



ELECTRIC THEATRE OPTIONS APPRAISAL

BHV Report March 2026

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Electric Theatre - Options Appraisal

Introduction

Following the surrender of the lease in August 2025, the Electric Theatre is now vacant, with Guildford Borough Council assuming full responsibility for the building and its associated holding costs. In response, the Council has undertaken a programme of technical surveys and stakeholder engagement to establish a clear evidence base to inform the future of the asset.

This process has confirmed both the significant cultural value of the venue and a strong community aspiration for its continued use as an arts and performance space. At the same time, it has highlighted the financial and operational challenges associated with sustaining a venue of this scale, and the need for any future approach to be realistic, resilient and deliverable.

In this context, the Council has not predetermined a single solution. Instead, it is seeking to understand the range of viable options available, and to assess how different operating and governance models may perform against its strategic objectives, including cultural value, financial sustainability, risk management and Best Value.

This Options Appraisal Report has therefore been commissioned to provide a structured, evidence-led assessment of potential future uses and delivery models for the Electric Theatre. It brings together technical, commercial and market analysis to test the viability and deliverability of a range of options, and to support the Council in identifying a preferred direction.

Overview

Since the cessation of operations in 2025, the Electric Theatre has remained vacant, with the Council incurring ongoing holding costs including business rates, utilities, security and maintenance. Alongside this, a series of technical and condition surveys have been undertaken to understand the current state of the building and the works required to return it to operational use.

In parallel, the Council has undertaken a comprehensive programme of stakeholder and community engagement, including public consultation, community survey, pop-up events and targeted discussions with key cultural organisations. This has demonstrated

clear support for retaining the venue as a cultural asset, while also recognising the need for a more sustainable and commercially resilient operating model.

Importantly, the findings do not point to a single predetermined solution. Rather, they establish a set of requirements and constraints that any future model must address. These include:

- The need for a flexible, multi-use venue capable of supporting a broader programme, including live music, comedy, and community activity.
- The requirement to operate within a competitive local cultural ecosystem, complementing existing venues rather than duplicating provision.
- The necessity of diversifying income streams beyond ticket sales, including hospitality, hire and partnerships.
- The need to balance cultural ambition with financial sustainability and deliverability.

Taken together, these factors reinforce the importance of adopting a structured options appraisal approach. The purpose of this report is therefore to test a range of potential delivery models, including cultural, commercial and hybrid approaches, and to assess their relative strengths, risks and alignment with the Council's objectives.

This approach ensures that any future decision is transparent, evidence-based and defensible, providing the Council with a clear understanding of the trade-offs involved and the implications of different strategic choices.

The Opportunity

The Council has therefore commissioned this Options Appraisal to provide an independent, evidence-led assessment of the future of the Electric Theatre.

The core opportunity is not simply to reopen a vacant venue, but to determine:

- Whether a viable and sustainable cultural model can be established;
- How community aspiration can be aligned with financial reality;
- What level of capital investment may be required to unlock a deliverable future use;
- What risk transfer and governance structure would be appropriate; and
- How Best Value should be defined and measured in this context.

Engagement findings provide a clear mandate to explore continued cultural use, but only where it is viable, deliverable and compliant.

The Council's stated direction of travel identifies a phased approach: first, an independent viability assessment; second, if appropriate, structured early market engagement to test appetite, operating models and risk-sharing structures.

This Options Appraisal will therefore examine a structured range of scenarios, which may include:

- A reconfigured community arts model with broadened commercial programming;
- A hybrid or phased model combining community use with enhanced commercial content (e.g. live music and comedy);
- Alternative leasing or operator structures with greater risk transfer;
- Market letting for non-cultural use;
- Disposal;
- Or interim/meanwhile uses pending a longer-term strategy.

The opportunity is to move beyond a binary "reopen or close" debate and instead provide the Council with:

- Robust financial modelling;
- Realistic capital and lifecycle cost assumptions;
- Market-tested operator interest (where appropriate);
- Clear articulation of risk allocation; and
- A defensible basis for decision-making.

In short, the Electric Theatre presents both a challenge and an opportunity. The challenge lies in reconciling strong community attachment with financial and asset realities. The opportunity lies in repositioning the venue, potentially through reconfiguration, programming rebalance and strengthened commercial disciplines, to create a model that keeps the venue lively and culturally active, runs reliably, and meets the Council's responsibilities for strategy and finances over the next 5–10 years.

This report provides the structured framework through which those options will be tested.

Current Condition & Technical Status

Following the cessation of operations in 2025, the Electric Theatre is currently vacant, with the Council incurring ongoing holding and asset management responsibilities. In order to inform future operating options, a review of the building condition, technical infrastructure, and operational readiness has been undertaken.

This section summarises the current status of the venue, drawing on technical inspections and condition surveys to assess the extent of works required to bring the theatre back into use, alongside the likely implications for capital investment, mobilisation, and long-term asset stewardship.

Technical and Building Systems Overview

A review of the theatre's technical infrastructure and core building services indicates that the venue remains in **generally good operational condition**, with no fundamental constraints that would prevent reoccupation following a structured programme of inspection, servicing, and recommissioning.

The existing electrical systems appear to be compliant, with inspection records understood to be in date. Core stage engineering systems, including lifting equipment and control infrastructure, have been installed appropriately and are considered suitable for continued use, subject to standard industry revalidation processes. This would include Portable Appliance Testing (PAT), proof testing of control systems, cleaning, and the reinstatement of full certification and documentation prior to operation.

The theatre's lighting infrastructure benefits from relatively recent investment, with dimmer systems reportedly replaced circa 2019. While these systems are currently overdue routine servicing, they are expected to remain reliable and fit for purpose following recommissioning, with no significant capital replacement anticipated in the short term.

Similarly, the sound system is considered appropriate for the scale and configuration of the auditorium, with adequate digital control capability. While further review of ancillary equipment (including playback systems, microphones, and associated accessories) will be required, the core system is understood to be fundamentally sound and capable of supporting the anticipated programme.

Rigging and suspension systems will require a full inspection and certification process prior to use, particularly in relation to electric chain hoists serving the front-of-house truss and primary lighting positions. While the existing truss configuration is serviceable, there may be an opportunity to upgrade to a box truss system to improve flexibility and futureproofing, although this is not considered essential for initial reopening.

From a spatial perspective, the stage is relatively generous in proportion to the auditorium, offering flexibility in programming and staging. However, the auditorium seating infrastructure is noted to be in comparatively poor condition and may warrant replacement. This presents an opportunity not only to improve customer experience but also to review seating configurations and potentially increase capacity.

Back-of-house provision is functional but limited, with two primary dressing rooms supported by additional informal or adaptable spaces, including the potential use of third-floor function areas and rear-stage zones. For the scale of programme envisaged, this is considered broadly adequate, albeit with some operational constraints for larger productions.

Recent investment in boilers, controls, and pump systems represents a significant positive, effectively addressing one of the major building services risks and reducing the likelihood of near-term capital expenditure in this area over a 10-year horizon. However, wider mechanical and electrical systems will require revalidation, and evidence of inconsistent maintenance (e.g. ventilation condition) suggests that cleaning, servicing, and recommissioning will be necessary across the system.

