

Wiltshire Council

Cabinet

11 October 2022

Subject: Remobilisation of City Hall

Cabinet Member: Cllr Richard Clewer – Leader of Wiltshire Council and Cabinet member for Climate Change, MCI, Economic Development, Heritage, Arts, Tourism and Health and Wellbeing

Key Decision: Key

Executive Summary

1. Opened in 1961 as a thriving multi-purpose entertainment venue, City Hall is one of the largest venues between Bristol and Bournemouth and is a multi-functional venue, capable of hosting private events, large conferences and exhibitions, awards events, rock and pop concerts and large comedy events.
2. Following Government direction on 20 March 2020, City Hall was closed until further notice due to the COVID-19 pandemic. In October 2020 Cabinet confirmed that the venue would remain mothballed until it was both financially viable and safe to reopen.
3. Prior to closing, City Hall operated at a loss once building maintenance and utility costs were combined with operating costs and income. The Wiltshire Council staff team who previously operated the building were made redundant following consultation in late 2020/early 2021.
4. In December 2020, City Hall was licenced to the NHS to be used as a Vaccination Centre. The NHS have confirmed the venue will continue to be required as a vaccination centre until March 2023.
5. Wiltshire Council is now investigating the potential to remobilise the site as an arts, entertainment, community, and cultural venue after March 2023.
6. The council has applied to the Levelling Up Fund Round 2 seeking a substantial capital grant to deliver strategic improvements to Salisbury's Cultural offer. The bid includes improvement works to both City Hall and Salisbury Playhouse. If the bid is successful, the council and relevant partners will commit to contribute 'match' funding which will amount to over 10% of the grant award and would be subject to a capital funding bid.
7. The proposed upgrades to City Hall will include essential work that must be undertaken prior to the venue reopening, as well as additional works that will help improve user experience and make the venue more financially sustainable. It is therefore likely that improvements will make the venue more attractive to third party organisations.
8. If the LUF bid is successful, works would be scheduled to commence in October of 2023 and to complete in January 2025. The works would be

phased to minimise disruption to both the City Hall and neighbouring properties and businesses, although inevitably a project of the scale and ambition put forward to government would require time and effort to bring to completion and may need to be undertaken prior to appointing a third-party organisation to operate the venue.

9. If the LUF bid is unsuccessful, Strategic Asset and Facilities Management (SAFM) have indicated that there is essential work required in order to make the venue safe that would be need to be undertaken before any remobilisation.
10. It is estimated the essential work will take up to nine months to complete between April and December 2023. Again, this work may need to be undertaken prior to appointing a third-party organisation to operate the venue.

Proposal(s)

11. There are three options available to Wiltshire Council in order to remobilise City Hall:

Option	Description
1	Source a third-party organisation to operate City Hall as an entertainment venue on behalf of Wiltshire Council
2	Wiltshire Council to manage and operate City Hall internally, using same model as prior to the venues closure in 2020
3	Sell/Asset transfer venue to a suitable external organisation for use as an entertainment venue

12. A key element of the 2020 Cabinet paper was that remobilisation should be undertaken when it was 'financially viable' to do so. Option 1 is the most likely to provide long-term financial sustainability in order for the venue to thrive in a manner that the other options may not.
13. It is recommended that Option 1 be agreed, and Wiltshire Council seek to source an external organisation to operate the venue.
14. It is recommended that future decisions relating to the remobilisation of City Hall are delegated to the Corporate Director Place in consultation with the Leader of the Council.

Reason for Proposal(s)

Option 1 could:

- retain an arts, entertainment, community, and cultural venue in Salisbury.
- potentially reduce the financial burden on the council as a third-party organisation will be asked to take on the running costs and operating risk.
- potentially retain a level of control over venue programming to include a community element.

Terence Herbert

Chief Executive

Wiltshire Council

Cabinet

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Key Decision: Key

Purpose of Report

15. To provide options and recommendations for the remobilisation of Salisbury City Hall as an arts, entertainment, and cultural venue.

Relevance to the Council's Business Plan

16. The remobilisation of City Hall supports the Business Plan's the aim of creating thriving economies and supporting our communities to become beautiful and exciting places to live. The venue will help to empower the people of Wiltshire to live full, healthy, and enriched lives by providing access to a programme of arts, entertainment, and culture.

