Agenda No 4

AGENDA MANAGEMENT SHEET

Report Title: Rugby Central Shopping Centre Acquisition and

Intervention

Name of Committee: Cabinet

Date of Meeting: 17 December 2025

Report Director: Chief Executive

Portfolio: Growth and Investment

Ward Relevance: All Wards

Prior Consultation: Town Centre Regeneration Working Group

Contact Officer: Dan Green, Chief Executive

Public or Private: Public

Report Subject to Call-In: Yes

Report En-Bloc: No

Forward Plan: No

Corporate Priorities: This report relates to the following priority(ies):

A Healthier Rugby – To support people to live healthier, longer, and more independent lives.

□ A Thriving Rugby – To deliver a thriving economy

which brings Borough-wide investment and

regenerates Rugby Town Centre.

□ A Greener Rugby – To protect the environment and a contract the environment and a

ensure the Borough adapts to climate change. ⊠ A Fairer Rugby – To reduce inequalities and

improve housing across the Borough.

Corporate Strategy 2025-2035

Summary:

This report seeks to inform Cabinet of the significant progress made towards the acquisition of Rugby Central Shopping Centre and recommends strategic interventions, including acquisition, as the foundation for delivering regeneration in Rugby Town Centre.

Financial Implications:

Details can be found in section 6 of this report, however, will be fully considered in the private report to Cabinet on 17th December 2025.

Risk Management/Health and Safety Implications:

Risk management implications will be fully considered in the private report to Cabinet on 17th December 2025.

Environmental Implications:

There are no Environmental implications arising directly from this report.

Legal Implications:

Details can be found in section 7 of this report, however will be fully considered in the private report to Cabinet on 17th December 2025.

Equality and Diversity:

There are no Equality and Diversity implications arising directly from this report.

Options:

Option 1: Proceed with due diligence and seek to acquire or otherwise intervene at Rugby Central as a means of enabling town centre regeneration. **Option 2:** Do not proceed – Rugby Central remains under private ownership, regeneration is delayed / undermined and the town centre is at risk of further decline.

Recommendation:

IT BE RECOMMENDED TO COUNCIL THAT -

- the significant progress made towards the acquisition of the Rugby Central Shopping Centre be noted;
- the principle of acquiring the Rugby Central Shopping Centre be approved, subject to legal completion, due diligence tests and compliance with all Council and statutory requirements;
- should acquisition not be possible then Council agrees to:
 - the use of High Street Rental Auctions to bring long term empty units back into meaningful use;

- initiating proceedings to acquire the centre via compulsory purchase; and
- provide the opportunity to procure a development partner to help secure public and private sector funding; and
- a full governance structure be adopted for the project with standard project architecture, reporting regimes, responsibilities, and Member oversight.
- 5) delegated authority be granted to the Chief Executive to progress towards acquisition of Rugby Central Shopping Centre in consultation with the S151 officer, the Monitoring Officer and the Leader of the Council.

Reasons for Recommendation:

If best value and financial viability can be achieved, the acquisition (directly or by a third party with Council support) of Rugby Central enables direct control over a strategically important site in the town centre and unlocks the possibility of the delivery of a catalytic site which is central to the Council's regeneration ambitions.

It mitigates land assembly and viability risks, which will help bring a range of strategic benefits including links to Crown House, estate efficiencies and car parking control. It strengthens funding bids, and supports delivery of new homes, active ground floor uses and public realm improvements.

The Council will also create an exit pathway to allow for the asset to be released for redevelopment and ownership, limiting the risk exposure to the Council and any future new Unitary Authority.