Overall, the technical and production infrastructure, largely installed or upgraded within the last 5–6 years, is expected to remain serviceable for a further minimum five-year period, subject to appropriate maintenance and certification.

Recommissioning and Capital Implications

The principal requirement prior to reopening is therefore not wholesale replacement, but a comprehensive programme of inspection, testing, servicing, and documentation across all technical and building systems.

At this stage, no significant capital outlay is anticipated in relation to core technical infrastructure. However, the cost and scope of recommissioning works will need to be confirmed through detailed inspection and aligned with the findings of the wider condition surveys.

Subject to these processes being completed without material complication, it is considered that the venue could be brought back into operational use within an indicative 6–8 week mobilisation period.

Summary

In summary, the Electric Theatre benefits from a fundamentally sound technical and building services base, with prior investment in key systems reducing immediate capital risk. While targeted interventions, particularly in relation to seating, rigging certification, and general servicing, will be required, the venue does not present any material technical barriers to reopening.

The focus of investment is therefore likely to be on recommissioning, compliance, and customer-facing improvements, rather than major infrastructure replacement, supporting a relatively efficient pathway back to operation.

External Condition Survey

The External Condition Survey (October 2025) provides a detailed assessment of the external fabric of the Electric Theatre, identifying areas of deterioration, maintenance requirements, and associated budget costs. The building, a converted former electricity generation station dating from 1913 with a 1990s theatre extension, remains structurally viable but exhibits clear signs of ageing, weathering, and inconsistent maintenance across a number of external elements.

The survey highlights that while the primary structure and main roof systems are generally serviceable, there are multiple areas where deterioration is evident. These include rainwater goods, external finishes, paving, access routes, and ancillary structures, many of which are affected by vegetation growth, drainage issues, and general wear and tear.

A key theme throughout the survey is that the asset has experienced **periods of underinvestment and vacancy**, resulting in a backlog of maintenance and a decline in the quality and presentation of the external environment. This is particularly evident in the rear and service areas, where unmanaged vegetation, exposed services, and general disrepair are noted.

Cost Breakdown by Priority

The survey categorises works into three priority levels, with the following cost ranges derived from the itemised schedule:

- **Priority 3 (Urgent – 0–2 years):**
Includes drainage defects, access/paving repairs, electrical safety works, and localised fabric issues.
£20,000 – £25,000+
- **Priority 2 (Short to Medium Term – 2–10 years):**
Includes façade maintenance, rainwater goods, step repairs, compliance items, and external finishes.
£15,000 – £30,000+
- **Priority 1 (Routine Maintenance):**
No immediate capital cost; requires ongoing inspection and maintenance.

Total Identified Works (Priority 2 & 3): £35,000 – £55,000+

Key Observations and Limitations

It is important to note that:

- The cost schedule reflects **targeted remedial works**, not full replacement or lifecycle renewal.
- Many items are described as **“repairs to priority areas only”**, indicating partial rather than comprehensive intervention.
- The survey references a separate **Lifecycle Budget Plan**, which is not included within the cost schedule provided.
- Internal elements and building services are **outside the scope of this external survey**.

As such, the identified costs should be understood as **minimum short- to medium-term liabilities**, rather than a complete representation of the building’s long-term capital requirements.

Strategic Implications for the Options Appraisal

The survey findings have several important implications for the future operation and leasing of the Electric Theatre:

1. Minimum Pre-Lease Investment Requirement

The Council will need to undertake the **Priority 3 works (c. £20,000–£25,000+)** prior to lease, to:

- Address health and safety risks.
- Ensure compliance and operational readiness.
- Provide confidence to prospective operators.

2. Evidence of Ongoing Asset Liability

The presence of **Priority 2 works (c. £15,000–£30,000+)** demonstrates that:

- The building requires **continuous maintenance investment**.
- The asset cannot be considered fully “fit and forget” under a lease arrangement.

3. Limitations of Full Risk Transfer

While an FRI lease may be pursued, the survey indicates that:

- The building has **inherent maintenance and lifecycle liabilities**.
- Operators are likely to factor these into commercial terms.
- A balanced approach to risk allocation will be required.

4. Requirement for Long-Term Asset Strategy

The survey reinforces the need for:

- A **planned and proactive asset management approach**.
- Alignment between **capital investment and lease structure**.
- Recognition that the building will require **ongoing stewardship over the next 15–25 years**.

Conclusion

The External Condition Survey confirms that the Electric Theatre is a viable but ageing asset requiring targeted immediate intervention and ongoing maintenance investment.

The identified Priority 3 and Priority 2 works establish a minimum cost baseline of approximately £35,000 – £55,000+, representing the immediate and short-term financial commitment required to stabilise the building.

However, these costs relate to specific repair items only and do not capture the full extent of long-term lifecycle liabilities. As such, they should be considered as part of a broader asset management strategy, which will be critical to securing a sustainable operating model and successful lease arrangement.

Internal Condition Survey

The Internal Condition Survey (March 2026) provides a comprehensive assessment of the internal fabric, building services, and operational infrastructure of the Electric Theatre, supplementing the earlier external-only inspection. This enables a more complete understanding of the works required to return the building to safe, compliant, and operational use.

Overall, the internal condition reflects a building that remains structurally sound and capable of reoccupation, but which exhibits clear signs of ageing, wear, and inconsistent maintenance. The findings broadly align with the external survey in identifying a pattern of historic underinvestment and the impact of vacancy but highlight a number of additional operational and compliance risks that must be addressed prior to reopening.

Key Internal Findings

1. Auditorium and Seating Infrastructure

The retractable seating system is in poor condition, with worn upholstery, defective pivot mechanisms, and heavily stained flooring.

- This is a customer-facing priority issue, impacting both safety and audience experience.
- The removal of the rear barrier system introduces a clear health and safety risk, requiring urgent reinstatement.

2. Building Services and M&E Systems

The survey confirms that building services are largely dated and inefficient, with limited evidence of recent comprehensive upgrade beyond the boiler plant:

- Ventilation systems are described as aged and likely below modern efficiency standards.

- Internal lighting is partially obsolete, with damaged or missing fittings and a recommendation for wholesale upgrade.
- Electrical systems were not fully testable at the time of inspection, with certification not available and some external/internal fittings in poor condition.

This reinforces the need for a full compliance-led recommissioning process, including testing, certification, and selective replacement.

3. Energy Efficiency and Compliance

The building performs poorly against modern energy standards:

- Little to no effective insulation identified.
- Glazing and fabric performance likely below current Building Regulations.
- Significant opportunity exists to improve energy performance through targeted upgrades.

While not a barrier to reopening, this represents a medium-term capital and operational cost pressure.

4. Specialist Theatre Infrastructure

- Stage engineering and lifting systems were not fully inspected and require specialist testing and certification prior to use.
- This aligns with the technical review already included in the OA report, confirming that infrastructure is likely serviceable but requires formal revalidation.

BHV have been commissioned to provide a detailed inventory of all the technical and production equipment to support a testing and certification activity. This work will also determine which equipment should be retained and tested and which should be disposed of. This work is taking place in April & May.