Background

- 17.** Opened in 1961 as a thriving multi-purpose entertainment venue, City Hall is one of the largest venues between Bristol and Bournemouth and remains a multi-functional venue, capable of hosting private events, large conferences and exhibitions, awards events, rock and pop concerts and large comedy events.
- 18.** Following Government direction on 20 March 2020, City Hall was closed until further notice due to the COVID-19 pandemic. In October 2020 Cabinet confirmed that the venue would remain mothballed until it was both financially viable and safe to reopen.
- 19.** In December 2020, City Hall was licenced to the NHS to be used as Vaccination Centre. The NHS have confirmed the venue will continue to be required as a vaccination centre until March 2023.
- 20.** Wiltshire Council is now investigating the potential to remobilise the site as an arts, culture, and entertainment venue after March 2023.
- 21.** Prior to closing, City Hall operated at a loss once building maintenance and utility costs were combined with operating costs and income. The Wiltshire Council staff team who previously operated the building were made redundant following consultation in late 2020/early 2021.

Main Considerations for the Council

- 22.** Following the nerve agent attack in 2018, Wiltshire Council has produced the [Salisbury Central Area Framework \(CAF\)](#) which is an overarching strategy to help shape the future of the city centre. As part of this work public consultation took place in 2019 and 2020. The consultation indicated that the third reason to come to the city was for entertainment and that the public 'strongly agree/agreed' for the development of 'space for culture, leisure and entertainment.
- 23.** Salisbury's city centre is a vibrant and attractive place and is responding to recent economic challenges with an established partnership of supportive stakeholders and significant investment.
- 24.** Salisbury was awarded £9M (£16M including match funding) of investment through the Future High Streets Fund, to deliver projects that will increase vibrancy, encourage return visits, increase footfall and expenditure. The works include enhancements to the Station and Fisherton Street as the Gateway to the City, drawing people into the city centre and encouraging them to dwell in the city. The works border City Hall and the Playhouse and will enhance the visitor journey.
- 25.** Salisbury will also see £24M of investment through the River Park project, which will create a lasting legacy of riverside green space for the people of Salisbury and its visitors to enjoy. The scheme will connect and enhance the linear riverside route through the centre of Salisbury along the margins of the river Avon, while delivering essential flood risk mitigation. The scheme will protect existing and future residents and businesses, as well as attracting and drawing visitors into the city centre and providing an attractive route to our cultural spaces.
- 26.** In addition, there has been investment by all partners into a competitive brand positioning for the city, with a new communications and marketing platform in Experience Salisbury. This is the result of more than £400,000 of investment to coordinate and enhance marketing activity for the city, with supporting activity to enhance a year-long programme of events to draw people to the city, including Fayre on the Square, the International Arts Festival, and Salisbury's twice weekly Charter Market. The resultant Strategic Place Plan notes that culture is "integral to the way we do things in Salisbury as part of the core fabric of the city"
- 27.** Salisbury is a choice investment destination, as reflected by recent decisions by Primark (opening 2023), Everyman Cinema (planning permission granted in July 22), and over 20 new retail businesses that have opened this year.
- 28.** City Hall has been listed as Asset of Community Value following a nomination by Salisbury City Council. An Asset of Community Value is defined as: "*A building or other land is an asset of community value if its main use has recently been or is presently used to further the social wellbeing or social interests of the local community and could do so in the future.*" Salisbury City Council are receiving key stakeholder communications in relation to City Hall and as such are regularly updated on any developments relating to the remobilisation of the venue.

29. The cost of the original building conversion was part paid for using £37,000 from the Victory Fund and raised by local contributions after the Second World War. The purpose of the contribution was to make the City Hall building a civic memorial hall and a plaque remains in City Hall that records it: *“As a lasting tribute to the citizens of Salisbury who served in the Second World War 1939-1945 ...”* The plaque is recorded in the Imperial War Museum register of war memorials but, it is not Salisbury’s listed war memorial which is in the Guildhall Square. However, there is public sensitivity surrounding the plaque and therefore it needs to be considered against all the options.
30. The council has applied to the Levelling Up Fund Round 2 seeking a substantial capital grant to deliver essential work and strategic improvements to Salisbury’s Cultural offer including the City Hall and Salisbury Playhouse. If the council’s bid is successful, the council and relevant partners will commit to contribute ‘match’ funding which amounts to over 10% of the grant award, this would be subject to a capital funding bid.
31. If the bid is successful, the proposed upgrades to City Hall will help improve user experience and make the venue more financially sustainable. It is therefore likely that improvements will make the venue more attractive to third party organisations.
32. Under this scenario, works would be scheduled to commence in October of 2023 and to complete in January 2025. The works would be phased to minimise disruption to both the City Hall and neighbouring properties and businesses, although inevitably a project of the scale and ambition put forward to government would require time and effort to bring to completion.
33. Government expects to make announcements regarding the outcome of bids to the Levelling Up Found Round 2 in the autumn of 2022.
34. If the bid is unsuccessful Strategic Asset and Facilities Management (SAFM) have indicated that essential work must be undertaken to make the venue safe before any remobilisation. However, a full Health and Safety evaluation should be carried out to identify all the work that must take place before any remobilisation.

