

REPORT TITLE: SECURING THE FUTURE OF GUILDHALL AND ABBEY HOUSE

21 JULY 2026

REPORT OF CABINET MEMBER: Cllr Lucille Thompson

Contact Officer: Geoffrey Coe gcoe@winchester.gov.uk

WARD(S): ST MICHAELS

The Guildhall is one of Winchester's most important civic and heritage buildings and has a key role to play in the future cultural life of the city. Winchester already benefits from a rich cultural offer, underpinned by its internationally significant heritage, thriving arts sector, festivals, independent businesses and strong partnership working.

The Guildhall has the potential to further enhance this cultural capital, broadening the city's offer, attracting new audiences and strengthening Winchester's position as a leading cultural and visitor destination.

The refurbishment of the building forms an important part of the wider regeneration of the city centre. This report proposes the next stage in delivering that ambition by securing an operator through an occupational lease who can maximise the potential of these important assets and support the Council's wider strategic objectives.

In February this year, Full Council agreed to invest £5 million in essential maintenance and repair works to the Guildhall. These works will require a 14-month closure of the building.

In planning for the reopening of the building, consideration has been given to an alternative operating model that would:

Unlock the full potential of the Guildhall and Abbey House as a unified civic and cultural quarter, complementing and enhancing Winchester's existing cultural offer whilst creating new opportunities for residents and visitors alike;
Deliver sustained economic, social and cultural value for the city, supporting both the Winchester Cultural Strategy and the ambitions set out in the Winchester District Tourism Strategy, along with

A reduction of operating costs through transfer operational risk to a specialist third-party events venue operator through a 25-year occupational lease.

Soft market testing undertaken by Blue Horizon the Council's expert advisors has demonstrated healthy demand from specialist venue operators willing to assume responsibility for operating the properties under a lease arrangement, whilst providing the Council with a regular rental income.

This report therefore proposes a formal marketing process, undertaken by Blue Horizon, to secure an appropriate tenant through an operational lease arrangement. The successful operator will be expected to maximise the cultural, civic and commercial potential of the site, ensuring the Guildhall builds upon Winchester's already strong cultural foundations and remains an important asset for future generations.

RECOMMENDATIONS:

That Cabinet

1. approve the formal marketing of the Guildhall and Abbey House to secure an offer for an occupational lease as combined and separate lots.
2. agree a budget of £ 97k for the relocation of the Walton Suite and other Guildhall offices into City Offices as well as other one off costs.
3. Notes a further report will be presented on the outcome of the marketing exercise before the Council enters into the lease.

IMPLICATIONS:

1 COUNCIL PLAN OUTCOME

1.1 Greener Faster

The Guildhall is a Grade II listed building with associated limitations imposed on energy efficiency. However, the repairs and maintenance programme due to start next year will include energy saving measures designed to reduce CO2 emissions. The proposal is for an event Operator tenant to be responsible for maintaining new systems and ensuring efficient management.

1.2 Thriving Places

The Guildhall is one of the largest event venues in Winchester serving the community, charities, businesses, and civic demands. A specialist event Operator will maintain access to the building for these groups and be able to offer an enhanced product and service.

This proposal is in line with the Council's Cultural Strategy.

<https://www.winchester.gov.uk/assets/attach/43521/Winchester-District-Cultural-Strategy-2024-2030-Final-compressed.pdf>

1.3 Healthy Communities

Building on the range of events offered to date, a thriving Guildhall will offer a wide range of events supporting physical and mental wellbeing.

1.4 Efficient and Effective

Changing the operating model for the Guildhall and Abbey House is intended to create financial savings for the Council and provide a more diverse range of events for the public and business communities, thereby making best use of a major Council asset.

1.5 Listening and Learning

Soft market testing was undertaken as part of these proposals which are set out later in the report.

2 FINANCIAL IMPLICATIONS

- 2.1 Although part of the cultural heart of Winchester, it is important that operation of the Guildhall operates at a financially sustainable level, therefore the option to seek a partner to operate a lease for the Guildhall and Abbey House was identified as part of the Council's ongoing efficiency programme. Feedback from soft market testing suggests that a letting of the building to a specialist operator could generate a net income of over £500,000 during the first ten years, which would be in addition to savings on the current net operating cost of the Guildhall and Abbey House. The net income over the following ten

years is likely to be higher as the venue becomes more established and Operator set up costs are written down.

- 2.2 Savings of just over £300k per annum are forecast compared to current Guildhall operations, which would lead to savings of almost £3.7m over 10 years once adding in forecast lease income indicated from the soft market testing.