5. General Internal Condition

Across internal areas, the survey identifies:

- Evidence of wear, ageing finishes, and localised disrepair
- Impact of vacancy and reduced maintenance regimes
- Need for cleaning, repair, and presentation improvements to meet operational and customer expectations

Cost and Risk Implications

Unlike the external survey, the internal report does not provide a single consolidated cost plan but identifies a range of recommended interventions, including:

- **Urgent (pre-opening):**
 - Seating safety works (barrier reinstatement)
 - Electrical testing and certification (see above ref. inventory work)
 - Lighting repairs and safety checks
- **Short-term (mobilisation phase):**
 - Seating refurbishment/replacement
 - Deep cleaning and minor fabric repairs
 - M&E servicing and recommissioning
- **Medium-term (strategic investment):**
 - Lighting replacement (energy efficiency)
 - Ventilation upgrades
 - Fabric and insulation improvements

These works sit alongside the previously identified £35,000–£55,000+ external works, and collectively reinforce that:

The primary requirement is not structural repair, but a coordinated programme of recommissioning, compliance, and targeted upgrade.

Strategic Implications for the Options Appraisal

The internal survey materially strengthens the evidence base and has the following implications:

1. **Reopening is Deliverable but Not “Plug and Play”**

The building can be brought back into use, but only following a structured mobilisation programme addressing compliance, safety, and presentation.
2. **Customer-Facing Investment is Critical**

Internal condition, particularly seating and lighting, will directly influence audience perception, revenue potential, and operator confidence.

3. **Operational Risk Sits in M&E and Compliance**

The lack of tested systems and certification introduces short-term operational risk, which must be resolved pre-occupation.

4. **Energy and Efficiency Represent Future Liability**

While not an immediate barrier, poor energy performance will impact long-term operating costs and sustainability targets.

5. **Supports Hybrid / Operator-Led Models (with Conditions)**

The building remains fundamentally viable, but:

- Operators will expect clarity on pre-lease works
- Internal condition will influence commercial terms and risk pricing

Internal Cost Breakdown by Priority

- **Priority 3 (Urgent – 0–2 years):**

Compliance, safety and pre-opening works

£50,000 – £100,000+

- **Priority 2 (Short to Medium Term – 2–10 years):**

Refurbishment, M&E improvements and customer-facing upgrades

£150,000 – £300,000+

- **Priority 1 (Lifecycle):**

Long-term asset and energy performance improvements

Cost not included (strategic investment)

Total Identified Works (Priority 2 & 3): **£200,000 – £400,000+**

Consolidated Condition Survey Cost Summary

Bringing together the External and Internal Condition Surveys:

- **External Works (Priority 2 & 3):** £35,000 – £55,000+
- **Internal Works (Priority 2 & 3):** £200,000 – £400,000+

Total Indicative Investment: **£235,000 – £455,000+**

Key Position

- Represents targeted pre-operational and short-term works only
- Excludes full lifecycle replacement and long-term capital investment
- Supports a reopening strategy focused on compliance, recommissioning and customer improvements

Conclusion

The Internal Condition Survey confirms that the Electric Theatre is a functionally viable but operationally tired asset, requiring targeted intervention to meet modern standards of safety, efficiency, and customer experience.

When combined with the external survey, the overall position is:

- Structurally sound and reusable
- Operationally recoverable within a short mobilisation period
- Dependent on targeted capital and recommissioning works

This reinforces the report's core conclusion that the key challenge is not feasibility of reopening, but establishing a sustainable operating and investment model aligned to the building's condition and lifecycle requirements.

Governance Models

The future success of the venue will not be determined solely by the condition of the building, but critically by the governance and operating model through which it is delivered. The choice of governance structure will determine how risk is allocated, how decisions are made, the degree of commercial agility, and the extent to which cultural and community outcomes can be prioritised and sustained over time.

In this context, governance should not be considered as a purely technical or legal exercise, but as a strategic lever through which the Council can balance its objectives. These include achieving Best Value, ensuring financial sustainability, safeguarding the long-term condition of the asset, and delivering meaningful cultural and social impact for residents.

The Electric Theatre presents a particularly nuanced challenge. The strong stakeholder preference for retaining the venue as a cultural asset must be reconciled with the financial realities of operating a small to mid-scale venue in the current market, alongside the Council's statutory and financial responsibilities. Different governance models distribute these responsibilities in different ways, particularly in relation to financial risk, capital investment, operational control, and exposure to market performance.

There is no single “correct” model. Instead, each approach represents a different balance between:

- **Control vs. independence** – the extent to which the Council retains direct influence over programming, pricing and strategic direction.
- **Risk retention vs. transfer** – whether financial and operational risks sit with the Council or are passed to an operator.
- **Commercial focus vs. cultural mission** – the degree to which the model prioritises income generation relative to community and artistic outcomes.
- **Flexibility vs. stability** – the ability to adapt quickly to market conditions versus the security of long-term arrangements.

The appropriate model for the Electric Theatre will therefore depend on the Council's appetite across these dimensions, as well as the level of subsidy it is willing to support, and the importance placed on cultural outcomes relative to financial certainty.

It is also important to recognise that governance models are not mutually exclusive. In practice, many successful venues operate through **hybrid structures**, combining elements of commercial operation, charitable governance, and contracted managed services to create a tailored solution that responds to local context.

The purpose of this section is therefore not to prescribe a single approach, but to outline the principal governance models available, their relative strengths and limitations, and how they may align with the strategic objectives for the Electric Theatre. This provides a framework for the Council to consider how best to structure a future operating arrangement that is both deliverable and sustainable.

Commercial Operator Model

A long-lease arrangement with an established operator (e.g. Trafalgar, ATG), focused on revenue generation and operational efficiency.

- **Strengths:** financial resilience, delivery capability, strong programming pipeline.

- **Risks:** reduced community focus, less Council control.

Charitable Trust / Hybrid Operator Model

A locally embedded or specialist cultural operator delivering a blended programme of commercial and community activity.

- **Strengths:** strong cultural alignment, access to grants, reinvestment of surplus.
- **Risks:** limited reserves, may require subsidy, dependent on leadership strength.

Managed Services Model

Council retains overall control, with specialist providers delivering key functions (e.g. programming, ticketing, F&B).

- **Strengths:** flexibility, reduced recruitment risk, scalable.
- **Risks:** Council retains operational risk and complexity.

Key Insight

No single model is inherently optimal. Successful delivery will depend on:

- Aligning the model with the Council's risk appetite.
- Ensuring sufficient commercial capability.
- Balancing cultural outcomes with financial sustainability.

In practice, a **hybrid approach**, combining elements of these models, is most likely to deliver a sustainable outcome.