Cabinet - 17 December 2025

Rugby Central Shopping Centre Acquisition and Intervention

Report of the Chief Executive

Recommendation

IT BE RECOMMENDED TO COUNCIL THAT -

- (1) the significant progress made towards the acquisition of the Rugby Central Shopping Centre be noted;
- (2) the principle of acquiring the Rugby Central Shopping Centre be approved, subject to legal completion, due diligence tests and compliance with all Council and statutory requirements;
- (3) should acquisition not be possible then Council agrees to:
 - the use of High Street Rental Auctions to bring long term empty units back into meaningful use;
 - initiating proceedings to acquire the centre via compulsory purchase; and
 - provide the opportunity to procure a development partner to help secure public and private sector funding; and
- (4) a full governance structure be adopted for the project with standard project architecture, reporting regimes, responsibilities, and Member oversight.
- (5) delegated authority be granted to the Chief Executive to progress towards acquisition of Rugby Central Shopping Centre in consultation with the S151 officer, the Monitoring Officer and the Leader of the Council.

EXECUTIVE SUMMARY

Town Centre Regeneration remains a key priority for the Council, with a focus on increasing footfall and dwell time in the town centre to the benefit of business and residents of the Borough. Cabinet received a comprehensive update relating to the Town Centre Regeneration Programme on 1st December 2025. That update included the following workstreams:

- Strategic Asset Acquisitions (including Rugby Central Shopping Centre and Brotherhood House).
- The new Business and Community Hub.
- Business Engagement and Support.
- Creative and Marketing.
- Outdoor and Indoor Markets.
- Public Realm
- Events

As part of the broader Strategic Assets Acquisitions workstream, this report seeks to inform Cabinet of the significant progress made towards the acquisition of Rugby Central Shopping Centre ("Rugby Central") and recommends strategic interventions, including acquisition as the foundation for delivering regeneration in Rugby town centre. This recommendation is made subject to legal completion, due diligence and compliance with all council / statutory requirements.

Rugby Central is the largest single landholding within the town centre, comprising approximately 6 acres of retail and associated infrastructure, including a 535-space multi-storey car park (MSCP). It accounts for over 30% of the town centre's retail floorspace, with current vacancy rates of approximately 60% by area.

In recent years, it has suffered from the compounding effects of challenging national retail trends and a lack of proactive investment and management. This has resulted in a decline in its offer as quality visitor experience, which has a knock-on effect on economic retention, growth and vibrancy across the town area.

The Council has taken a passive 'monitoring' role of Rugby Central and other town centre Assets for many years, however the time for a more active strategy is now very much apparent.

Recognising that the development of Rugby Central without public sector intervention was unlikely, the site was identified, by the Council's Town Centre Regeneration Working Group, as a priority for Council intervention. It recognised that by taking back control of Rugby Central, as a catalyst site, redevelopment could have a significant transformative impact on the broader town centre. It considered it necessary that the traditional town centre retail floorspace is contracted, with the redevelopment of the Northway Mall serving to provide a mixed use residential and retail space, therefore diversifying the current Town Centre offer and increasing footfall.

Gaining control of this 6-acre site would allow the Council to take positive action regarding the most significant site in the heart of the town centre. Without control of the site (either directly or via a third party), it is considered that the Council's ability to progress its strategic priority of regenerating the town centre is significantly reduced.

The Council's role in relation to this asset is one of a necessary stabilisation and facilitation. The intention is not for a long-term investment hold, but instead to create a positive platform for future collaboration with development and investment partners.

A further private report will be considered by Cabinet on 17th December 2025. This report is being considered as 'private' in accordance with Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, as it contains information relating to the financial and business affairs of the Council and a third party.