During the 14 month closure period for essential works it is estimated that savings of c£250k will be achieved, including the existing maintenance budget which won't be required during this time one off costs of closing the Guildhall for the essential repair works and re-locating some existing services such as committee space, is forecast at £97k.

- 2.3 The council will remain responsible for certain maintenance works to the Guildhall and after the upcoming programme of significant works a further £335k is estimated over the next 10 years.
- 2.4 The scope of the proposed operator lease for the Guildhall includes the spaces currently occupied by the Visitor Information Centre (VIC), the unit currently leased to Shoal, the main Guildhall event space, the meeting rooms used by Democratic Services for Cabinet and Committee meetings, and some ground floor space currently used by the council for business support functions, including goods-in and the print room.
- 2.5 The cost summary below includes the estimated costs of relocating the council's meeting spaces to the Colebrook Wing of the City Offices. At this stage, no decisions have been made regarding the future operational arrangements for the Visitor Information Centre. These will be informed through the operator procurement process and considered alongside the council's wider approach to visitor information across the district. As a result, no provision has been made within this report for potential VIC relocation costs. Should a temporary relocation be required during the investment works, the estimated one-off cost would be approximately £20,000.
- 2.6 In addition to the costs set out in appendix A and summarised below, it is expected that the council may have to contribute financially to the refurbishment of the Guildhall to get it to a condition that will make it attractive for an operator to take on a lease. This is addition £5m that the council has already committed for essential and structural repairs. At this stage, it is unknown how much additional investment will be required. A report setting out the outcome of the marketing exercise and requesting any additional budget will be brought back to Cabinet ahead of entering into any lease on the Guildhall.
- 2.7 Full details of the financial implications are set out in exempt appendix A, but a summary of the one off costs and projected ongoing savings from the operator model proposal are shown below (based on the soft market testing):

Ongoing Savings:

Annual revenue expenditure savings	£603k
Less:	
Loss of income	(£250k)
Use of city office space	(£40k)
Ongoing annual revenue savings	£313k

One-off costs:

Fitting out costs	£45k
Costs associated with the closure of the Guildhall	£52k

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 There are no procurement implications relating to this arrangement as it is a property transaction being a lease of the properties. The Council will be offering a lease only arrangement and will be retaining the freehold of the properties which is considered expedient in the event that any lessee were to fail and for future estate management purposes.
- 3.2 The Council has a duty under S123 of the Local Government Act 1972 to secure the best consideration and it is considered that this requirement will be

4 WORKFORCE IMPLICATIONS

- 4.1 Prior to the Guildhall closing for refurbishment and repair, the potential impact on employees will need to be considered. Subject to the proposals in this paper being approved, HR will support the relevant managers to implement the council's Managing Workforce Change policy.

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 Both Guildhall and Abbey House are Listed assets with a long history of community and civic importance in Winchester. However, both properties have significant levels of maintenance and complexity in use due to the design and fabric of the building. Specialist Event Venue Operators with experience in heritage buildings also bring economies of scale in terms of management expertise, procurement of supplies and services, and use of marketing platforms offering an enhanced customer interface and market reach. They also have direct access to international, national, and regional end- users/hirers that go well beyond the Council's network.
- 5.2 Strategic capital works (CAB 3541) undertaken prior to lease commencement will protect the long-term integrity of these heritage buildings but also ensure they are fit for purpose and aligned with the operator's business model from day one.

- 5.3 By coupling this investment with a new operating model that draws on external expertise balancing cultural ambition with commercial discipline, the Council can optimise the use of these buildings and make a major contribution towards the Cultural Strategy.

6 CONSULTATION AND COMMUNICATION

- 6.1 Soft market testing has involved approaches to stakeholders including local performance and heritage groups and gathered feedback on how the Guildhall performs currently and what improvements could be made and how they could contribute.

Stakeholder Feedback - Overall Themes

Blue Horizon has undertaken engagement with a broad range of stakeholders – including council members, officers, cultural organisations, hirers, suppliers, and community representatives – has highlighted consistent themes.

The Guildhall is recognised as an iconic and central cultural asset with untapped potential, but stakeholders consistently identified challenges around infrastructure, visibility, and accessibility.

There was positive support in terms of the venue's heritage value, landmark location, large kitchen and event spaces, and potential for significant economic and cultural impact.