Option	Financial Position	Risk Allocation	Cultural Value	Deliverability	Recommendation
Commercial Operator Lease (e.g. Trafalgar / ATG)	Low/no subsidy potential - £0-£150K pa; strongest covenant	High risk transfer to operator; some landlord asset risk retained	Moderate – commercially led programme; limited grassroots focus	High – proven models, strong delivery capability	Progress to market testing

Hybrid Cultural Operator (Trust / Local Operator + Commercial Programming)	Moderate subsidy (£150k–£500k typical)	Shared risk between Council and operator	High – strong community + cultural alignment	Medium – dependent on operator strength and structure	Primary option to test
Managed Services Model (Council-led with specialist support)	Moderate to high subsidy (£350k–£800k+)	Council retains majority of risk	High – strong control over cultural outcomes	Medium – requires internal capability and governance	Secondary option
Community / TMO-led Model	High subsidy required; limited commercial upside	High risk retained by Council	Very high – strong local engagement	Low – capacity and financial risk concerns	Not recommended as standalone model
Alternative Commercial Use (e.g. Cinema – Everyman)	Strong financial certainty; potential capital receipt or premium rent	Highest risk transfer	Low – loss of cultural function	High – proven operator demand	Retain as fallback / benchmark
Interim / Meanwhile Use	Neutral to low cost	Council retains risk	Moderate – maintains activity	High (short-term)	Use only as transition strategy

The selection of an appropriate governance model should be guided by three core strategic considerations:

- The level of financial risk the Council is willing to retain or transfer.
- The level of revenue support or subsidy the Council is prepared to commit.
- The relative priority placed on cultural and community outcomes versus financial certainty.

By clearly defining its position across these dimensions, the Council will be able to identify the governance model that best aligns with its long-term objectives and provides a sustainable and deliverable operating framework for the Electric Theatre.

See **Appendix 1** for detailed governance model analysis.

Stakeholder Feedback Summary Aligned to Operating Options

Building on the extensive stakeholder and community engagement undertaken to date, there is a clear and consistent message that the future of the Electric Theatre should be considered within the context of Guildford's wider cultural ecosystem, rather than as a standalone asset.

Direct engagement undertaken by BHV with key stakeholders, including **Trafalgar Entertainment (operator of G Live)**, the **Yvonne Arnaud Theatre**, **The Boileroom**, and **Guildford Fringe**, has highlighted both a strong appetite for collaboration and a recognition that greater integration between venues could unlock operational efficiencies, audience development opportunities and a more coordinated programme offer across the town.

These discussions indicate potential to align more closely with existing institutions, enabling the Electric Theatre to play a complementary role within the market, focusing on areas of unmet demand, emerging work and flexible programming, rather than directly competing with larger or more established venues.

Importantly, this approach reflects the broader findings of the engagement process, which emphasised the need for a sustainable, partnership-led model, capable of reducing duplication, strengthening Guildford's overall cultural proposition and supporting long-term financial resilience.

Independent Cultural Operator / Trust Model

There is notable support for a locally embedded, culturally driven operating model, particularly one that reflects Guildford's creative community and grassroots sector.

Stakeholder A (Independent Cultural Operator) expressed a strong interest in securing the venue and articulated a vision for TET as a "home" for local practitioners who currently lack dedicated space. Their perspective aligns with an expanded grassroots model, blending commercial programming with community-led activity. They emphasised the importance of avoiding prescriptive splits between commercial and community use, instead advocating for a balanced, integrated approach.

Similarly, **Stakeholder B (Independent Operator)**, while initially critical, demonstrated a strong belief in the viability of a sustainable, locally informed model. This stakeholder's stated ambition to acquire both the freehold and leasehold interest indicates confidence

in a more independent delivery approach, underpinned by detailed knowledge of the local cultural ecology.

This option is further supported by the recognition that TET can play a unique role within the ecosystem, particularly in providing space for small- to mid-scale performance, including music, cabaret, and emerging theatre. However, stakeholders also acknowledged the challenges associated with building management, operational risk, and the need for a robust and credible business plan.

Integrated Model with Existing Cultural Institutions

There is also a clear opportunity to integrate TET within Guildford's existing cultural infrastructure, enabling greater coordination of programming, shared resources, and audience development.

Stakeholder C (Established Cultural Institution) highlighted the importance of ensuring that TET complements existing assets and avoids duplication. Drawing on previous experience where collaboration was limited, this stakeholder emphasised the need for a more coordinated approach. They also identified the potential to scale up existing programmes, such as those delivered through the Mill Studio, within TET, while noting that the venue would likely require ongoing capital investment and asset management support from the Council.

Stakeholder D (National Commercial Operator) similarly recognised the integration potential, particularly in aligning TET with the wider venue portfolio. However, they indicated a preference for a clearly defined role within such a model, noting that community-focused programming may sit better with alternative operators. Their position suggests that integration is viable but would need to be carefully structured to avoid diluting their core business.

This option reinforces the importance of a coordinated cultural strategy, addressing previous fragmentation and ensuring that TET enhances the overall offer rather than competing with it.

Managed Services / Low-Risk Partnership Model

A lower-risk operating model, such as a managed services arrangement, was also identified as a viable pathway, particularly from the perspective of established commercial operators.

Stakeholder D expressed a clear preference for this approach, favouring a model that limits financial and operational exposure while allowing for selective involvement in programming or management. They also indicated openness to discussions regarding how such an arrangement could align with, or enhance, their existing commercial agreement with the Council.

This model could provide a pragmatic route to reopening the venue, particularly in the short to medium term, by leveraging established operational expertise while mitigating risk to both the operator and the Council. However, it may require complementary partners to deliver the full breadth of cultural and community programming envisaged.

At the Executive meeting of 26 February 2026, public representations were made by **Stuart Alexander**, founder of Bigmouth Guildford, and **Ruth Jones**. Both statements reflected a strong commitment to ensuring the venue actively serves young people and the wider community. While supportive of the Theatre's future as a live performance venue, both speakers emphasised that community access, including use as a community youth hub, should be a defined priority within any future operating model, rather than an incidental or discretionary benefit.

The Council Leader's response confirmed that cultural and community use are not mutually exclusive, and that the independent viability assessment will explicitly consider community access, including youth-focused activity, alongside other options. This reinforces the cross-cutting theme of complementarity and strengthens the case for any future operating agreement to include contractually protected community access provisions, with youth engagement treated as a core output rather than a secondary consideration.

Alternative Use (e.g. Cinema)

While not widely supported as a primary outcome, alternative uses such as cinema provision were acknowledged as a potential fallback position.

Stakeholder C noted that an Everyman-style cinema could represent a viable commercial solution if a sustainable live performance model cannot be secured. However, this was clearly positioned as a secondary option, with a strong preference for retaining TET as a live cultural venue.

Across all stakeholders, there was a consistent view that the cultural value of TET should be preserved wherever possible, and that alternative uses should only be considered if all viable cultural operating models are demonstrably unworkable.

Cross-Cutting Themes

Across all options, several consistent themes emerged:

- **Complementarity over competition:** All stakeholders emphasised the need for TET to work in harmony with Guildford's existing venues and cultural organisations.
- **Balanced business model:** A hybrid approach combining commercial viability with cultural and community outcomes is essential.
- **Realism on cost and risk:** The operational and capital costs associated with the building require careful consideration, with likely ongoing Council involvement in asset management.
- **Strong market interest:** There is demonstrable appetite from both local and national stakeholders to engage with the future of TET under the right conditions.
- **Retention of cultural use:** There is a clear preference to retain the venue as a live performance space, with alternative uses only considered as a last resort.

Theatres Trust – Summary Feedback on the Electric Theatre

The Theatres Trust has provided a positive but pragmatic assessment of the Electric Theatre, recognising both its cultural importance and the challenges associated with its future operation.

