

REPORT TITLE: CENTRAL WINCHESTER REGENERATION PROPOSED LAND ACQUISITION

28 MAY 2026

REPORT OF CABINET MEMBER: Cllr Martin Tod, Leader and Cabinet Member for Regeneration

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WARD(S): ALL WARDS

PURPOSE

Central Winchester Regeneration (CWR) is a once in a lifetime opportunity to transform the centre of our historic city via a comprehensive regeneration scheme. Bringing homes for local families, providing jobs for local people, making a visit to this heritage city one which will be remembered.

In March 2023 the Council appointed Partnerships & Places LLP (known locally as Jigsaw) a limited liability partnership consisting of two joint venture consortium members, PfP-Igloo Limited Partnership and Genr8 Kajima Regeneration Limited (GKRL), as their development partner.

The Development Agreement (DA) was signed in April 2024 and the first milestone set out in the DA was approval of the Development Delivery Plan (DDP), which took place in March 2025. Following GKRL's exit from the Partnerships & Places Consortium in late 2025, Cabinet approved the Change in Consortium Composition on 21/01/26.

An opportunity has arisen for the Council to consider acquiring the former St. Clements Surgery property in Tanner St. The property is in the middle of the Central Winchester Regeneration (CWR) area and adjoins the red line boundary of the Development Agreement (DA) that the Council has with Jigsaw. It therefore presents an opportunity to de-risk part of Jigsaw's proposals for the land covered by the DA as well as provide more homes and commercial space in line with the CWR Supplementary Planning Guidance adopted in 2018.

This report sets out the financial implications of a purchase and the proposed mechanism to engage with Jigsaw for them to use as meanwhile space to create income and how ultimately they will integrate the property into their scheme.

RECOMMENDATIONS:

1. Authorise the Strategic Director with responsibility for Central Winchester Regeneration to complete the acquisition of the former St Clement's Surgery for the amount of £2.75m plus SDLT (£127,000) and fees (£20,000).
2. Approve a supplementary capital estimate of £267,000, funded by prudential borrowing (£140,000) and capital receipts (£127,000), bringing the total approved budget to £2,877,000.
3. Approve capital expenditure of £2,877,000 for the acquisition of the former St Clement's Surgery.
4. Approve an ongoing revenue budget of £53,200 for security, business rates, maintenance, and utilities until such time a lease to Jigsaw is in place.
5. Authorise the Strategic Director with responsibility for Central Winchester Regeneration and Director Finance to negotiate and finalise the terms of an option agreement for the former St Clement's Surgery with Jigsaw.
6. Authorise the Strategic Director with responsibility for Central Winchester Regeneration to explore meanwhile uses of the former St Clements Surgery with Jigsaw and to agree an approach that best mitigates the holding costs.

## IMPLICATIONS:

### 1 COUNCIL PLAN OUTCOME

Creating places for people and communities to live, work and thrive is of paramount importance to the Council. To bring forward the best possible development that respects the past and brings opportunity for the future, the Council has appointed Jigsaw, a Development Partner that shares the same vision and ambition to deliver vibrant new mixed-use development that will be creative and innovative.

#### 1.1 Greener Faster

The Council has declared a Climate Emergency and addressing the climate crisis and reaching carbon neutrality is the Council's overarching priority.

#### 1.2 Thriving Places

The Council is focusing on sustainable growth through our Green Economic Development Strategy which sets out the opportunity to build a cluster of national significance in creativity, design and related heritage and nature/land based professional services along with the opportunity to deepen a creativity network of scale.

#### 1.3 Healthy Communities

The Council's ambition is that all residents live healthy and fulfilled lives, feel safe and secure in their neighbourhood, and enjoy the recreational and cultural opportunities that the district offers and is therefore committed to investing in our public spaces and working hard with partners to deliver pride in place for our residents.

#### 1.4 Good Homes for All

Housing in the Winchester district is expensive and finding suitable accommodation which is affordable is a challenge for our young people and families.