- **Challenges Identified:** Outdated technical infrastructure (AV/IT), tired and underutilised spaces, inflexible layouts, high running costs, and the need for the business model to complement Winchester's wider cultural ecosystem.
- **Perceptions:** Iconic landmark, important civic role, but more of a "monument" than an active contributor.
- **Strengths:** Central location, ability to host large-scale events, good catering facilities, diverse spaces.
- **Challenges:** High costs for community use, poor building condition, lack of event support and marketing, invisible programming, and insufficient commercial focus.
- **Priorities:** Broader and more varied event content (music, comedy, exhibitions, conferences, education, youth activity) and essential improvements (accessibility, acoustics, toilets, catering, flexible AV).

In summary, stakeholders view the Guildhall as a unique and iconic civic and cultural asset with significant untapped potential. Its location, scale, and heritage are major strengths, but realising its potential will require investment

in infrastructure, a clearer cultural identity, improved accessibility and support for hirers, and a more dynamic programming and marketing strategy.

The Guildhall and Abbey House are key components of the civic life of Winchester therefore all members have been briefed on these proposals at the early stage of consideration in August 2025 and prior to consideration by Cabinet in July 2026. Alternative arrangements for civic events will be made should a lease be awarded to operate the Guildhall or Abbey House in the future.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 As listed heritage assets, both buildings present challenges for carbon management. However, the repair and maintenance works to be commissioned will include several measures designed to improve the buildings energy efficiency. Selection of an Operator will have reference to their ability to address the climate emergency in the way they run their operations.

8 PUBLIC SECTOR EQUALITY DUTY

- 8.1 Although there are no direct public sector equality duties stemming from this proposal it will be necessary to include accessibility requirements in the lease so as to ensure access to the buildings is maintained.

9 DATA PROTECTION IMPACT ASSESSMENT

- 9.1 None

10 RISK MANAGEMENT

Risk	Mitigation	Opportunities
Financial Exposure	The costs of marketing are limited. Blue Horizon Fees are capped for the marketing exercise. Soft market testing has indicated a favourable financial position for the Council	Securing a tenant who can operate the building more efficiently than the Council
Exposure to challenge	Limited by virtue of this being a letting of buildings and not a procurement of services	To generate a rental income and reduce overheads
Innovation	This is an innovative proposal	Enhanced deployment of Council assets

Reputation	A robust Comms plan	To demonstrate active management of the portfolio
Achievement of outcome	Project Management	A flagship events venue
Property	This proposal ensures optimum use the important civic asset. The lease will be drawn up to ensure user clauses protect the Council's interests and future potential civic uses.	Better use of assets
Community Support	Local engagement with Comms plan	Better facilities for local communities
Timescales	Contractual performance requirements in Agreement for Lease	The Operator takes over when repairs and maintenance works are completed
Project capacity		
Local Government Reorganisation	Aim for completion of Agreement for Lease before any S24 Direction	The proposal will benefit the future Unitary Authority
Other		

11 SUPPORTING INFORMATION:

- 11.1 Winchester is a city with a rich cultural heritage, a vibrant creative community and a growing recognition of the role culture plays in driving social, economic and civic outcomes. The recently adopted Winchester Cultural Strategy sets out a bold ambition to harness the district's heritage, creativity and partnerships to deliver a more inclusive, diverse and sustainable cultural ecology.
- 11.2 Alongside this, the Winchester District Tourism Strategy identifies a significant opportunity to grow the value of the visitor economy by attracting more higher-value overnight visitors. Whilst Winchester attracts millions of visitors each year, the majority are day visitors and the strategy recognises that the district has a relatively limited supply of visitor accommodation compared with similar heritage destinations. Research undertaken to support the strategy demonstrates that overnight visitors contribute significantly more to the local economy through spending on accommodation, food and drink, retail and cultural activities.
- 11.3 Whilst the Guildhall will not directly address the accommodation challenge, it has an important role to play in strengthening Winchester's overall visitor offer and enhancing the city's already strong cultural capital. As one of

Winchester's most significant civic and heritage buildings, the Guildhall has the potential to support the ambitions of both strategies through the delivery of a diverse programme of cultural, business and community events. A professionally operated venue will complement and strengthen the wider cultural and visitor economy, attract new audiences, increase visitor dwell time and reinforce Winchester's reputation as a vibrant year-round destination. In doing so, the Guildhall can make an important contribution to the wider ambitions of the Tourism Strategy by encouraging repeat visits and supporting increased visitor spend across the district.