Watch List Status

TET was added to the Trust's **"Theatres at Risk" register** following closure, reflecting concern regarding its long-term viability and the need for a clear reopening strategy.

Support for Retention as a Cultural Asset

The Trust is strongly encouraged by Guildford Borough Council's commitment to retain TET as a community cultural venue, noting that this approach contrasts with other authorities that have opted for disposal or alternative commercial use.

Acknowledgement of Delivery Risks

The Trust highlights that abnormal costs, particularly flood risk mitigation, must be fully understood and incorporated into any future operating model or partnership structure, as they will materially affect financial sustainability.

Benchmarking Against Comparable Venues

The Trust recommends learning from a range of comparable small- to mid-scale venues, which demonstrate viable operating models at a similar scale:

- **Acorn Theatre** – c.300-seat studio theatre; trust-operated; strong community and touring programme focus
- **Mill Arts Centre** – c.228-seat venue; refurbished; charitable trust model with mixed theatre, cinema and participation offer
- **Norden Farm Centre for the Arts** – multi-space venue (c.225-seat main house + studio); trust-run; strong education, participation and secondary spend model
- **South Hill Park Arts Centre** – multi-venue cultural campus including c.330-seat theatre; trust-operated; diversified arts, heritage and commercial income streams
- **Sundial Theatre** – c.200-seat venue; education-linked; mixed programme of touring, community and student use

Key Implication for The Electric Theatre

These examples reinforce that **venues of a similar scale can operate successfully**, typically through:

- Trust or hybrid governance models
- Diverse programming and income streams
- Strong local engagement and participation

However, success is contingent on aligning the operating model with the building constraints and cost base, particularly in relation to TET's site-specific risks.

Overall, the Theatres Trust's position supports retention and reopening, but emphasises the need for a realistic, deliverable and financially sustainable model, informed by proven approaches from comparable venues.

Commissioning

The commissioning of a future operating partner for the Electric Theatre should be undertaken in accordance with the Procurement Act 2023 (PA23), which came into force in October 2024 and replaces the Public Contracts Regulations 2015.

Under the previous regime, complex and innovative projects could be delivered through a specific “Innovation Partnership” procedure. While the principle of co-development remains relevant, this formal procedure has now been replaced by the more flexible procurement framework introduced by PA23.

The Act establishes the “Competitive Flexible Procedure” as the principal route for complex, high-value, and non-standard procurements. This approach enables the Council to design a bespoke, multi-stage process that reflects the specific requirements of the Electric Theatre and the wider regeneration context.

In practice, this allows the Council to structure a commissioning process that may include:

- Early market engagement and soft testing of operator interest;
- A competitive selection stage based on capability, financial resilience, and strategic alignment;
- A structured dialogue and co-development phase to refine the operating model, capital responsibilities, and risk allocation;
- A mobilisation and pilot period, where appropriate; and
- Progression to a long-term operating agreement or lease without the need for re-procurement.

This framework provides greater flexibility than previous procedures, while maintaining transparency, fairness, and competitive tension. It is particularly well suited to cultural and mixed-use venues where commercial, social value, heritage, and regeneration objectives are closely interlinked.

For the Electric Theatre, the Competitive Flexible Procedure would support the development of a tailored partnership model that balances long-term sustainability, appropriate risk transfer, and public value. It also enables the Council to test and refine proposals with shortlisted operators before entering into a binding long-term arrangement.

Accordingly, it is recommended that any future operator procurement for the Electric Theatre is designed around the Competitive Flexible Procedure under PA23, rather than legacy procurement models, to ensure legal compliance, market confidence, and optimal strategic outcomes.

The Competitive Flexible Procedure is particularly well suited to the Electric Theatre, as it enables the Council to test multiple operating models in parallel, including cultural, hybrid and commercial approaches, within a single procurement process.

This approach allows for structured dialogue with the market, enabling the refinement of operating models, risk allocation and capital responsibilities prior to commitment. It ensures that the Council can maintain competitive tension while selecting a partner and delivery structure that best aligns with its strategic, financial and cultural objectives.

Alternative Commissioning Route: Lease / Land Transaction Model

As an alternative to a traditional procurement process, the Council may consider a lease /land transaction model as a compliant and more time-efficient route to market.

Under this approach, the Council would undertake a structured competitive selection process (aligned with best value principles) to identify a preferred operator/development partner, assessed against:

- Technical and operational expertise
- Financial standing and deliverability
- Proposed business plan and operating model
- Level of capital contribution (e.g. fit-out)
- Long-term commercial return (e.g. rent and/or gain share over 25–30 years)

This process would retain appropriate transparency, governance and evaluation rigour (including weighted criteria and moderation), but would be structured as a property transaction rather than a services contract.

Lease / Land Transaction Structure

The preferred partner would be granted a long-term lease (typically 25–30 years), most likely on a Internal Repairing and Insuring (IRI) basis, transferring responsibility for:

- Internal repair, maintenance and lifecycle investment

- Day-to-day operation and commercial performance

This structure benefits from established legal exemptions relating to land transactions, meaning it can sit outside the scope of the Public Contracts Regulations 2015, while remaining fully compliant with public sector obligations around fairness, transparency and best consideration.

Key Advantages

- **Accelerated delivery:** avoids the time and complexity of full PA23-compliant procurement
- **Greater commercial certainty:** enables stronger operator covenant and long-term investment alignment
- **Flexibility in structuring:** lease terms can embed operational standards, cultural safeguards and performance requirements
- **Enhanced market appeal:** more attractive to experienced commercial operators and investors seeking long-term opportunities
- **Risk transfer:** shifts operational and asset risk away from the Council

Safeguards and Controls

The lease would incorporate clear provisions to protect the Council's strategic objectives, including:

- Defined permitted use (including any cultural requirements)
- Performance monitoring and reporting obligations
- Mechanisms for rent review and/or revenue share
- Step-in, termination and hand back arrangements
- Alignment with VAT and subsidy considerations

Positioning

This model represents a credible and compliant alternative pathway that can deliver a commercially robust outcome for the Electric Theatre, particularly where the Council prioritises speed of delivery, reduced risk exposure, and stronger private sector engagement, while still retaining appropriate strategic control through the lease structure.

Title Constraints and Legal Considerations

The Electric Theatre is held freehold by Guildford Borough Council under Title Absolute, providing full control over leasing and future use. However, the title is subject to several material legal constraints and third-party rights which must be clearly reflected in any operator procurement and lease structure.

Key Considerations for Operator Procurement

Best Value Requirement:

Any lease or disposal must comply with the Localism Act 2011, requiring the Council to demonstrate Best Value. This reinforces the need for a transparent, competitive procurement process.

Existing Lease Interests:

- Long-term electricity substation lease (to c.2050) with statutory undertaker rights.
- Existing theatre lease (2017–2037) – status to be confirmed (e.g. surrendered).

Utility and Access Rights (Critical):

The site is subject to extensive easements, including:

- Unrestricted access rights for utility providers.
- Rights to install, maintain, and access underground services.
- Rights to break open surfaces and carry out works.

These rights are ongoing and cannot be removed.