1. CONTEXT

- 1.1 UK town centres are undergoing the most significant change of uses since the post war period, due to the structural challenges in the retail market leading to national multiples consolidating into prime shopping centres, retail parks and an online delivery model. This is leaving vast amounts of vacant space in purpose-built buildings with no commercially viable use, resulting in town and city centres that lose their identity and lack footfall drivers to bring in consumers.
- 1.2 UK Government has sought to intervene via a series of competitively awarded grant programmes, such as the Future High Street Fund and the Levelling Up Fund. Such funds tend to be project specific and have aimed to create catalytic interventions.
- 1.3 Local Authorities are now increasingly focused on being an enabler of regeneration through land/ asset acquisition, officer support to facilitate delivery, procurement of development partners and promoting opportunities to attract public / private sector funding.
- 1.4 To counteract the national trend of declining town centres, the Council has long-standing ambitions to regenerate Rugby town centre. These ambitions are embedded within the Corporate Strategy (2024), the Rugby Regeneration Strategy (2022) and the Rugby Town Centre Delivery Strategy (2024), which together identify a series of strategic interventions aimed at creating a more resilient, diverse, and vibrant town centre economy.
- 1.5 The Rugby Regeneration Strategy (2022) is clear that change in the town centre can only be realised through physical intervention to deliver change. Rugby Central is identified as a catalyst project as its redevelopment would have a significant impact on the broader town centre. It is considered necessary that the traditional retail floorspace is contracted within the centre as part of the delivery programme. The proposed Phase 1 delivery of Northway Mall is considered a positive strategy for not only contraction but also replacement of space that can diversify the offer and generate increased footfall in the core town centre area.
- 1.6 The Council commissioned the Rugby Town Centre Delivery Strategy (2024) to build on the Rugby Regeneration Strategy. This includes providing development advice as to the suitability and viability of key assets within the town centre, such as Rugby Central, Brotherhood House and the Former Herbert Gray College.
- 1.7 The Delivery Strategy concludes that of all the opportunity sites, Rugby Central ranks highest and is the only site to have high catalytic impact. This strategy was presented to the Town Centre Regeneration Working Group who agreed with its findings and the recommendations of the report to focus attention on the Rugby Central site.

- 1.8 Based on the professional advice received to date, the acquisition of Rugby Central is viewed by the Town Centre Regeneration Working Group as a pivotal step in regaining control of the town centre and delivering regeneration ambitions.
- 1.9 Furthermore, Rugby Central is now widely recognised as a structural barrier to regeneration, due to its outdated format, fragmented frontages, and high vacancy levels. Public sector intervention is therefore required to transform the site from a declining asset into a catalyst for mixed-use redevelopment.
- 1.10 The opportunity to intervene is time-sensitive, and the Council is acting now to prevent further deterioration, secure investment, and shape a town centre that is better connected, more inclusive, and fit for future generations.

2. RUGBY CENTRAL SHOPPING CENTRE

- 2.1 Rugby Central Shopping Centre is a site which is facing decline, with a large vacancy rate. It aids anti-social behaviour and is regarded by many as a blight on the town centre.
- 2.2 It is the largest single landholding within the town centre, comprising approximately 6 acres of retail and associated infrastructure including a 535-space multi-storey car park (MSCP). It accounts for over 30% of the town centre's retail floorspace.
- 2.3 Since 2021, the centre has experienced significant tenant attrition, including the loss of key national brands (such as Boots, Iceland, New Look, Dunelm and Wilkinsons), reflecting a broader structural shift in the high street retail economy.
- 2.4 Rugby Central is owned by private investors who acquired the scheme in 2021. There has been limited investment into the scheme which has led to a significant deterioration in the retail offering and impact on the viability of the town centre as a whole.
- 2.5 It has approximately 60% void rate and a significant number of the existing occupiers are on temporary tenancies and/or empty business rate licences. The shopping centre has been poorly managed for a number of years and without intervention will continue to be a blight on the Town Centre and deteriorate further.
- 2.6 Since the current owner purchased the property in 2021, there have been few signs of progress towards redevelopment. Of these, the most notable is the planning consent for 200 apartments at 'North Mall'. Despite suggestions of external grant funding and achieving vacant possession, the scheme has not progressed.
- 2.7 The lack of investment in asset management at Rugby Central is becoming evident as the shopping centre's offer and physical appearance continue to deteriorate.