- 11.4 The Guildhall stands at the heart of this ambition. As an iconic civic landmark and multi-functional venue, it has the scale, location, and symbolic value to become a cornerstone of the city's cultural future. The cultural strategy highlights both Winchester's strengths, its heritage, festivals, and creative industries, and its challenges, including gaps in infrastructure, limited diversity, and the need for stronger provision for young people and a more vibrant night-time economy.
- 11.5 A revitalised Guildhall has the potential to respond directly to these challenges. The proposed commercial model for Winchester Guildhall is designed to reposition the venue as a dynamic cultural and civic asset, balancing financial sustainability with community access and cultural ambition. The model draws on benchmarking from comparable venues and reflects best practice in live entertainment, conferencing, hospitality, and social value delivery. Its central aim is to transform the Guildhall into a vibrant, self-sustaining operation that maximises the use of its heritage spaces, strengthens Winchester's cultural offer, and contributes positively to the local economy and community wellbeing.
- 11.6 The model assumes a phased implementation, with activity building steadily across the first three years, and reaching maturity by years three to five. Growth is underpinned by investment in programming, staffing, marketing, and partnerships, supported by robust ancillary income streams and disciplined cost management.
- 11.7 This model provides a pathway for the Guildhall to transition from its current deficit position to a sustainable, commercially resilient operation that balances cultural vibrancy with financial responsibility.
- 11.8 The challenges facing the Guildhall and Abbey House are clear, but so too is their collective potential. With targeted investment in their building fabric, technical infrastructure, and environmental performance delivered in collaboration with a preferred operator tenant, both venues can be transformed from financial liabilities into flagship cultural, civic, and hospitality assets for Winchester.
- 11.9 Guildhall and Abbey House are to imminently receive investment to address repair and refurbishment. This will complement the regeneration of that part of the city that will be regenerated by CWR.

- 11.10 The marketing exercise to offer a lease will be undertaken by Blue Horizon who have provided expert consultancy advice on the future of the Guildhall and Abbey House.
- 11.11 The market analysis undertaken to date followed up by soft market testing has identified there is market interest in taking a lease of both buildings. It is recommended that the marketing offers a lease of both buildings and also as separate lots so as to maximise interest from the market. It may be that the market has an interest in one and not both buildings and so this approach will ensure the Council achieved best consideration. That lease will have to be at least 20 years to attract interest and mitigate the operator investment returns. This is not a procurement exercise it is disposal of a lease to obtain best consideration. There will not be a specification but there will be a user clause in the lease controlling what can happen in the buildings. The lease will ensure certain civic events can still take place from the Guildhall. The Council is not bound to accept the best offers.
- 11.12 The marketing exercise aims to secure an operator and to enter into an agreement for lease. The tenant can then be engaged in the finer detail of future maintenance and repair works and integrate their fit-out works in the most efficient way. Upon completion of the Council's works contract the lease would be granted to the tenant. The timing of this offer of a lease needs to dovetail with the refurbishment work so that the operator can influence the work and also follow on and complement with their investment.
- 11.13 A high level timeline to offer and enter into an operational lease with an operator is as follows,
- Subject to cabinet decision marketing to begin 28/7/26
 - Submissions from operators beginning September 2026
 - December 2026 due diligence concluded and preferred operator identified
 - February 2027 Cabinet to consider operator submission and approve entering into lease
 - •March/ April 2027 enter into agreement to lease
- 11.14 Following completion of works and lease to operator beginning the new venues will open July 2028.

12 OPTIONS CONSIDERED AND REJECTED

- 12.1 Option 1: Select and directly appoint a qualified team to manage the Guildhall and Abbey House.

This could be a small team to run the venues as 'dry' facilities i.e. with no catering or added service support such as event management, security and IT. This is the current arrangement but does not optimise use of the assets.

Alternatively select and directly appoint a larger management team to offer fully serviced venues. This was the Council's model before the Covid pandemic and required employment of 23 staff. Neither of these direct management models have proved to generate a profit for the Council.

This option is not recommended

12.2 Option 2: Close the buildings for public use

Holding costs will be significant but moreover it would hamper the Council's wider strategic objectives for the City. Given the approved spend of £5m to undertake essential maintenance of the Guildhall and Abbey House it is already recognised that this would not be an appropriate way forward. The Council could consider freehold disposal of the buildings.

Given the historical and cultural significance and ability to play a positive part in the local economy of the city and the loss of control this approach is not recommended.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

None

Other Background Documents:-

None

APPENDICES:

Appendix 1: Soft Market testing outcome – Exempt - commercially sensitive

Appendix 2: Financial Business Case – Exempt