of Union Street to complement the work being done by the Business Improvement District
- A contribution to improve access and facilities at Union Terrace gardens
- Continue with the other identified projects within the existing TIF submission for £22 million: and

(2) if this is not acceptable, to explore other funding sources and develop a business case around not proceeding with the current City Garden Project, but all other aspects of the TIF submission, but also to include the projects listed in (1) above.

5.2 **Aberdeen Performing Arts**

Aberdeen Performing Arts is a company limited by guarantee, operating at arms length to Aberdeen City Council, established in 2004. APA operates the Music Hall, His Majesty's Theatre and The Lemon Tree on behalf of Aberdeen City Council, as well as managing a box office for the region. The organisation is the largest of its kind in the North of Scotland, currently employing 250 staff with a full time equivalent of 136.

APA recently appointed Jane Spiers, formerly of Horsecross Arts in Perth, as Chief Executive Officer. The funding and service agreement and FTTP (Following the Public Pound) compliance is managed through the Education, Culture and Sport directorate on behalf of Aberdeen City Council with the Service Level Agreement under review. APA board recently approved a new business plan running from 2013-2018.

5.3 **Music Hall**

The Music Hall was originally the County Assembly Rooms, designed by Archibald Simpson. Opened in 1822 at a cost of £11,500 it was a meeting place for the landed gentry, polite society and intelligentsia. In 1858 the Music Hall Company purchased the Assembly Rooms, renovating and building a new concert hall. The Music Hall was officially opened by Prince Albert in 1859. In 1928, faced with liquidation, the Aberdeen Music Hall Company sold the building to Aberdeen Town Council for £34,000.

In 1962 the Secretary of State for Scotland listed the Music Hall as a 'Category A' building. The building was last refurbished in 1984 at a cost of £3million, and more recently the ceiling of the Music Hall was repaired and new seating in the stalls.

The Music Hall as currently stands does not meet the standards of customer experience and access expected in order to bring the best artistic talent to Aberdeen. Additional investment is required in technical, production, auditorium, front of house and backstage facilities. The aim is to create a more accessible, integrated, coherent and dynamic environment and experience for customers, clients, artists and employees within the restrictions imposed by working within a Category A listed building. Alterations to the building will require to be carried out sensitively and imaginatively, with the aim of building a broader audience base, and increasing revenue, without alienating existing customers.

5.4 **Current status**

The current discussion on the redevelopment of the Music Hall began in 2007 when APA commissioned a feasibility study from Bonnar Keenlyside. In 2012, APA applied to Creative Scotland for funding to support the capital for the redevelopment of the Music Hall. This application was unsuccessful, and has led the Chief Executive to review the approach taken and to seek Aberdeen City Councils support as the owner of the venue. APA will reapply to Creative Scotland for funding in the 2013 round of awards.

5.5 **Creative Scotland capital application process**

The Creative Scotland Large Capital Application Fund exists to provide and improve cultural facilities, refurbishment, and equipment which deliver access to, and presentation and enjoyment of the arts and film across the country for the population of Scotland. The total sum available in 2013/14 is £15,000,000, with maximum funding of up to £2,000,000 for each project. This is the second year of the initiative, with Aberdeen receiving no awards in 2012/13. In addition to the application from APA, Aberdeen City Council will submit a separate application to support the redevelopment of Aberdeen Art Gallery.

Creative Scotland requires every application to have a high level of financial support from at least one other source. The deadline for Stage 1 applications is 5pm on 19 August 2013. A decision on the Council contribution is therefore required before this date but any financial commitment will not be drawn down before 2015.

It is anticipated that the project will start on site early in 2015. In order to meet Creative Scotland capital programme deadline, completion of stage B is scheduled for May 2013.

5.6 **Breakdown of funds required**

The proposed budget for construction is £4.5m comprising funding from:

Aberdeen Performing Arts	£1m	Restoration levy, confirmed
Aberdeen City Council	£1m	To be confirmed
Creative Scotland	£1.5m	Applying August 2013
Heritage Lottery Fund	£0.5m	Applying September 2013
Historic Scotland	£150k	Applying September 2013
Corporate and Trusts	£850k	Ongoing

In looking at the bid requesting funding from the Council a number of proposals are available:

1. Do Nothing

The Council could choose not to provide the funding requested. However, given the Council wishes to progress with its City of Culture bid for 2017 this option should be discounted on the basis that it may

impact on the assessment of our bid and the ability to host cultural events within this venue.

2. Provide a loan guarantee

The Council could provide a guarantee to underwrite a privately sourced loan to APA. The impact of this would mean a direct impact on the future revenue streams of APA. While this could be mitigated in the future it could also potentially impact on the overall assessment of the Council's City of Culture bid, especially where the Council may choose to provide cultural events at reduced prices to encourage community accessibility.