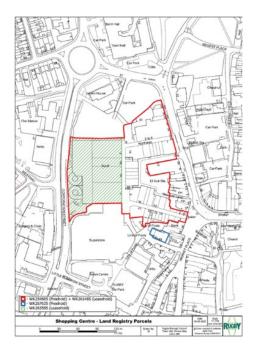


DIAGRAM 1 - RUGBY CENTRAL

3. THE OPPORTUNITY

- 3.1 The current opportunity for consideration is one of gaining control of a key town centre asset and regaining control of the wider regeneration agenda within the town centre area.
- 3.2 Rugby Central represents strategic regeneration opportunity which would enable major re-shaping of the town centre with a better mix of uses including leisure, residential food and retail combined with potential community uses will create a relevant, vibrant future heart to the town which has the flexibility to adapt to future trends and demands.
- 3.3 The delivery of high-quality residential led, mixed use development is imperative to enhancing the physical environment and perceived attractiveness of Rugby town centre, as well as being considered necessary to grow the spending power and diversify the demographic of the town centre catchment.
- 3.4 The key objectives of Council intervention at Rugby Central include:
 - Unlocking 6 acres of strategic town centre regeneration land for mixed use redevelopment.
 - Enabling a thriving town centre, including through the delivery of new town centre homes, flexible commercial space and a 'right sized' retail offer.
 - Enhancing connectivity and public realm within the heart of the town centre.
 - Attracting further inward investment from stakeholders to drive wider town centre regeneration.
 - Enabling delivery of the Council's Corporate Strategy outcomes relating to housing, town centre regeneration, economic resilience and sustainability.

ADDITIONAL BENEFITS

- 3.5 If the Council were to acquire (or enable the acquisition of) the site, it is considered that there is opportunity to deliver social value initiatives that unlock benefits additional to the above outcomes.
- 3.6 It is estimated that the area in the immediate vicinity of Rugby Central within the boundaries of Evreux Way, North Street, Lawrence Sheriff Street and Corporation Street would see an uplift in footfall of 26% and the more peripheral areas of the town centre would see an uplift in footfall by 17%.
- 3.7 It is also estimated that there would be total net additional local annual spend after five years of approximately £93m with an additional £17m investment relating to refurbishment and fit-out costs of commercial units.
- 3.8 In addition to creating many new construction and operational jobs, and a significant increase in GVA, other benefits could include direct land value uplift, wider land value uplift and placemaking, reduction in crime, environmental and health impacts and increase in public sector revenues of £1.9m per annum through council tax and business rate income.
- 3.9 Rugby Central's redevelopment has the potential to provide substantial benefits to Rugby's residents including enhanced public realm, much needed homes and high-quality retail & leisure. There are, however, viability issues which would need to be addressed and any redevelopment would need to demonstrate value for money. The value for money position would improve if the scheme was to attract third party funding support, which the Council is exploring.
- 3.10 Further feasibility studies are required as part of the redevelopment proposals for the site.
- 3.11 Certainty regarding the future ownership of Rugby Central is viewed as being critical to the provision of a new NHS 'Health on the High Street' hub, which aims to move some NHS services out of hospitals and into accessible high street locations. This in turn makes them more visible and easier for people to access.
- 3.12 The Council has secured £10m through Section 106 agreements for the delivery of a new centre of excellence for business training and skills in the town centre. The monies secured are for capital spend (for the acquisition of premises and fit out) and revenue spend (for operating the hub for a 10-year period). The hub is to be designed to ensure that residents have the necessary skills and support to access new jobs created in the Borough.
- 3.13 The decision to intervene in this asset is therefore focused on taking proactive control of the town centre's future, addressing market failure, and delivering public-led regeneration that reflects the town's long-term social, economic, and environmental needs.

