Report to Finance, Assets & Performance Scrutiny Committee

17 September 2026

Commercial Strategy Update

Lead Member:

Cllr Jonathan Gullis - Leader & Cabinet Member for Planning & Town Centres

Lead Officer:

Joanne Halliday – Service Director – Commercial Services

Key Decision: Yes

Ward(s): All

Appendices: Commercial Strategy 2026/27 to 2027/28

Report Assurance:

	Name	Date
Lead Officer	Joanne Halliday	11/8/26
Monitoring Officer	Olwen Brown	9/9/26
Section 151	Craig Turner	9/9/26
Cabinet Member	Jonathan Gullis	8/9/26

Report Summary

The Council has reviewed the current Commercial Strategy and updated it for 2026/27 to 2027/28. The report enables the Committee to review the Strategy and outline progress to date on the various schemes as a half yearly update.

Recommendations

That the Committee:

1. Notes the proposed amendments to the Commercial Strategy in line with the proposed new Council Plan and feeds it's comments back to Cabinet.
2. That the Committee notes the progress to date in key projects.

1. Background

1.1. The current strategy was reviewed by the Committee in September 2025 and adopted by Cabinet as part of the budget setting process for 2026/27. Officers have reviewed the current strategy and produced a revised Strategy in line with the proposed new Council Plan. By bringing this report to the Committee it enables Members to review the strategy and key projects halfway through the financial year, thus enabling amendments to be made and considered as part of the normal process of Cabinet adopting the strategy as part of the financial documentation in February 2027.

2. Purpose

2.1. The Cabinet has proposed a new Council Plan – Building a Better Borough: People, Places Prosperity and Performance. One of these key priorities is 'Performance – A Borough with efficient services, strong finances and respect for taxpayers' money'.

2.2. This Commercial Strategy is a key document alongside the Assets Management Strategy for setting out the Council's approach to assets and our management to strong Council finances.

2.3. This Strategy is therefore built around a simple principle: every pound, every contract and every Council asset should work as hard as possible for local people. The Council sees the Commercial Strategy widely with a clear focus on preventing and avoiding costs. The Council has seen the benefits of challenging proposals and programmes to ensure that tax-payers money is well spent or in some cases not spent at all. This principle will continue throughout the decision making process.

2.4. The following table shows the highest commercial priorities to investigate within the commercial programme.

Priority Area	**Description**	**Impact**
Light Industrial	Develop and regenerate sites into light industrial units	Increased revenue generation, servicing demand in the local area and supporting economic development

Fees and Charges	Fees and charges should be fair, competitive and proportionate, while protecting Council Tax payers from unnecessary subsidy.	Where appropriate service costs are met by appropriate charges
Commercial Waste	Developing the Commercial Waste income streams, building on the existing assumptions that form part of the Waste Transformation Programme	Increase the number of businesses using the council service and improve the level of income generated
Investment opportunities for delivering our Corporate Priorities	Development of Council owned sites and surplus sites within the Borough. Bring forward Council owned land and buildings for development where there is a clear regeneration or service purpose, generating sustainable income as a consequence rather than as the primary aim. The Council will not acquire investment assets held primarily for yield. Specifically to take forward the ambitions to deliver a Creative Hub	Increased revenue generation, servicing demand in the local area and supporting economic development. Supporting local creative businesses to develop and grow
Commercial Council	Contracts Review – focussing on areas of higher spend as the priority. To challenge specifications, supplier performance, contract renewals, indexation, unnecessary usage and value for money. Reviewing options for marketing of contracts to ensure that local companies are aware and able to tender for services	To ensure that the services we procure deliver the best outcomes for the Council and our residents Supporting local companies to thrive with additional contracts delivered within our Borough
Digital transformation	Investing in AI and technology where it improves services or reduces costs	Some services can become available 24 hours. Improvements to internal process including automating repetitive administrative work enables officer time to focus on

		complex cases and residents who genuinely require human support.

2.5 The Council is working a range of projects that could be considered in line with the Commercial Strategy, the following outline the headline project and indicative timescales for more business case / contract information:

2.5.1 *RyePark*

The Castle Car Park was the first phase of this, enabling high-quality parking for the town centre.