Operational Constraints:

- The site is not fully self-contained and includes shared/serviced areas.
- Third-party access may be required at any time, with potential operational disruption.
- External areas and service routes cannot be fully controlled by an operator.

Development Limitations:

- Utility infrastructure and easements constrain redevelopment and reconfiguration.
- Any material changes will require coordination with statutory undertakers.

Implications for Market Engagement

- Operators must accept existing easements and access rights as part of the lease.
- These constraints will influence risk pricing, investment appetite, and lease terms.
- Clear allocation of responsibility for managing utility access and disruption will be required.

Conclusion

While the Council retains full freehold control, the presence of long-term utility infrastructure and associated rights introduces operational and commercial constraints that must be clearly communicated through procurement documentation and reflected in the Heads of Terms.

Asset of Community Value (ACV) Status

The Electric Theatre was formally registered as an Asset of Community Value (ACV) by Guildford Borough Council in January 2016, following a successful nomination by the Guildford Amateur Theatre Association (GATA) under Part 5, Chapter 3 of the Localism Act 2011. The registration has been continuously acknowledged by the Council and remains a live and material consideration in respect of the asset's future. As ACV owner, the Council is required to notify the local authority of any proposed disposal; upon receipt of a valid community interest group nomination, a protected six-month moratorium period is triggered to allow qualifying community organisations to develop and submit a bid.

This ACV status carries important implications for the commissioning and leasing process: it underscores the strength of community attachment to the venue, establishes a legally recognised expectation of community access, and means that any operator procurement or lease structure should demonstrably account for the venue's community value obligations. It also reinforces the basis on which social value outcomes should be weighted in the evaluation of future operating models.

Freehold Disposal Consideration

The Council may consider freehold disposal as a means of transferring long-term asset risk and securing a capital receipt. However, this option is constrained by the requirement to demonstrate Best Value under the Localism Act 2011, as well as by

existing utility infrastructure, long-term substation rights (to c.2050), and associated easements which limit development potential and may impact value.

Freehold disposal would represent the highest level of risk transfer but would also result in a loss of control over future use, unless restricted through planning or contractual mechanisms.

Benchmark Venues

The benchmark study undertaken for the Electric Theatre considers a range of comparable venues across three key categories: local competitors within a 60-minute drive time, small-to-mid scale venues across the UK, and larger producing theatres with supporting studio spaces.

This analysis provides a clear picture of how venues of a similar scale operate within the current market and highlights the structural, commercial and programming characteristics required to achieve long-term sustainability.

Market Context and Operating Characteristics

Across the benchmark sample, a consistent pattern emerges, small-scale venues (circa 100–250 capacity) do not operate successfully as single-purpose theatres. Instead, they function as multi-use cultural assets, combining performance with a range of commercial and community activities.

Hybrid business models are prevalent, typically blending:

- Box office income.
- Hospitality (bar/café, pre-show dining).
- Venue hire (corporate, private events, rehearsals).
- Workshops, education and community programmes.
- Public funding and/or philanthropy (where applicable).

This diversified approach is critical, as ticket income alone is insufficient to sustain operations, particularly in venues of this scale.

As part of the Options Appraisal for the Electric Theatre, a review of comparable venues has been undertaken, including:

- Local competitors within a **60-minute drive time**

- Small-to-mid scale venues across the UK (**100–250 capacity**)
- Larger producing theatres with **supporting studio spaces**

This analysis considers **business models, governance structures, programming approaches and revenue streams**, providing a robust evidence base to inform the future operating model of the Electric Theatre.

Market Context

The benchmark review demonstrates that venues of this scale operate within a highly competitive and diversified market, where success is driven by flexibility, programming breadth and income diversification.

Typical characteristics of comparable venues include:

- Annual turnover in the range of **£0.8m–£3m**.
- Strong reliance on **earned income (70–90%)**.
- Increasing emphasis on **hospitality, hire and partnerships**.
- A shift away from single-discipline theatre towards **multi-genre programming**.

Crucially, the evidence confirms that:

Ticket sales alone are insufficient to sustain small-scale venues, requiring a blended commercial and cultural approach.

Local Competitive Landscape

Within Guildford and its catchment, the Electric Theatre sits within a diverse and complementary ecosystem:

Venue	Capacity	Governance / Operator	Key Characteristics
Yvonne Arnaud Theatre	580 + 80 studio	Charitable Trust	Producing theatre, strong hospitality, mixed funding
The Boileroom	275 standing	CIC / Social Enterprise	Grassroots music, bar-led model, younger audience

Bellerby Studio (G Live)	120	Council-owned / Trafalgar Entertainment	Commercial studio within large venue
Rhoda McGaw Theatre (Woking)	228	ATG (Commercial Operator)	Receiving house, integrated venue model
Rose Theatre Studio (Kingston)	200	Charitable Trust	Producing, community and youth focus

These venues demonstrate a range of models, from fully commercial operators to subsidised charitable organisations, with varying degrees of hospitality and programme diversity.

UK Benchmark Operating Models

Across the wider UK sample, three primary models emerge:

1. Local Authority / In-House Model

- Council-owned and operated
- Strong community and cultural focus
- Increasing pressure to improve commercial performance

Example: South Street Arts Centre (Reading)

2. Charitable Trust / Producing Theatre Model

- Registered charities or companies limited by guarantee
- Access to:
 - Arts Council funding
 - Philanthropy and donations
- Blend of producing and presenting work

Examples:

- Park Theatre (London)
- Arcola Theatre (London)

- Reading Rep Theatre
- Tobacco Factory Theatre (Bristol)
- Traverse Theatre (Edinburgh)

Often combine artistic ambition with commercial discipline

3. Commercial / Hybrid Model

- Privately operated or commercially driven
- Strong focus on:
 - Hospitality
 - Experience-led offers
 - Yield per customer

Examples:

- The Mill at Sonning (dinner theatre model)
- Studio spaces within major venues (e.g. Theatre Royal Plymouth)

Typically achieve higher commercial returns through integrated F&B and experience packaging

Key Commercial Drivers

Across all benchmark venues, some consistent success factors are evident:

Hybrid Revenue Model

- Combination of:
 - Ticket sales
 - Hospitality
 - Venue hire
 - Workshops and partnerships
- High-performing venues generate 85%+ earned income

Programming Diversity

- Multi-genre offer including:
 - Theatre (touring and new writing)
 - Comedy
 - Music
 - Festivals and community events
- Supports broader audience reach and repeat visits

Hospitality Integration

- Bar, café or restaurant provision is standard practice
- Drives:
 - Secondary spend
 - Dwell time
 - Overall profitability

Flexible Use of Space

- Multi-configurable auditoria
- Daytime and non-performance use:
 - Corporate events
 - Rehearsals
 - Private hire

Governance and Funding Mix

- Majority operate as charitable trusts
- Public funding typically supplementary rather than core
- Commercial success driven by audience engagement and utilisation

Strategic Implications for the Electric Theatre

The benchmark analysis establishes a clear direction of travel:

- The venue must operate as a **multi-use cultural and commercial asset**.

- A **diverse programme** is required, including:
 - Comedy, music, new writing and festivals.
- A strengthened **hospitality and social offer** is critical to financial performance.
- The building should be utilised **throughout the day**, not just for evening performances.
- Partnerships will be essential to:
 - Reduce programming risk
 - Expand audience reach

The Electric Theatre should therefore position itself as:

A flexible, community-focused cultural hub with a strong commercial underpinning, complementing the wider Guildford venue ecology.

