

Wiltshire Council

Cabinet

21 January 2025

Subject: City Hall - Salisbury

Cabinet Member: Cllr Richard Clewer - Leader of the Council and Cabinet Member for Military-Civilian Integration, Health and Wellbeing, Economic Development, Arts, Heritage and Tourism

Key Decision: Key

Executive Summary

The purpose of this report is to provide a recommendation to agree a lease with the preferred tenant to remobilise Salisbury City Hall as an arts, entertainment, and cultural venue.

In October 2022 Cabinet considered three options for the venue

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

Cabinet resolved to source a third-party organisation to operate City Hall as an entertainment venue on behalf of Wiltshire Council.

Wiltshire Council engaged Savills to market a 25–35-year lease. The marketing exercise has now completed and a recommendation to proceed with a preferred tenant is being presented in this report.

Proposals

That Cabinet approves:

- 1) The preferred tenant as the third-party organisation to operate City Hall as an entertainment venue on behalf of Wiltshire Council subject to financial due diligence and agreement of the Heads of Terms
- 2) That the allocated Capital Receipt Enhancement (CRE), budget for Melksham Blue Pool is repurposed to complete the necessary external works to City Hall prior to lease commencement, and that a virement of £0.045m of the 2024/25 budget and £0.255m of the 2025/26 budget from the CRE capital scheme line is made to the Facilities Management Investment Estate capital scheme line.

3) That future decisions relating to the Heads of Terms and lease for City Hall are delegated to the Corporate Director - Place, in consultation with the Director - Assets, and the Leader of the Council.

Reason for Proposals

To bring City Hall back into use as an arts and entertainment venue.

Parvis Khansari
Corporate Director - Place

Wiltshire Council

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Key Decision: Key

Purpose of Report

1. To provide a recommendation to agree a lease with the preferred tenant to remobilise Salisbury City Hall as an arts, entertainment, and cultural venue, with consideration for the following:
 - The preferred tenant as the third-party organisation to operate City Hall as an entertainment venue on behalf of Wiltshire Council subject to financial due diligence and agreement of the Heads of Terms
 - That the allocated Capital Receipt Enhancement (CRE), budget for Melksham Blue Pool is repurposed to complete the necessary external works to City Hall prior to lease commencement, and that a virement of £0.045m of the 2024/25 budget and £0.255m of the 2025/26 budget from the CRE capital scheme line is made to the Facilities Management Investment Estate capital scheme line.
 - That future decisions relating to the Heads of Terms and lease for City Hall are delegated to the Corporate Director, Place, in consultation with the Director, Assets, and the Leader of the Council.

Relevance to the Council's Business Plan

2. The remobilisation of City Hall supports the Business Plan with 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

3. In October 2022 Cabinet considered three options for the venue:

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1	Source a third-party organisation to operate City Hall as an entertainment venue on behalf of Wiltshire Council
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3	Sell/Asset transfer venue to a suitable external organisation for use as an entertainment venue
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4. Cabinet resolved to source a third-party organisation to operate City Hall as an entertainment venue on behalf of Wiltshire Council.
5. A Market Engagement event was delivered to further engage with prospective operators to gain insight from attendees on potential operating model and to provide tours of the venue. Procurement attended to answer any questions relating to the process. Estates provided tours and Economy and Regeneration presented on the economic landscape of Salisbury and local area.
6. This was followed by a Prior Information Notice process to ascertain: Type of management arrangement; the Length of agreement and any willingness to undertake any maintenance work as indicated in the condition survey. Returns indicated that a long-term lease was the preferred management arrangement.
7. Wiltshire Council engaged Savills to market a 25–35-year lease. The marketing exercise has now completed and a recommendation to proceed with a preferred party is being presented in this report.

Main Considerations for the Council

8. As part of the work to develop the [Salisbury Central Area Framework \(CAF\)](#) a public consultation took place in 2019 and 2020. The consultation highlighted that one of the top reasons 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’.
9. 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.
10. Salisbury was awarded £9M (£16M including match funding) of investment through the Future High Streets Fund and has also seen £24M of investment through the River Park project. 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 and the city has seen an increase in retail investment.
11. Adopted in July 2024, the Wiltshire Cultural Strategy 2024-2030: Connecting through creativity, aims to shape a county that is:

‘a better-connected place where culture is the heartbeat of every village, town, city and landscape. Through creativity, shared experiences, a collective commitment to our environment and access for all, we aim to foster a sense of belonging that resonates with everyone.