Overview and Scrutiny Engagement

35. The Chairman and Vice Chairman of the Overview and Scrutiny committee to be given on 4 October 2022.

Safeguarding Implications

36. Regardless of the route to remobilisation Wiltshire Council’s policies and procedures on safeguarding children and vulnerable adults will be implemented with agreement with any third-party organisation or as a council venue.

Public Health Implications

37. A vibrant and exciting programme of events and activities at a remobilised City Hall will have a positive impact on people’s mental health and also the wider community as a whole. [BMC Public Health study](#) conclusion states:

“Arts engagement amongst the population as a whole may help enhance positive mental health and life satisfaction and protect against mental distress. These results are independent of a wide range of time-constant confounding factors.” The 2017 Arts Council England [Creative Health and Wellbeing study](#) states: *“Making and experiencing creativity and culture transforms people and communities’ quality of life.”*

- 38.** There are currently no formal COVID-19 restrictions in place for events, therefore advice is limited to signposting to general guidance. Therefore, Public Health haven’t reviewed the risk assessment’s but would suggest any event venues/organisers review the COVID-19 government guidance resources below:

[Living safely with respiratory infections, including COVID-19 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/living-safely-with-respiratory-infections-including-covid-19)

[Reducing the spread of respiratory infections, including COVID-19, in the workplace - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/reducing-the-spread-of-respiratory-infections-including-covid-19-in-the-workplace)

[People with symptoms of a respiratory infection including COVID-19 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/people-with-symptoms-of-a-respiratory-infection-including-covid-19)

- 39.** Those planning future events will need to be mindful that if there was a resurgence of COVID-19, restrictions could be re-introduced in which case they would have to review their risk assessments at that time.
- 40.** Vaccination remains a key public health service, and is an important part of living safely with COVID-19 as well as other infectious diseases. Vaccination programmes are run by the NHS, therefore the longer-term requirement for large scale vaccination sites such as City Hall will require advice from NHS.

Procurement Implications

- 41.** There are two routes that could be utilised to secure a third-party organisation dependent upon the operating model post remobilisation.
- i. Procurement for a concession contract. Go to market with a concession which may or may not meet the threshold under the Concession Contracts Regulations 2016 (CCR).
 - ii. Long-term lease whereby the operator undertakes complete responsibility of the building including all associated costs of maintenance, day-to-day running costs and programming.
- 42.** Commercial details would need to be considered in more detail to determine which route would be more likely to result in securing a third-party organisation but, given the challenges facing the sector currently and the economic climate, the financial terms of the contract or lease would need to be attractive to potential operators to ensure a suitable operator can be secured.
- 43.** Award of a concession contract would see a concessionaire operate the venue under the vagaries of the market. In return for giving the market the opportunity, the council can determine the arrangements of the contract. This is usually in the form of rent and/or a percentage of the profits.

44. The procurement requirements and form of contract will depend upon the value of the concession. Should the contract value be below the current CCR level of £5,336,937 (inclusive of VAT), there is flexibility and Wiltshire Council would not need to undertake a full tender exercise under the auspices of the CCR. However, the council is lawfully required to undertake a full tender exercise where the value of the concession meets or exceeds this threshold.
45. Under the lease option the council can retain the building but give responsibility of the venue to the third-party organisation. The lease would cover responsibility for repairs, maintenance and remobilisation costs and could also detail additional operational requirements, which would enable the council to retain some control over the buildings use and future programming for example stipulating some percentage of community use. The length of the lease will reflect the responsibilities. Other local authorities undertaking such arrangements have issued leases of 25 years.
46. It is estimated that the process to source and secure a third-party organisation could take between nine months and a year to complete.

Equalities Impact of the Proposal

47. There are no direct equalities impact arising from the proposal.

Environmental and Climate Change Considerations

48. Any tender or lease negotiations will include criteria and contract terms and conditions that support the aims of the Council's [Climate Strategy](#) to ensure that it is appropriately considered for both the building and other areas such as green travel plan for the venue, paperless ticketing, encouraging carbon offset for touring productions and potential installation of renewable electricity and heat etc.

Risks that may arise if the proposed decision and related work is not taken

49. There is likely to be reputational damage to the Council in the event that the venue is not remobilised as an arts, entertainment and cultural venue and a public outcry is likely to ensue.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

50. The cultural sector is still recovering from the pandemic and potentially a venue of this type is not sustainable at this time.