Conclusion

The benchmark evidence confirms that while there is no single delivery model, successful venues consistently share common characteristics:

- **Diversified income streams**
- **Flexible, multi-genre programming**
- **Strong hospitality and ancillary revenue**
- **Clear identity within their local market**

For the Electric Theatre, long-term viability will depend on adopting a model that balances cultural value with commercial resilience, informed by both local demand and national best practice.

Subsidy and Funding Benchmarks

Benchmark analysis of comparable small-scale venues (100–300 seats) indicates that, while some level of financial support is common across the sector, there is a clear opportunity to reduce reliance on subsidy through strong commercial operation and appropriate risk allocation.

Encouragingly, engagement with the operator market and review of comparable venues demonstrate positive appetite for venues of this scale, particularly where there is:

- a technically capable and flexible performance space.
- a clear programming identity.
- opportunity to enhance commercial income streams (notably hospitality and hire).

The Electric Theatre is well positioned in this regard, with its existing technical infrastructure and adaptable format providing a strong foundation for reactivation, subject to recommissioning and targeted investment.

Across the benchmark sample, most venues operate a hybrid income model, combining ticket sales with hospitality, venue hire, partnerships and, where applicable, public or philanthropic support. High-performing venues are typically able to generate 70–90% of income commercially, with any remaining gap addressed through either direct funding or indirect support mechanisms.

Importantly, the level of financial support is closely linked to the allocation of risk between the Council and the operator. In many cases, operators are willing to accept lower levels of revenue support where this is balanced by reduced exposure to asset management, lifecycle and maintenance risk, typically through landlord-retained responsibilities or structured lease arrangements.

Indicative Financial Support Levels – Annual

Operating Model	Typical Support	Key Characteristics
Commercial / Operator-Led	£0 – £150k	Strong commercial focus with minimal subsidy. Viability driven by programming mix, utilisation and F&B. Often supported through favourable lease terms and reduced asset risk.
Hybrid / Charitable Model (Most Common)	£150k – £500k	Balanced model combining earned income with grants, donations and/or council support. Delivers both commercial performance and community outcomes.

Local Authority / In-House	£300k – £800k+	Higher support reflecting full operational responsibility. Greater control over cultural delivery but reduced risk transfer and commercial flexibility.
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Key Insight

The most effective models do not seek to eliminate subsidy entirely but instead optimise the balance between financial support and risk transfer, enabling operators to deliver both commercial performance and cultural value.

G Live – Rent Comparison

While the commercial outcome achieved at G Live is not directly comparable to the Electric Theatre, it provides useful contextual benchmarking. G Live is understood to achieve a rent equivalent to approximately £147 per seat.

If applied to the Electric Theatre, this would equate to an indicative annual rent of circa £30,000. However, given the smaller scale of the venue (c.200 capacity), this level of return is unlikely to be realised in the short term.

The principal constraint is scale, with smaller venues typically requiring a period of operational stabilisation and programme development before achieving mature commercial performance. As such, comparable rent levels would more realistically be achievable over a 3–5-year period, following the establishment of a proven and sustainable business model.

Implications for the Electric Theatre

For the Electric Theatre, this creates a **positive and flexible position**:

- There is **credible potential to attract operators** under a range of models
- A **low-subsidy or neutral position may be achievable**, particularly where:
 - commercial opportunities are enhanced.
 - asset risk is appropriately managed by the Council.
- Alternatively, a **modest level of revenue support can be used strategically** to:
 - increase operator appetite.
 - secure stronger covenant strength.

- reduce delivery risk.

This approach allows the Council to actively shape the balance between income, risk and cultural outcomes, rather than being constrained to a single delivery model.

Options Overview

Building on the longlist appraisal, the options have been refined to focus on those that are most viable, deliverable, and aligned with the Council's strategic objectives. This process distinguishes between models that warrant further development and testing, those that are not suitable as primary solutions, and alternative pathways that provide a benchmark for comparison.

The following section sets out the recommended options to progress, alongside those discounted at this stage, providing a clear basis for the next phase of detailed analysis and market engagement.

Based on the analysis undertaken, the longlist of options can be refined as follows:

Options to Progress

1. Hybrid Cultural Operator Model

- Best balance of cultural value and commercial realism.
- Aligns with stakeholder feedback and local ecosystem.
- Offers flexibility in structuring risk and subsidy.

2. Commercial Operator Lease

- Provides strong financial certainty and delivery capability.
- Reduces Council exposure.
- Requires careful structuring to protect cultural outcomes.

3. Managed Services Model (as fallback cultural route)

- Enables reopening with controlled risk.
- Retains strategic control for the Council.
- May act as interim or transitional model.

Options Not Recommended (as Primary Models)

Community / TMO-led Model

- Limited capacity to manage asset and financial risk.
- May play a role within a wider hybrid structure, but not as lead operator.

Interim Use (Standalone)

- Does not provide long-term solution.
- Only appropriate as short-term activation.

Alternative Pathway (Non-Cultural)

Cinema / Commercial Repurposing

- Remains a credible fallback option.
- Provides benchmark for Best Value and financial certainty.
- Should be tested in parallel to cultural options.

Social Value: The Electric Theatre as a Cultural Asset

The social value generated by retaining the Electric Theatre as a cultural asset is a material consideration in this Options Appraisal and must be given appropriate weight alongside financial and operational factors. The venue's ACV designation since 2016 is the formal expression of its recognised community significance but the social value case extends considerably further and should be explicitly factored into the evaluation of all operating options.

Under the Social Value Act 2012, public bodies are required to consider how procured services might improve the economic, social, and environmental wellbeing of their area. For a Council-owned venue of this nature, that obligation is directly engaged. The Electric Theatre has historically delivered measurable social value across several dimensions: access to affordable arts and performance for residents priced out of larger venues; education, skills development and youth engagement; volunteering and civic participation; and mental health and wellbeing benefits associated with arts participation and social connection.

Beyond direct social outcomes, a thriving cultural venue generates significant economic impact for the surrounding area. Cultural assets act as anchors for footfall, supporting

local hospitality, retail and the night-time economy. They attract visitors from outside the borough, contribute to Guildford's identity as a place to live, work and invest, and play a measurable role in sustaining the broader creative economy including freelance practitioners, production suppliers and community hirers whose livelihoods depend on accessible performance space. The loss of this infrastructure would have a disproportionate economic impact on the town centre that would not be captured in any direct financial comparison between operating options.

Any evaluation of operating models should therefore include a social value weighting in scoring criteria, with the Council recommended to adopt an SROI framework or equivalent methodology to enable like-for-like comparison of financial and non-financial outcomes.

The ACV registration and the Council's own stated obligations under the Social Value Act together reinforce that these outcomes must sit at the centre of the decision-making framework, not as a secondary consideration once financial viability has been established.

Conclusion and Strategic Recommendation

The Electric Theatre presents a credible and deliverable opportunity to re-establish a culturally vibrant and commercially sustainable venue. The building is fundamentally sound, there is clear stakeholder support, and the market demonstrates realistic potential for viable operation under the right conditions.