Wiltshire will be a place where culture supports health and happiness, where young people and creative enterprise can flourish and where economic growth is stimulated through distinctive and vibrant places where people want to visit, live, work, and raise a family.

We want all residents in Wiltshire to enjoy the benefits that culture brings including those who face additional barriers to cultural engagement and creative participation’.
12. [City Hall was listed as an 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 did not wish to apply for an interim moratorium on the ‘disposal’ of the grant of a lease of more than 25 years.

13. An external report has been commissioned to quantify the cost of bringing the external fabric to a suitable standard. Investment from Wiltshire Council is deemed necessary to repair the external fabric of the building, prior to lease commencement. It is estimated that the external works will cost £300,000 (this includes a contingency sum of £40,000). The final cost will however be subject to formal procurement.
14. The proposed lease of 25-35 years will mean that the Council must follow the provisions relating to s123 in the Local Government Act 1972 for best consideration.

Marketing exercise

15. Wiltshire Council engaged Savills to market City Hall as a 25–30-year full repairing lease opportunity.
16. The property was fully and openly marketed, commencing in early July 2024 on Savills website and through external property portals such as Rightmove and Estates Gazette Propertylink. Additionally, a targeted e-marketing campaign utilising Savills applicant database with additional direct marketing to a list of national and regional live music/events companies, was undertaken.
17. Further marketing boards were erected at the property to capture local enquiries. The property also received press interest with articles highlighting the opportunity written in the Salisbury Journal and Arts Professional publication.
18. Viewings were undertaken with all interested parties, with the property made available for follow up visits and additional investigations.
19. The marketing information issued, included a brochure, floor plans and proposed Heads of Terms, with detailed surveys provided to interested parties.
20. Informal interest was received for the property from occupiers seeking to use City Hall for alternate uses. However, given the marketing brief for the property to remain as an arts and entertainment venue, this interest was noted but not pursued.
21. An initial deadline was set for the end of October for rental offers, with four being received. An assessment of the offers established that several of the interested parties wanted investment by WC to facilitate a letting, and the Council commissioned a survey to establish the cost of bringing the external fabric into a suitable condition. These works will be undertaken to the site either in advance of the lease starting or concurrently with any fit out by the occupier.
22. Savills provided interested parties with the revised condition survey, setting out the Council’s willingness to invest in the building seeking confirmation of their offers. At the same time, one of the offers was rejected due to insufficient information having been provided.
23. Following the production of the survey, one party withdrew from the process, one party confirmed their offer, and one party made an improved offer.
24. The party who withdrew subsequently submitted a revised offer outside of the deadline.

25. The final offers were considered and resulted in the recommendation to proceed with a preferred tenant. Appendix A (Part 2 item) of this report sets out the assessment of the offers to arrive at this decision, including financial considerations, obligations relating to s123 for best consideration, and potential timescales for reopening.

Safeguarding Implications

26. There is no direct safeguarding implications associated with this decision .

Public Health Implications

27. 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, 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.”*

Procurement Implications

28. The Council have offered the site by way of a leasehold, meaning this is not a procurement process. The proposed enabling works will be tendered to ensure best value is obtained and in line with the Council's procurement strategy.

Equalities Impact of the Proposal

29. There are no direct equalities impacts arising from the proposal.

Environmental and Climate Change Considerations

30. There are no direct environmental or climate impacts arising from the proposal, although it is anticipated that the preferred provider will undertake improvements to the site that will reduce energy consumption.

Workforce Implications

31. There are no direct workforce implications arising from the proposal.

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

32. The building will continue to remain empty whilst alternate providers are found, incurring greater cost to the Council and the risk of no provider being found.

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

33. The proposal is a commercial lease which brings with it commercial operator risk, although the financial due diligence undertaken will ensure there is sufficient surety to protect the Council's interests.

Financial Implications

34. The offer received provides a rental income to the Council for the term of the lease, albeit a rent-free period is being granted in line with normal commercial practice to reflect that the building has not been in use recently.

35. Investment from Wiltshire Council is deemed necessary prior to lease commencement. A range of external works to the fabric of the building are planned to bring the building up to a lettable standard.