#### 1.5 Efficient and Effective

The CWR programme is being managed in line with the Council's project management framework. This includes reviewing and updating the programmes risk register and ensuring that mitigation measures are implemented. Quarterly highlight reports are submitted to the Councils Project and Capital Programme for review and a summary report is made in the quarterly performance report considered by the Scrutiny Committee before consideration by Cabinet.

#### 1.6 Listening and Learning

The Council is committed to ensuring that everyone from everywhere in the district, every background, income or life circumstance has the opportunity to make their voice heard, and that these views are carefully considered and acted upon. Public opinions have been taken into account through the adoption of the Central Winchester Regeneration Supplementary Planning Document (CWR SPD) and the subsequent CWR development proposals and as regeneration of the central Winchester area comes forward.

## 2 FINANCIAL IMPLICATIONS

- 2.1 The proposed purchase price is £2.75m plus SDLT of £127,000 (totalling £2,877,000) and fees of £20,000. The fees are to be funded from the existing CWR revenue budget. The existing capital budget included in the Capital and Investment Strategy (CAB3539) was £2.61m and therefore a supplementary capital estimate of £267,000 is required. As the cost of SDLT is irrecoverable, this element will be funded by capital receipts rather than prudential borrowing.
- 2.2 The purchase, planned for the summer of 2026, will be funded by prudential borrowing (£2.75m) and capital receipts (£127,000) and the asset will be transferred to Jigsaw within 4 years for a minimum land value or market value excluding SDLT incurred by the council.

### **Option to purchase**

- 2.3 Jigsaw have agreed to pay £10,000 for a put option that obliges them to purchase the land within a set timescale. This amount will be held as a liability in the council's accounts until either:
- The option is exercised at which point the sum will be transferred from liabilities to sale proceeds
  - The option isn't exercised by the agreed date at which point the sum will be transferred to income

### **Holding costs**

- 2.4 The following costs (stated in today's terms) will be incurred by the council as a consequence of holding the asset until transfer to Jigsaw. It is anticipated that the council will be in a position to "internally" borrow the unfinanced expenditure and therefore the opportunity cost would be lost interest as a consequence of lower cash and investment balances until the asset is transferred to Jigsaw. However, this will ultimately depend on the council's overall financial position over the 4 years including the position of the unitary authority post 1 April 2028.

<b>SDLT and fees</b>	£147,000 (one off)	These costs will be irrecoverable
<b>Opportunity cost</b> (reduced balances)	£115,000 est. per annum (£460,000 total over 4 years)	Based on current returns of 4%. Actual will depend on future interest rates
<b>MRP</b> (equivalent to principal repayment)	£30,000 est. total over 4 years	The council is required by statute to set aside an amount for the repayment of prudential borrowing. However, this will in effect be recovered once the asset is transferred to Jigsaw
<b><i>Revenue budget requirement</i></b>		
<b>Security</b>	£30,000 est. per annum (£120,000 total over 4 years)	Expenditure not required once meanwhile use in place
<b>Business rates</b>	£12,000 per annum (£48,000 total over 4 years)	Expenditure not required once meanwhile use in place
<b>Maintenance</b> (for vandalism, leaks etc.)	£10,000 est. per annum (£40,000 total over 4 years)	Expenditure not required once meanwhile use in place
<b>Utilities</b> (standing charges)	£1,200 est. per annum (£4,800 total over 4 years)	Expenditure not required once meanwhile use in place

- 2.5 A revenue budget of £53,200 is therefore required until such time as a lease to Jigsaw for meanwhile use is in place.
- 2.6 If for any reason the transfer to Jigsaw does not ultimately proceed, the council will retain the fee for the option to purchase as noted above but will remain liable to reduce the outstanding debt and incur financing costs on the purchase over the remaining life of the asset. It is assumed that the asset will not be retained as a building and therefore is effectively a land acquisition with a maximum period of 50 years against which the debt must be financed. If the building is ultimately retained, the time period would be based on the estimated life of the building. As an illustrative estimate based on 50 years and an interest rate of 6%, the total financing cost per annum, including MRP

(principal repayment) and interest, is £175,000 per annum until such time as the asset is disposed.