Recent queries regarding booking City Hall indicate that the sector is now actively seeking opportunities to return. The burden of risk would sit with third-party operator. A recent Audience Agency [report](#) indicates there is an increase in the willingness to attend events, however the cost of living crisis is emerging as a barrier to engagement. Wiltshire Creative report that sales are down by 30% on pre pandemic levels.

51. The current economic climate prohibits third party organisations from submitting a bid and securing a vendor to take over the venue.

The SMT has indicated that there are 2 potentially 3 organisations who would be interested at this point. A formal tender process might also be more appealing to organisations who choose not to take part in the SMT, because it indicates a firmer commitment on the part of the council to engage with the market to secure a suitable operator for the venue. If the Levelling Up bid is successful, the capital improvements will make the venue more appealing to third-party organisations and provide a better platform for income generation. It should be ensured that any terms of contract are commercially attractive to third party operators.

- 52.** Reputational damage to the Council caused by public comment of the timescale of the project given it is likely to be January 2024 until the venue is fully remobilised.

The council and its partners will seek to minimise the time and extent of disruption the works would cause to both the entertainment services provided by the venues themselves, and the impacts to neighbouring businesses and Salisbury residents. A full communications plan to keep both the public and businesses informed and updated on progress would be developed, and all avenues to mitigate disruptive impacts fully explored.

Financial Implications

- 53.** The Facilities Management Operational Estate Capital budget for 2023/24 which is used to cover planned maintenance on Council buildings is already overcommitted for 2023/24, Therefore this would be an additional Capital budget request of £0.350m. The revenue cost of borrowing of this is circa £0.035m. If approved this pressure would need to be captured as part of the 2023/24 Budget Setting process.

Legal Implications

- 54.** Legal advice has been sought regarding the options and will continue to be sought throughout the remobilisation process in respect of the process to be undertaken, any tender process and the contractual, lease and occupational agreements (as required). The proposed arrangements will ensure that the Council meets its legal obligations throughout the process.
- 55.** Section 123 of the Local Government Act 1972 (“the LGA 1972”) imposes a general restriction on disposals by local authorities which means that Wiltshire Council cannot dispose of its land for a consideration less than the best that can be reasonably obtained in the market, except with the express consent of the Secretary of State. Disposals by way of short-term tenancies are not caught by this restriction. An open marketing exercise will ensure that the best price properly payable will be received thus satisfying the requirements of Section 123 LGA 1972.

The power of the Secretary of State to give a general consent for the purpose of land disposals by local authorities is set out in section 128 (1) of the LGA 1972. Specific consent is not required for the disposal of any interest in land at less than best consideration where the authority considers that the disposal will help it to secure the promotion or improvement of the economic, social or environmental wellbeing of its area. However, disposal at less than best

consideration is always subject to the condition that the undervalue does not exceed £2 million.

56. As the site is listed as an Asset of Community Value, the grant of a lease of 25 years or more to an operator would trigger the need to follow the process as set out in the Localism Act 2011 before any such lease can be granted.

Workforce Implications

57. Option 2 would require the recruitment of a new staff team. This process would cost approximately £500 per month with advertising and social media ads. The length of the recruitment campaign would need to be determined. The estimated time to hire would be between 8 to 12 weeks.
58. Prior to any recruitment consideration would need to be given to a structure that was fit for purpose. The previous structure could be replicated (Appendix 1), or a new streamlined structure developed. Prior to the venue closing, the annual staff costs were £428,954.53 but this does not include subsequent pay increases (1.75% for 2021/22).
59. A recruitment process may have the potential of causing the council reputational damage given the relatively recent staff redundancies in 2020. However, there are no legal TUPE implications therefore there would be nothing to prevent a former staff member from applying for a position in a reopened venue.

Options Considered

60. There are three options available to Wiltshire Council in consideration to the future of City Hall. These are detailed below:

Option	Description
1	Source a third-party organisation to operate City Hall as an entertainment venue on behalf of Wiltshire Council
2	Wiltshire Council to manage and operate City Hall internally, using the same model as prior to the venues closure in 2020
3	Sell/Asset transfer venue to a suitable external organisation for use as an entertainment venue

61. **Option 1: Source a third-party organisation to operate City Hall as an entertainment venue on behalf of Wiltshire Council**
62. The council can either seek to lease out the building for the long-term, with the third-party organisation taking on the full responsibility for the building or via a shorter-term concession contract where a third-party organisation will only be responsible for the day-to-day management and programming for the venue while Wiltshire Council remains responsible for the maintenance of the building.
63. The method of securing a third-party organisation can be undertaken either via a procurement process or the council can engage a chartered surveyor with expertise in this field to source a suitable vendor.
64. The process and details of any contract or lease are to be determined once the route to remobilisation has been confirmed.

