

Divisions Affected – All

CABINET
14 July 2026

Commercial Strategy Update

Report of Performance and Corporate Services Overview & Scrutiny Committee

RECOMMENDATION

1. The Cabinet is **RECOMMENDED** to —
 - a) **NOTE** the recommendations contained in the body of this report and to consider and agree its response to them
 - b) **AGREE** that, once Cabinet has responded, relevant officers will continue to provide each meeting of the Performance and Corporate Services Overview & Scrutiny Committee with a brief written update on progress made against actions committed to in response to the recommendations for 12 months, or until they are completed (if earlier).

REQUIREMENT TO RESPOND

2. In accordance with section 9FE of the Local Government Act 2000, the Performance and Corporate Services Overview & Scrutiny Committee requires that, within two months of the consideration of this report, the Cabinet publish a response to this report and any recommendations.

INTRODUCTION AND OVERVIEW

3. The Performance and Corporate Services Overview and Scrutiny Committee considered a report providing an update on the performance of the Council's Commercial Strategy.
4. The Committee would like to thank Cllr Dan Levy, Cabinet Member for Finance, Property and Transformation, Ian Dyson, Director of Financial and Commercial Services for attending the Committee and answering questions, and to Richard Scarlett, Head of Commercial and Procurement for drafting the report.

SUMMARY

5. Introducing the report, the Cabinet Member for Finance, Property and Transformation explained that the strategy had been intended to ensure that the Council's commercial activity added value to the organisation, supported wider policy objectives, and generated income where appropriate. He highlighted the importance of ensuring that contracts delivered financial and social value, supporting community and environmental priorities through procurement, and identifying commercial opportunities that could support the delivery of services.
6. The Director of Financial and Commercial Services reported that reasonable progress had been made since the strategy had been approved, although progress had been slower than hoped because of the need to undertake foundational work. The Council had reviewed its operating model, redesigned relevant service structures, strengthened commercial and procurement capacity, and begun to improve contract management arrangements.
7. In its scrutiny of the report the report, the Committee explored multiple issues, including: details about the purchase, process and business case of the purchase of the Castle Quarter, the Council's money-making aims and how it balanced those against wider social, environmental and economic factors, interactions with Local Government Reorganisation (LGR), and sought concrete examples of improvements realised through the Commercial Strategy.
8. Overall, the Committee makes four recommendations. As a significant purchase, the Committee makes a recommendation in relation to the purchase of the Castle Quarter, as well as seeking greater information on how the Commercial Strategy has impacted the Council's discussions with other councils in relation to LGR. Finally, it seeks further clarity over whether the Commercial Strategy is making a tangible difference, request timings for the delivery of the commercial dashboard and more detailed evidence of improvements.

RECOMMENDATIONS

Castle Quarter

9. Whilst the report considered by the Committee covered the full detail of progress against the aims of the Commercial Strategy, approximately half of the discussion focused on the purchase of the Castle Quarter. Owing to the commercial confidentiality of the transaction, the Council had approved a £34m commercial property investment with many of the members attending being unaware of the details. For such a significant investment, it is unsurprising that members wished to take the opportunity to understand and interrogate the decision fully. And it is this point that the Committee wishes to make, that members should have more transparent and formal opportunity to

understand and, if necessary, challenge Council plans to commit large sums of money into investments. Whilst it is not saying that there are similarities between the investment in the Castle Quarter and those disastrous property investments which led to, for example, Woking Borough Council's issue of a s.114 notice, it remains true that poor commercial investments have played a key role for the majority of those councils who have needed to issue s.114 notices. Building in challenge and a fresh perspective to commercial activity is a fundamental requirement for proper governance and democratic accountability. In light of the fact that other similar opportunities may arise in the future, the Committee would seek that greater transparency in the process is found, notwithstanding the challenges of timing and commercial confidentiality that commercial dealing throws up for a local authority.

Recommendation 1: That the Cabinet develops a more transparent balance between the need for commercial confidentiality with the need for effective scrutiny, particularly in relation to significant commercial decisions.