### **Meanwhile use**

- 2.7 Jigsaw will work with the council to identify appropriate meanwhile uses for the building prior to its transfer by 2030. The immediate impact of meanwhile uses will be to defray the ongoing costs of security, business rates etc. Any net income generated will offset the lost interest opportunity cost.
- 2.8 The meanwhile use may require some initial investment by the council and therefore additional one-off budget may be required in due course.

## **3 LEGAL AND PROCUREMENT IMPLICATIONS**

- 3.1 The Council entered into the Development Agreement with Jigsaw on 22<sup>nd</sup> April 2024 and the first milestone event, submission of the Development Delivery Plan, was approved by Cabinet (Report CAB3484) on 13<sup>th</sup> March 2025. There is no requirement on either the Council or Jigsaw to add further land to the Development Agreement area. The Council has taken additional legal advice from its external legal advisors who advised on the DA with Jigsaw.
- 3.2 The primary acquisition power is section 120 of the Local Government Act 1972, which permits a principal council to acquire land, whether inside or outside of its area, for the purposes of any of its functions under that or any other enactment, or for the benefit, improvement, or development of its area. Regeneration of the Central Winchester area falls squarely within the Council's functions and its wider strategic aims. The acquisition of the former St Clement's Surgery building ('the Property') in support of those aims is properly characterised as being for the benefit or development of the Council's area within that provision.
- 3.3 The Council remains subject to its general fiduciary duty and to best value obligations under the Local Government Act 1999, which together require it to act in a financially prudent and rational manner. The purchase price of the Property was based on external valuation advice from JLL and their report is included in Exempt Appendix 2.
- 3.4 The procurement of Jigsaw as the Council's development partner was run using the competitive dialogue procedure under the Public Contracts Regulations 2015, with Partnerships and Places being appointed as preferred bidder in March 2023. The Development Agreement is therefore governed by the 2015 Regulations under the transitional arrangements governing the introduction of the Procurement Act 2023 and accordingly any question of modification to the DA falls to be assessed under the 2015 Regulations (particularly Regulation 72) rather than under the Procurement Act 2023.

- 3.5 Having considered the procurement position and advice from external legal advisors the Council is not proposing to vary the current Development Agreement with Jigsaw to add in the Property. The Council is, therefore, proposing to sell the Property pursuant to a conditional option agreement independently of the Development Agreement.

#### 4 WORKFORCE IMPLICATIONS

- 4.1 There will be an ongoing Council resource requirement through the life of the Development Agreement. The resource requirement will vary depending on the stage of development and will be reviewed at regular intervals but remains the same as reported in CAB3371.
- 4.2 If the proposed lease to Jigsaw does not happen then the Council would be responsible for looking after the building. Additional resources in the Property Team would have to be considered depending on what other pressures there are at the time.

#### 5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 The Council would become the landowner for the property if Cabinet approves the acquisition. The property is adjacent to Phase 2 of the CWR scheme and is therefore not likely to be required until 2030, which allows for a period of time to utilise the building for meanwhile uses to generate an income to offset any holding costs.
- 5.2 In their Development Delivery Plan, Jigsaw outlined how they would use a series of meanwhile interventions to activate the wider site, test out potential solutions for longer term proposals.
- 5.3 Precise terms of how that meanwhile use could emerge is further to more discussion with Jigsaw but it is likely that the Council will retain the freehold ownership and either grant a short term lease to Jigsaw to manage the building or grant short term leases direct to businesses brought to the property by Jigsaw. Utilising Jigsaw's team wide expertise in this field could be of benefit to the Council in mitigating the holdings costs.