65. This option could enable Wiltshire Council to retain an art and entertainment offer in Salisbury but, depending upon the contractual mechanism, could also reduce the associated risk of operating such a venue, especially in the current challenging climate.
- 66. Option 2: Wiltshire Council to manage and operate City Hall internally, using the same model as prior to the venues closure in 2020**
67. This option would enable the remobilisation of City Hall as an arts, entertainment, community, and cultural venue but would expose Wiltshire Council to increased costs and financial risk.
68. Appendix 4 indicates the profit and loss accounts for 2019-2020 the last full year of trading pre-pandemic.
69. Should the facility be managed internally, Wiltshire Council would be responsible for all remobilisation costs, as well as costs associated with ticketing software, website, restocking the bar etc.
70. ICT have indicated that all previous existing contracts were all terminated in May 2021. Therefore, new IT infrastructure would need to be implemented. Prior to the pandemic it had been determined that the City Hall server was not fit for purpose and there were plans to move to a hosted offering. Plans had also been developed prior to the pandemic to implement a new ticketing system using the ProVenue software and website. This cost at that time was estimated to be an initial payment of approximately £17,000 in addition to annual licence payments the amount of which would be confirmed on procuring the system. These costs would need to be revised and are likely to have increased subsequently.
71. A new staff team would need to be recruited. This process would cost approximately £500 per month with advertising and social media ads. The length of the recruitment campaign would need to be determined. The estimated time to hire would be between 8 to 12 weeks. Prior to any recruitment consideration would need to be given to a structure that was fit for purpose. The previous structure could be replicated (Appendix 1), or a new streamlined structure developed. Prior to the venue closing, the annual staff costs were circa £428,000 but this does not include subsequent pay increases (1.75% for 2021/22).
72. Operating City Hall using an internal management model would enable Wiltshire Council to have full control and flexibility over the building and associated programming.
- 73. Option 3: Sell/Asset transfer venue to a suitable external organisation for use as an entertainment venue**
74. This option could potentially enable Wiltshire Council to generate capital receipts and would not expose the council to any financial risk. However, this approach would leave the council with the least control over the future use of the building, and it may also prove challenging to find a suitable organisation to take ownership of City Hall.
75. The option also has the potential to cause significant reputational damage should the owner of the building fail in the future. Other sensitivities include the war memorial plaque. The option to asset transfer or sell City Hall in the future could be explored if/once a positive relationship can be developed with a third-party operator as part of option 1. Wiltshire Council would need to

seek external advice on the current market value of the venue as an entertainment venue.

76. The Council would have to follow the process for disposal of an Asset of Community Value as set out in the Localism Act 2011, through stating its intent to dispose to the Local Authority. That leads to an initial 6-week moratorium period and should an expression of interest be submitted extended to 6 months.

Conclusions

77. A key element of the 2020 Cabinet paper was that remobilisation should be undertaken when it was 'financially viable' to do so. Option 1 is likely to provide long-term financial sustainability in order for the venue to thrive in a manner that the other options will not.
78. It is recommended that Option 1 be agreed, and Wiltshire Council seek to source an external organisation to operate the venue.
79. It is recommended that future decisions relating to the remobilisation of City Hall are delegated to the Corporate Director Place in consultation with the Leader of the Council.

Reason for recommendation

Option 1 could:

- retain an arts, entertainment, community, and cultural venue in Salisbury.
- potentially reduce the financial burden on the council as a third-party organisation will be asked to take on the running costs and operating risk.
- potentially retain a level of control over venue programming to include a community element.

Parvis Khansari (Corporate Director - Place)

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Date of report: 31 August 2022

Appendices

Appendix 1: Pre-pandemic City Hall staff structure (in confidence)

Background Papers

The following documents have been relied on in the preparation of this report:

Salisbury Central Area Framework

BMC Public Health – Arts, mental distress, mental health functioning and life satisfaction: fixed-effects analyses of a nationally-representative panel study

All Party Parliament Group on Arts, Health and Wellbeing Inquiry Report –
Creative Health: The Arts for Health and Wellbeing.

Wiltshire Climate Strategy 2022-2027

The Audience Agency - Initial findings from the April 2022 wave of our Cultural Participation Monitor look at how attitudes towards audience safety, home working, local attendance, and the impact of the cost-of-living crisis are shifting as the pandemic moves into its latest phase.