Local Government Reorganisation

10. The Committee welcomed the progress reported in strengthening collaboration with district and the city councils, particularly through the business partnering model amidst ongoing discussions over LGR. However, the Committee considered that the report and subsequent discussion provided limited detail on the nature of this collaboration and how it was influencing strategic decision-making.
11. Officers referred to closer working with district and city councils and to ongoing reviews of contracts and future procurement activity ahead of vesting. While this was encouraging, the Committee consider that greater transparency and detail would assist Members in understanding the scale of the work being undertaken, the opportunities being identified, the potential implications for future service delivery and commercial activity, and, crucially, any gaps in the discussions.
12. To address this, the Committee seeks, therefore, greater detail on these discussions. It is appreciated that the Council, or partners, may be disadvantaged commercially if too much detail provided publicly, so it requests that a fulsome document is circulated directly to members instead.

Recommendation 2: That the Cabinet circulates to members of the Committee detail of how the Council is working with district and city partners around commercial activity in light of forthcoming Local Government Reorganisation.

Making a Difference

13. During discussion, the Committee voiced its disappointment at the delay in developing a dashboard which would enable the Council to monitor the

performance of commercial activities, and to track progress against key objectives and metrics, such as revenue generation, job creation, and social impact. In response, it was recognised that the delay was regrettable. A clear date for its completion could not at the time be provided, though a commitment for its completion was given for the end of the financial year.

14. The Committee accepts that at the time of the Committee this information may not have been able to be provided. However, this report is submitted to Cabinet a month after the Committee meeting, with the Cabinet to respond within a further two months, providing a full three months in total for clarity to emerge. As such, the Committee does not consider it onerous to the Cabinet that it provides in response a timeline for the dashboard's completion.
15. Whilst the end of the financial year was presented as an outer date rather than a target, the Committee would welcome opportunities to bring the delivery date forward where possible. The period between mid-June and the end of March represents a substantial timeframe for the development of a dashboard, particularly in the context of the Council's remaining lifespan before Local Government Reorganisation. Given the Council's recent work to strengthen its Social Value Policy and coordinate social value activity more broadly, the Committee considers that early visibility of outcomes would be valuable. It therefore encourages officers to explore whether this work can be accelerated, enabling the benefits and impacts to be assessed at the earliest practicable opportunity

Recommendation 3: That the Cabinet provides a timeline for completion of the commercial dashboard in response to this recommendation, with a completion date significantly earlier than the end of the current financial year.

16. Whilst the dashboard would provide easily accessible quantitative data on performance, qualitative change is also important. The point was made to the Committee, and accepted, that implementation of the strategy required significant foundational work before changes could then be built on. Nonetheless, it was not fully satisfied with the detail of the response provided when asking for practical examples as to how the Commercial Strategy has improved the quality, performance and value for money of Council contracts. A more exhaustive and considered response to this recommendation may be more valuable and helpful in illustrating the difference already made by the Strategy. As such, the Committee asks that the Cabinet details in response to this report the practical improvements made following the Commercial Strategy's implementation.

Recommendation 4: That the Cabinet details with practical examples how implementation of the Commercial Strategy has improved the quality, performance and value for money of Council contracts.

FURTHER CONSIDERATION

17. The Committee has above, sought that scrutiny is built into the Council's commercial activities. Given the opportunity, it would expect to undertake scrutiny of any future proposals.

LEGAL IMPLICATIONS

18. Under Part 6.2 (13) (a) of the Constitution Scrutiny has the following power: 'Once a Scrutiny Committee has completed its deliberations on any matter a formal report may be prepared on behalf of the Committee and when agreed by them the Proper Officer will normally refer it to the Cabinet for consideration.
19. Under Part 4.2 of the Constitution, the Cabinet Procedure Rules, s 2 (3) iv) the Cabinet will consider any reports from Overview and Scrutiny Committees.

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Annex: Pro-forma Response Template

Background papers: None

Other Documents: None

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