#### 6 CONSULTATION AND COMMUNICATION

- 6.1 None specifically about this proposed acquisition.

## 7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 The existing building was built in the 1970's and reflects the design and construction prevalent at that time. The building does not appear to add to the townscape and is unlikely to be efficient from an energy use perspective.

## 8 PUBLIC SECTOR EQUALITY DUTY

- 8.1 The Council has a statutory duty under section 149 of the Equalities Act 2010 that requires all public bodies to consider the needs of all individuals in their day-to-day work in shaping policy; delivering services; and in relation to their own employees. The Public Sector Equality Duty (PSED) is a duty on public bodies and others carrying out public functions. An updated Equalities Impact Assessment will be prepared alongside the CWR Full Business Case due in summer 2026.

## 9 DATA PROTECTION IMPACT ASSESSMENT

- 9.1 Due regard has been given to the Council's obligations under the Data Protection Act 2018 and General Data Protection Regulation (GDPR) 2018, it is considered that a Data Processing Impact Assessment (DPIA) is not required for this report.
- 9.2 Any data collected has been and will be held in accordance with the Data Protection Act 2018 and General Data Protection Regulations 2018.
- 9.3 This will be applied to any data collected as a result of any future events, consultations and engagements.

## 10 RISK MANAGEMENT

<b>Risk</b>	<b>Mitigation</b>	<b>Opportunities</b>
<p><b>Property</b></p> <p>There is a risk that if the Property is sold to a third party who might develop the site in a form not consistent with the SPD and in contrast to the placemaking being sought through the wider CWR scheme</p>	<p>Seek to acquire the property</p>	<p>Secure a development in a form considered to enhance the overall area in accordance with the SPD objectives</p>
<p>There is a risk that the Council will not be able to recover the purchase</p>	<p>Agree a provision for sale at market value. Keep development appraisal</p>	<p>The risk may be justified, if the acquisition of the property helps secure the</p>

<b>Risk</b>	<b>Mitigation</b>	<b>Opportunities</b>
<p>price when the site comes to be developed.</p> <p>There is a risk that the cost of holding the St Clements Site will exceed any income generated from the property</p>	<p>under review to inform overall approach</p> <p>Incentivise Jigsaw to maximise income from meanwhile uses</p>	<p>aspirations of the Central Winchester SPD</p> <p>Utilise Jigsaw expertise in bringing forward meanwhile uses that generate a financial return</p>
<p><b>Legal</b></p> <p>The Legal team are involved in a significant number of major initiatives and there is the risk that the acquisition of this property will have an impact on that work</p>	<p>Appoint external solicitors to undertake the transaction</p>	
<p><b>Financial Exposure</b></p> <p>If Jigsaw do not opt to take the land into the wider scheme then the Council is left with a parcel of land with ongoing running costs and outstanding borrowing</p>	<p>The option agreement will oblige Jigsaw to purchase the site. The meanwhile use could continue to provide some cover for the holding costs</p>	<p>The site in question is right in the middle of CWR and will benefit from Phase 1 being complete</p>
<p><b>Exposure to challenge</b></p> <p>Potential for someone to challenge the decision pass the land through to Jigsaw</p>	<p>Take advice of the Council's external lawyers and follow a Governance process that is transparent and comprehensive about why this proposed course of action is being followed</p>	
<p><b>Reputation</b></p> <p>If the Council chooses not to purchase the property then it will be placed on the open market for anyone to buy. It would inhibit what can be achieved on adjoining site in the Council's ownership</p>	<p>Work with Jigsaw to maximise the potential of the currently owned sites</p>	