36. It is estimated that the external works will cost £300,000 (this includes a contingency sum of £40,000). The final cost will however be subject to formal procurement.
37. It is proposed that the Capital Receipt Enhancement (CRE) capital scheme line budget is used for this purpose. This budget provides funding for enabling works to enhance the value of the relevant asset. The majority of the CRE budget was approved by Cabinet to specifically cover the cost of demolition and essential works at Melksham Blue Pool. As these works are no longer required and as the City Hall works are to be delivered by the council's Facilities Management team, Cabinet is requested to approve the use of the Melksham Blue Pool budget for this purpose along with a virement of £0.045m of the 2024/25 budget and £0.255m of the 2025/26 budget from CRE capital scheme line to the Facilities Management Investment Estate capital scheme line. This budget line is funded by General Fund Receipts. The Council has received sufficient funds to cover the required capital and so there will be no further revenue impact to the 2024/25 budget as a result of the proposed movements.
38. The offer from the preferred tenant would generate income for Wiltshire Council over the first ten years of the lease in excess of the cost of the works required to bring the building up to a lettable standard.
39. The grant of a full repairing lease results in no further expected expenditure by the Council during the term of the lease.

Legal Implications

40. Any disposal of local authority property requires a local authority to comply with s123 of the Local Government Act 1972, which ensures that a local authority may not dispose of land for less than best consideration reasonably obtainable unless it obtains the consent of the Secretary of State.
41. The proposed lease of 25-35 years requires the Council to comply with s123. It is for the Council to demonstrate that it has achieved best consideration: if best consideration is not obtained, Secretary of State approval is required.
42. Where an offer meets the 'best value' requirements a decision can be taken by officers or by Cabinet.
43. The analysis of whether the offers received comply with the requirements of s123 is set out in the assessment at Appendix A, however, the bid from the preferred tenant is s123 compliant.

Overview and Scrutiny Engagement

44. The Chairman and Vice-Chairman of the Environment Select Committee were briefed on 10 January 2025.

Options Considered

45. To remobilise City Hall as an arts and entertainment venue via an alternate model, with the below three options presented to Cabinet in October 2022.

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

46. Options 2 and 3 rejected. Cabinet resolved to source a third-party organisation to operate City Hall as an entertainment venue on behalf of Wiltshire Council.
47. To accept an alternate offer – rejected as the other offers received were of a lower value and therefore not s123 compliant and likely to result in greater costs being incurred by the Council. In addition, the period to bring the site back into use detailed within the other offers carried greater uncertainty.

Recommendations

48. It is recommended that Cabinet approves:
- i. The preferred tenant as the third-party organisation to operate City Hall as an entertainment venue on behalf of Wiltshire Council subject to financial due diligence and agreement of the Heads of Terms
 - ii. That the allocated Capital Receipt Enhancement (CRE), budget for Melksham Blue Pool is repurposed to complete the necessary external works to City Hall prior to lease commencement, and that a virement of £0.045m of the 2024/25 budget and £0.255m of the 2025/26 budget from the CRE capital scheme line is made to the Facilities Management Investment Estate capital scheme line.
 - iii. That future decisions relating to the Heads of Terms and lease for City Hall are delegated to the Corporate Director Place, in consultation with the Director for Assets and Leader of the Council.

Conclusions

49. The offer from the preferred tenant meets the resolution by Cabinet in October 2020 to only reopen City Hall once it was “both financially viable and safe” to do so.
50. The offer from the preferred tenant meets the resolution by Cabinet in October 2022 to seek a third-party organisation to operate City Hall as an entertainment venue on behalf of Wiltshire Council.
51. Accepting the best financial offer to operate City Hall on a long-term lease as an arts and entertainment venue ensures compliance with the provisions of s123 in the Local Government Act 1972 for best consideration.
52. The offer from the preferred tenant provides the best financial return to the Council, enables the building to be reopened in a reasonable timescale and secures use of the site for a long period of time.
53. It is therefore recommended to proceed with the preferred tenant as the third-party organisation to operate City Hall as an entertainment venue on behalf of Wiltshire Council, subject to financial due diligence and agreement of the Heads of Terms.

Parvis Khansari - Corporate Director, Place

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Appendices

Appendix A – Assessment of offers and financial implications (Part II item)

Background Papers

[13 October 2020 Cabinet Report – City Hall Salisbury item 14](#)

[11 October 2022 Cabinet Report – Remobilisation of City Hall Agenda item 11](#)