Over the last year significant progress has been made with Capital&Centric on the wider site. The construction is progressing well with the northern side of the development now at roof height and the first completions anticipated for May 2027 for the Aspire Housing element of the site. This high-quality housing offer will bring residents into the town centre contributing to the local economy and supporting local businesses.

The Council has received a capital receipt from Aspire Housing for their portion of the site (£0.500m). Capital&Centric, our development partner on the entire site, is delivering this portion for Aspire as one construction contract for the whole site with Cleggs Construction. The site benefitted from a grant from Homes England for infrastructure works (in effect the foundations, drainage and piling works) which was expended by the end of May 2026, as per the grant agreement signed with Homes England.

The remainder of the site (in effect the Council's element) is progressing well and will be complete in mid 2028. The developments will then be occupied and upon 95% occupancy levels Capital&Centric will purchase the site from us. Interim site management agreements with Capital&Centric are in place for the management of site upon practical completion to ensure the ethos of Capital&Centric operating model for its sites is in place for occupation. If occupancy levels aren't achieved within the first year then the Council has Step-In rights to then sell or manage the developments. As the Goods Yard in Stoke achieved 95% occupancy in its first year we are confident that these targets will be met.

The RyePark development approved project value amounts to £34.444m, to date £6.727m has been spend leaving a remaining budget of £27.717m.

The budget for the project is monitored via monthly drawdowns payable to Capital&Centric, monthly formal project meetings involving all stakeholders and in respect of the construction contracts, with the Council's appointed independent Cost Manager, Turner Townsend who provide formal monthly valuations on the work completed to date.

At the current stage of the project it is forecast that the RyePark project will conclude with a final project cost of circa £32.944m – largely due to contingencies provided in the project value not being required to date.

2.5.2 *Astley Place*

Following a successful strip out of the old shopping centre, Capital&Centric have moved forward with the new fit out to create new commercial and residential units. Capital&Centric are well underway with their plans for new restaurant and bar tenants to operate from the new commercial units with the intention to have a vibrant offer in place shortly after the scheme is completed in early 2027.

As with Ryepark above the site benefitted from a grant from Homes England for infrastructure works (in effect on this development the work to the frame and drainage works) which was expended by the end of May 2026, as per the grant agreement we signed with Homes England.

Once complete the development will then be occupied and upon 95% occupancy levels Capital&Centric will purchase the site from us. Interim site management agreements with Capital&Centric are in place for the management of site upon practical completion to ensure the ethos of Capital&Centric operating model for its sites is in place for occupation. If occupancy levels aren't achieved within the first year then the Council has Step-In rights to then sell or manage the developments. As the Goods Yard in Stoke achieved 95% occupancy in its first year we are confident that these targets will be met.

The Astley Place development approved project value amounts to £18.214m, to date £8.526m has been spend leaving a remaining budget of £9.688m.

The budget for the project is monitored via monthly drawdowns payable to Capital&Centric, monthly formal project meetings involving all stakeholders and in respect of the construction contracts, with the Council's appointed independent Cost Manager, Turner Townsend who provide formal monthly valuations on the work completed to date.

At the current stage of the project it is forecast that the Astley Place project will conclude with a final project cost of circa £17.469m – largely due to contingencies provided in the project value not being required to date.

2.5.3 *Karparc*

Capital&Centric have commenced construction works on the old Midway car park to strip the building and build the new residential units in line with the agreements and are on track for a mid 2027 completion timescale.

As with the two sites above the site benefitted from a grant from Homes England for infrastructure works (in effect on this development the work to the frame and drainage works) which was expended by the end of May 26, as per the grant agreement we signed with Homes England.

Once complete the development will then be occupied and upon 95% occupancy levels Capital&Centric will purchase the site from us. Interim site management agreements with Capital&Centric are in place for the management of site upon practical completion to ensure the ethos of Capital&Centric operating model for its sites is in place for occupation. If occupancy levels aren't achieved within the first year then the Council has Step-In rights to then sell or manage the developments. As the Goods Yard in Stoke achieved 95% occupancy in its first year we are confident that these targets will be met.