<b>Risk</b>	<b>Mitigation</b>	<b>Opportunities</b>
<p><b>Community Support</b> Wide support exists for the regeneration of the central Winchester area. The SPD proposals were consulted widely and there is a wide measure of support for them</p>	<p>Any proposals for development would be expected to be in line with the SPD</p>	<p>To deliver the vision of the SPD</p>
<p><b>Project capacity</b> The Regeneration team are involved in a significant number of major initiatives and there is the risk that the acquisition of this property will have an impact on that work</p>	<p>This risk can be mitigated by using external property consultants and solicitors to do the valuation and conveyancing</p>	<p>To ensure completion within a stated timescale – if the purchase is recommended</p>
<p><b>Local Government Reorganisation</b></p>	<p>The delivery of a regeneration scheme on this site has been a longstanding priority for the Council. Whilst the Cabinet decision to enter into the Development Agreement was made 3 years ago any amendments that are not agreed to it prior to a Structural Change Order may require the consent of a Joint Committee or Shadow Unitary Authority</p>	

## 11 SUPPORTING INFORMATION

- 11.1 An opportunity has arisen to purchase St. Clements Surgery to increase the land holding for Central Winchester Regeneration scheme.
- 11.2 The owner of the former St. Clément's surgery approached Jigsaw in 2024 to discuss whether Jigsaw would be willing to purchase the soon to be vacant property.

- 11.3 Negotiations continued into 2025 but ultimately Jigsaw decided not to pursue the acquisition due to changes to their JV. Whilst the strategic benefit of having that land as part of the CWR project were recognised they concluded that with all the moving parts of their Joint Venture it was too much to take on board at that point in time but are positive about entering into an option agreement with the Council.
- 11.4 The owner of the former St Clement's Surgery then approached the Council in late 2025 to establish any interest from the council before placing it on the open market.
- 11.5 The same property company, JLL, who advised the Council in respect of CWR development options and procurement from 2021 were appointed to undertake a valuation and negotiate a price with the owner's agents, Savills.
- 11.6 That process has now concluded and approval is now sought to acquire the property for £2.75m plus SDLT and purchase fees.
- 11.7 The property is located within the CWR Supplementary Planning Document (SPD) area and directly adjoins the red line boundary of the area included within the Development Agreement area with Jigsaw. It is an important part of the wider SPD site and the property will have Rights to Light, which may hinder Jigsaw's plans for the adjoining Coitbury House. There is also a Right of Way that benefits the former surgery building that crosses part of the car park of Coitbury House as well as the bus station. Having ownership of St Clements would remove those constraints and avoid any potentially lengthy and complicated negotiations as well as offering more opportunity for housing and commercial development.
- 11.8 The Council having been approached by the owner of the former St Clement's Surgery has conducted enough due diligence to be able to advance matters to this Cabinet paper. The valuation undertaken by JLL is contained in Exempt Appendix 2 and the title plans for the land in Appendix 1. The proposed purchase price of £2.75m plus SDLT and fees reflects the marriage value of combining the Coitbury House site with the Property to create a larger development parcel.
- 11.9 Following the change of composition of the JV, Jigsaw have secured approval for their planning application costs and are intending to submit the planning application in autumn 2026. To incorporate the Property into that planning application would require a further approval and result in a delay to the submission of the planning application.
- 11.10 This approach won't delay the current planning application, which is for outline consent in Phase 2 but does allow for a new scheme to emerge in good time, after a physical start on-site. Jigsaw have indicated that they will be incorporating the Property's potential redevelopment into their design approach in due course.