3. Provide the funding from contingency

The Council could provide a direct payment to APA from contingency for which the Council has £2 million set aside in its 2013/14 budget. This would reduce the availability to meet other unforeseen pressures within the year, although given the Council has a risk fund in place this could potentially be mitigated.

4. Provide the funding through additional borrowing

The Council could use its own borrowing powers to provide funding. Given the current capital investment programme the Council has in place over the medium term there is a risk that this could lead to additional pressures in future years. It would also mean that the Council would have to meet on-going financing charges.

5. Provide funding but reduce future revenue funding to APA

The Council could provide funding to APA but ask them to meet these costs from their own future revenue streams to offset the cost of borrowing for the Council. However, this would have the same impact as option 2 above.

6. A Combination of the above

The recommended solution is that the Council agrees to fund the contribution to APA. This would be financed from, in the first instance, the use of contingencies and/or a capital funding source. However, as the Council moves through the financial year 2013/14 where any reported underspend is achieved this would be used to supplement that funding mechanism and will be reported as part of the regular financial reporting to Committee.

5.5 **Cultural assets map**

The Culture and Sport Commissioning team is concluding a study commissioned from external consultants which will provide a comprehensive cultural assets map for the City. This will support the future prioritisation of arts, culture and heritage capital planning, and ensure that a bid for UK City of Culture is able to be delivered through an infrastructure which is fit for purpose and ready for the step change required to deliver a successful bid for the accolade in 2017.

6. **IMPACT**

This report relates to 'Aberdeen – the Smarter City':

- We will improve access to and increase participation in arts and culture by providing opportunities for citizens and visitors to experience a broad range of high quality arts and cultural activities.
- We aspire to be recognised as a City of Culture, a place of excellence for culture and arts by promoting Aberdeen as a cultural centre hosting high quality and diverse cultural events for the whole community and beyond.
- We will encourage and support citizens to participate in the development, design and decision making of services to promote civic pride, active citizenship and resilience.

All successful applicants must illustrate how their projects meet the key objectives of 'Vibrant Aberdeen' the City's Cultural Strategy through the three main themes 'Access', 'Aspire' and 'Support'.

'Vibrant Aberdeen' has five objectives:

- Establish a cohesive cultural sector.
- Increase community engagement in cultural activity.
- Improve the city's cultural profile.
- Increase investment in culture.
- Effectively monitor and evaluate the impact of culture.

Successful applicants must evidence a connection to one or more of the local outcomes in the Single Outcome Agreement. The projects proposed directly relate to strands of the following Local Outcomes:

Outcome 2, 'Aberdeen will have high quality employment opportunities for its citizens',

Outcome 3, 'People of all ages take an active part in their own learning to achieve their full potential' and 'Learning and training is appropriate and accessible to learner's needs.

Local outcomes for National Outcome 4, 'Our young people are successful learners, confident individuals, effective contributors and responsible citizens'.

Outcome 7. 'Improve the quality of life in our most deprived areas.'

Outcome 12, 'Aberdeen is widely recognised as a City with high quality natural assets, biodiversity, architecture and heritage which instil civic pride in its citizens.'

Outcome 13 'We take pride in a strong and inclusive national identity'.

Outcome 15, 'Our public services are consistently high quality, continually improving, efficient and responsive to local people's needs.' Guidance for Community Planning partnerships, from the Scottish Government entitled 'Culture Delivers' states: 'Cultural provision and infrastructure is part of the drive for best value. High quality should be promoted, continually seeking to improve its impact on communities and taking account of local aspirations and needs. Cultural activity can also help other sectors and services deliver in ways more closely matched to peoples wishes, and can assist in engaging citizens with civic life'.

This report is likely to be of interest to the public, in particular those interested in the support given to the cultural sector by Aberdeen City Council.

7. MANAGEMENT OF RISK

Aberdeen Performing Arts comply with the FTPP guidance as laid down by Aberdeen City Council. The APA business plan and audited accounts have been considered by Corporate Governance and officers in Education, Culture and Sport. Any offer of capital funding will be agreed dependent on a detailed business plan from the organisation which shows financial projections covering the period of closure and reopening, (including growth figures and projections for the reopening) thereby limiting the exposure by Aberdeen City Council to risk.

8. BACKGROUND PAPERS

20th January 2011, the redevelopment of the Music Hall, Education, Culture and Sport
24th march 2011, Cultural Priorities, Education, Culture and Sport
22nd August 2012, City Garden Project, Council
29th November 2012, Urgent Business Committee
Aberdeen Performing Arts Business Plan 2013-2018
Music Hall, Aberdeen, Background and Brief

9. REPORT AUTHOR DETAILS

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