The Karparc development approved project value amounts to £37.519m, to date £10.025m has been spend leaving a remaining budget of £27.494m.

The budget for the project is monitored via monthly drawdowns payable to Capital&Centric, monthly formal project meetings involving all stakeholders and in respect of the construction contracts, with the Council's appointed independent Cost

Manager, Turner Townsend who provide formal monthly valuations on the work completed to date.

At the current stage of the project it is forecast that the Karparc project will conclude with a final project cost of circa £34.410m – largely due to contingencies provided in the project value not being required to date.

2.5.4 *North Street, Newcastle - Commercial/ Enterprise Units*

The former Zanzibar nightclub (Aspire Housing owned) has been demolished and agreements are in place for the redevelopment of an Aspire residential scheme. Alongside this there is a development of 5 small commercial/enterprise units which the Council will own and manage. Construction is progressing well on the commercial units which will be marketed to support local businesses to grow or attract new businesses into Newcastle.

The costs of the new Council owned enterprise units have been covered by the Newcastle Town Deal Funds. The units are due to be ready for occupation in early 2027 and we shall begin marketing them shortly.

2.5.5 *Meadows Road, Kidsgrove – Commercial/Enterprise Units*

Three small enterprise units are being constructed on Meadows Road. Due to be completed in January 2027, these units will form part of the Council's commercial property portfolio.

As above, the costs of the new Council owned enterprise units have been covered by the Town Deal Funds, but this time Kidsgrove. The units are due to be ready for occupation in early 2027 and we shall begin marketing them shortly.

2.5.6 *Disposal of sites*

The Asset Management Plan is included on the FAPS Committee agenda alongside this report. This Plan outlines completed disposals, progress updates and proposed new sites for consideration.

2.5.*7 Ambitions to deliver a creative hub*

The CreaTech Hub is proposed as visible front door and town centre anchor providing co-working space, bookable micro-studios (podcast, editing, photography, music), access to production facilities and equipment, skills development, business support and networking and event space. The intent is to fill a gap in the current provision in the borough and for the Hub to act as a one-front-door for creative businesses to be referred to the right specialist facility, funding programme or training opportunity across the existing network of provision. Further feasibility work is ongoing with this proposal prior to a report being taken to Cabinet.

3. Strategic Approach

3.1. In order to deliver the Corporate Plan the Council needs to have an effective approach to financial management with appropriate ways to generate income to fund the Council activities.

4. Finance & Resources

4.1. As detailed above the Council is working on a range of projects, each of these has their financial assessment and where finance is required a separate Cabinet decision. Commercial priorities form a part of the budget setting process, targets are established for both additional income from the Council's services and relating to contract savings from ongoing contract and expenditure reviews across the period of the Medium Term Financial Strategy.

4.2. In respect of the RyePark, Astley Place and Karpark developments. In the unlikely scenario that Step-In rights were exercised, the Council would need to make a Minimum Revenue Provision whilst continuing to operate the sites.

4.3. This scenario has been costed, with Minimum Revenue Provision being required on an annuity basis per the Council's Minimum Revenue Provision policy (i.e. lower repayments in early years). Across the 3 projects it is anticipated that year 1 would be cost neutral when taking account of income receivable and all associated costs rising to a pressure of £116k in the year 5. This modelling makes a pessimistic assumption of between 22.3% and 25% in respect of operating costs and voids.

4.4. Monitoring arrangements in respect of the Capital&Centric regeneration projects are robust and well established. The costs for each project are forecast to remain well within the approved budgets until completion.

5. Legal & Governance

5.1 The Localism Act 2011 provides the council with the general power of competence.

5.2 The Council must ensure that its commercial activities are legally and subsidy control compliant, including having regard to the Public Sector Equality Duty within the Equality Act 2010, statutory guidance on local authority investments and The Prudential Code for Capital Finance in Local Authorities. The Local Government Act 1999 places the Council under a duty to seek Best Value.

5.3 All commercial projects and investment opportunities will be examined to ensure that they are within the Council's powers and legal implications will be identified on a case by case basis.

6. Supporting Information

6.1. Commercial Strategy 2026/27-2027/28