- 11.11 This approach also follows advice on procurement law from the Council's external legal advisors. There is no provision in the DA for additional land to be added to the red line. The advice received is that the most expedient way to bring the Property forward for redevelopment is by means of a separate land transaction.
- 11.12 To provide the Council with a guarantee that they will take the land in the future Jigsaw have agreed to a put option arrangement (obligation to purchase), in principle. That means they will purchase the land by a date to be agreed and for a sum of £10,000. The option agreement will also include:
- A minimum number of residential homes and commercial floorspace across St Clements and Coitbury House;
  - Back stop dates for planning application to be submitted;
  - Value to be the Residual Land Value of consented schemes across St Clements and Coitbury House verified independently.
- 11.13 In addition, Jigsaw are proposing to work with the Council on securing income from it on a meanwhile basis that would mitigate the holding costs attributable to the Property. Their suggested approach builds on their work to demonstrate that there is enough demand from digital creative industries who are looking for space in Winchester. There are also other opportunities for the Council to rehouse other meanwhile occupiers from elsewhere in its portfolio into this building therefore freeing that building for disposal.
- 11.14 As part of Jigsaw's Development Delivery Plan, approved by Cabinet (CAB3484) in March 2025, they included a section on meanwhile uses. One option for the proposed Heads of Terms would be to lease the Property to them. This would allow Jigsaw to bring their expertise in meanwhile uses to create activity and activate the building as well as create income for both them and the Council. The precise detail will be agreed by the Strategic Director and the Recommendation is for the Strategic Director to have delegated authority to negotiate meanwhile use if the acquisition is approved.
- 11.15 Purchasing the Property will give the Council ownership of one of the significant plots in the centre of the CWR area. Not having ownership would restrict the options for developing adjoining sites, covered by the DA due to existing Rights of Way enjoyed by the Property and potential Rights to Light issues associated with the Property. Any owner of the Property would be entitled to bring forward their own scheme taking into account what is proposed by Jigsaw. Whilst it is early in the process, the fact that Jigsaw began negotiations with the owner of the Property shows their interest in taking it forward. Moreover, acquiring this property will enable a more comprehensive regeneration scheme than if the Property was not brought forward in conjunction with adjoining land holdings.

## 12 OTHER OPTIONS CONSIDERED AND REJECTED

- 12.1 There are only two options available for consideration: to purchase the Property or, not.
- 12.2 If members choose not to purchase the property then it will be offered for sale on the open market. Any new owner will be entitled to bring forward their own proposals for the land taking into account the adopted Central Winchester SPD and any scheme that Jigsaw secures approval for. Conversely, the same applies to Jigsaw in that they will have to take account of the restrictions on development the property enjoys via Rights to Light and Rights of Way.
- 12.3 Members will note that if they are minded to approve the acquisition of the Property the valuation report sets out a maximum offer price based on an independent valuation.