The analysis undertaken indicates that a hybrid cultural operating model, combining community use with strengthened commercial programming, represents the preferred and most balanced pathway. This approach aligns with stakeholder feedback, reflects sector best practice, and provides flexibility in structuring risk, subsidy and delivery.

However, to ensure Best Value and a robust, defensible decision, this preferred direction should be tested alongside commercially led options, including alternative uses, which may offer greater financial certainty and risk transfer.

Accordingly, it is recommended that the Council adopts a dual-pathway approach, progressing both cultural and commercial options in parallel to inform a final decision.

Recommended Next Steps

It is recommended that the Council approves progression to the next phase of delivery, comprising the following actions:

Confirm Strategic Position

- Endorse the **hybrid cultural model as the preferred direction**, subject to market validation
- Confirm parameters for:
 - Acceptable subsidy levels
 - Risk transfer
 - Cultural and community outcomes

Undertake Targeted Due Diligence

- Review previous operating model and lease arrangements
- Confirm:
 - Recommissioning and capital requirements
 - Lifecycle costs
 - Realistic operating assumptions

Launch Expression of Interest (EOI) Process

- Undertake a **formal EOI to test market appetite** across two pathways:
 - Cultural / hybrid operators
 - Commercial / alternative uses (including cinema operators such as Everyman)
- Evaluate responses against:
 - Financial return and covenant strength
 - Capital investment and risk allocation
 - Deliverability and operational capability
 - Alignment with Council objectives

Develop Delivery Framework

- Prepare:
 - Leasing strategy (including risk allocation)
 - Procurement route (Competitive Flexible Procedure where applicable)
 - Asset management and investment strategy

Return to Council with Preferred Option

- Present a **market-tested recommendation**
- Confirm:
 - Preferred operator / use
 - Financial implications
 - Risk position
 - Delivery programme

This approach ensures that the Council moves forward with clarity and confidence, maintaining a clear preferred direction while undertaking a structured and transparent process to identify the most sustainable, deliverable and Best Value outcome for the Electric Theatre.

Market Pathways

Building on initial engagement, the Council should now move to a formal Expression of Interest (EOI) process to test market appetite across both cultural and commercial pathways. Importantly, this approach recognises that the future of the Electric Theatre is not a single-track solution. Instead, it requires a balanced assessment of two distinct but credible pathways:

- a **cultural-led operating model**, which prioritises community, creative output, and social value; and
- a **commercial-led model**, which may offer greater financial certainty and reduced Council exposure.

By formally inviting interest across both routes, the Council can ensure that all viable options are tested on a like-for-like basis, enabling a robust comparison of deliverability, risk, and long-term sustainability. This dual-track approach also strengthens the Council's position in subsequent negotiations by demonstrating an open, competitive, and evidence-led process.

The EOI process should:

- Assess market appetite across both pathways:
 - Cultural operator interest (commercial operators, trusts, and hybrid models)
 - Alternative commercial uses (e.g. cinema operators such as Everyman Cinemas)
- Build on previous engagement to ensure continuity and depth of insight
- Enable a structured comparison of responses against key criteria:
 - Financial returns and covenant strength
 - Capital requirements and investment appetite
 - Risk transfer and delivery capability
 - Alignment with the Council's strategic, cultural, and financial objectives

This process will provide the Council with a clear, market-tested evidence base to determine the most appropriate and sustainable future for the Electric Theatre.

Leasing, Procurement and Asset Strategy

Having established a clear understanding of market appetite through the EOI process, the next stage is to translate this insight into a coherent commercial and delivery framework. This requires aligning three critical components, leasing structure, procurement approach, and asset strategy, to ensure that any future operator model is not only attractive to the market, but also deliverable, sustainable, and aligned with the Council's long-term objectives.

At this stage, the Council is effectively defining the rules of engagement: how risk is shared, how investment is prioritised, and how operators will be selected and contracted. The approach must remain sufficiently flexible to accommodate both

cultural and commercial pathways, while providing enough clarity to give confidence to potential partners and ensure robust decision-making.

A key consideration is the balance between risk transfer and control. Cultural operators may require a more supportive structure, with reduced asset risk and potential revenue support, whereas commercial operators are more likely to accept greater responsibility in return for operational autonomy and financial upside. Establishing the right leasing framework will be fundamental to unlocking credible operator interest across both routes.

In parallel, the procurement strategy should enable the Council to engage meaningfully with the market, refining proposals through structured dialogue rather than committing prematurely to a fixed model. This is particularly important given the dual-pathway approach and the need to test different use scenarios before selecting a preferred option.

Finally, a clear and pragmatic asset strategy is required to underpin both leasing and procurement. This includes defining the baseline condition of the asset, the scope of any pre-lease works, and the long-term approach to maintenance and lifecycle investment, ensuring there is no ambiguity around responsibilities or future financial exposure.

Develop Leasing and Risk Allocation Strategy

- Define preferred structures for:
 - Cultural operators (potentially including revenue support with reduced asset risk)
 - Commercial operators (potentially higher covenant strength with greater operational control)
- Consider:
 - Hybrid lease models
 - Landlord-retained asset management responsibilities
 - Incentivised commercial terms to align performance and outcomes

Design an agile Procurement & Commissioning Strategy

- Develop a **Competitive Flexible Procedure** capable of:
 - Testing multiple use scenarios
 - Allowing structured dialogue with bidders

- Refining delivery models prior to commitment
- Ensure evaluation criteria reflect:
 - Financial strength and deliverability
 - Cultural value and community impact
 - Long-term sustainability

Align Asset and Investment Strategy

- Confirm:
 - Minimum pre-lease works required to enable occupation
 - Medium- and long-term asset management approach
- Ensure clarity on:
 - Landlord vs tenant responsibilities
 - Lifecycle investment expectations and funding responsibilities

Together, these elements will establish a robust, market-aligned framework that supports confident decision-making and positions the Electric Theatre for a sustainable and deliverable future.

Recommended Approach

The Electric Theatre represents a credible and deliverable opportunity for Guildford Borough Council, with clear potential to contribute to the Borough's future cultural and commercial landscape.

It is recommended that the Council proceeds to a structured next phase of market testing and option development, adopting a dual-pathway approach to support a clear, confident and evidence-led decision.

This should include:

- Prioritising the development and testing of a hybrid cultural operating model, reflecting stakeholder support and sector best practice; and
- In parallel, testing commercially led opportunities, including alternative or complementary uses, to establish clear benchmarks for financial performance, risk transfer and Best Value

This approach ensures the Council is not prematurely committing to a single outcome but is instead positioning itself to select the most sustainable, deliverable and aligned option.

Through targeted market engagement, structured evaluation and proportionate due diligence, the Council will be able to:

- Determine the optimal balance between cultural value and financial sustainability
- Secure an operator or partner with the appropriate capability, covenant strength and delivery approach
- Ensure the future model is robust, evidence-based and aligned with long-term strategic priorities

In summary, the recommended approach is to move forward with clarity and confidence, using a structured and transparent process to identify the strongest and most deliverable future for the Electric Theatre, whether cultural, commercial, or a hybrid of both.