### BACKGROUND DOCUMENTS:

#### Previous Committee Reports:

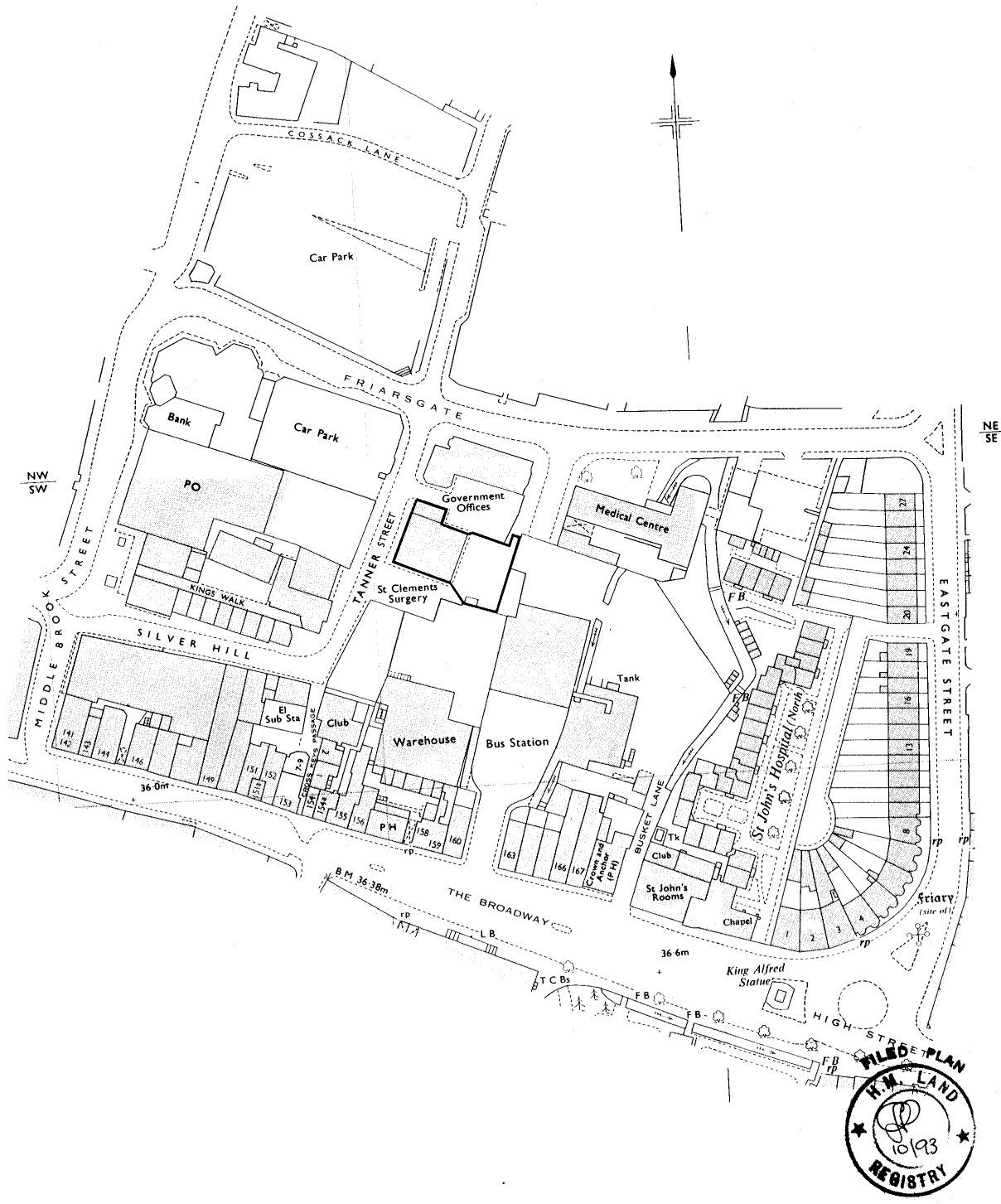
- A. CAB3034 Central Winchester – Adoption of SPD - June 2018
- B. CAB3121 – Land Acquisition
- C. DD17 Cabinet Member for Housing and Asset Management Decision Day  
CWR Project Update – 12 October 2020
- D. CAB3271 CWR Development Proposals - November 2020
- E. CAB3281 CWR Development Proposals and Delivery Strategy – March 2021
- F. CAB3303 CWR Strategic Outline Business Case – July 2021
- G. CAB3322 CWR Outline Business Case – December 2021
- H. CAB3395R Governance of the CWR project – February 2023
- I. CAB3371 Appointment of Development Partner and next steps – March 2023
- J. CAB3484 Development Delivery Plan – March 2025
- K. CAB3536 CWR Scheme Update – January 2026

#### Other Background Documents:

- Appendix 1 – Title Plans for former St Clements Surgery
- Exempt Appendix 2 – Valuation Report from JLL

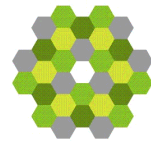
Appendix 1

H.M. LAND REGISTRY		TITLE NUMBER	
		<b>HP466782</b>	
ORDNANCE SURVEY PLAN REFERENCE	SU 4829	SECTION J	Scale 1/1250
COUNTY HAMPSHIRE	DISTRICT WINCHESTER	© Crown copyright 1986	



# HM Land Registry Official copy of title plan

Title number **HP857071**  
Ordnance Survey map reference **SU4829SW**  
Scale **1:1250**  
Administrative area **Hampshire : Winchester**



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