4. PROPOSALS FOR ACQUISITION

- 4.1 Officers have engaged with the current owner in accordance with advice received. Following initial pricing discussions in early 2025, 3 different proposals have been submitted to the owner in October 2025.
- 4.2 These proposals and the current status of negotiations are set out in the private report to be considered by Cabinet on 17th December 2025.
- 4.3 In setting out these proposals, the Council, as other Local Authorities have done, is acting as a 'special purchaser' because of the wider benefits an acquisition can theoretically derive beyond the financial metrics that solely govern private investment.
- 4.4 So far, the owner has not accepted the proposals from the Council, however they remain the basis for ongoing negotiations.
- 4.5 Work on finalising best value considerations is ongoing, given the required Best Value statutory duties that weigh on the Council and the minimum financial, risk and asset management provisions. Further measures are being considered with a view to meeting those duties.

5. KEY CONSIDERATIONS POST-ACQUISITION

- 5.1 Should the Council be successful in the acquisition of Rugby Central, then a clear asset strategy must be developed and followed.
- 5.2 A full business case and feasibility study will be completed in respect of the redevelopment of the Northway Mall, to build on the initial work. The current high-level redevelopment appraisal completed for this report indicates that a public funded grant is required to make the redevelopment viable.
- 5.3 The current redevelopment proposals for the Northway mall include procuring a development partner and sourcing appropriate funding within 6-9 months of acquisition. During this period, the Northway Mall would be demolished with the aim of redevelopment producing approximately 94,000 sq ft Net Internal Area (165 units) of residential, 6,800 sq ft office space and 10,000 sqft of retail space.



Diagram2. 'Northway Mall' area to be demolished under current redevelopment proposals.



Diagram 3. Northway Mall redeveloped to create circa 17,000 sq ft of office and retail space.



Diagram 4. Northway Mall redeveloped to create additional 94,000sq ft residential space (first floor and above)

5.4 The below images have been developed by the architects to demonstrate the positive impacts that a development of this nature could have on the town centre.





- 5.5 Acquiring Rugby Central enables detailed conversations to occur with Joint Venture partners and enables the Council to apply for grant funding from a variety of sources some of which may not be available to the private sector.
- 5.6 Should acquisition not be achievable or viable, then the Council's aim is to enable the direct intervention of a third party to redevelop the site. In such a scenario, the Council has an intrinsic role in intervening creating the strategic framework for development and seeking public funding to subsidise development.

6. FINANCIAL IMPLICATIONS

6.1 The detailed financial implications of acquiring and redeveloping Rugby Central are set out within the private report to be considered by Cabinet on 17th December 2025.

- 6.2 Should the Council to proceed with this acquisition, then it is recommended that it is funded via a combination of reserves and borrowing. This is the recommended approach because using a large proportion of the Council's corporate reserves in one transaction would expose the organisation to financial risk.
- 6.3 CIPFA's Prudential Code states that service investments are taken or held primarily and directly for the delivery of public services (including housing, regeneration and local infrastructure) or in support of joint working with others to deliver such services. Service investments may or may not involve financial returns; however, obtaining those returns will not be the primary purpose of the Council's intervention.
- 6.4 In considering this acquisition it is important to recognise that there are financial risks as well as the reported benefits. Some of the risks are out of the Council's control, but the Council is required to (and will) consider them.

7. LEGAL IMPLICATIONS

- 7.1 Section 12 Local Government Act 2003 (LGA 2003) Section 12 LGA 2003 gives the Council the power to invest:
 - (a) for any purpose relevant to its functions under any enactments, or
 - (b) for the purposes of the prudent management of its financial affairs.
- 7.2 Detailed legal implications will be considered in the private report to Cabinet on 17th December 2025.
- 7.3 Emerging advice arising from due diligence highlights that further work is necessary to enable the acquisition to meet statutory Best Value considerations.

8. RISK MANAGEMENT

- 8.1 The Council is in the process of carrying out a thorough due diligence process on the proposed acquisition. Further due diligence will be completed in the event of Heads of Terms becoming enforceable.
- 8.2 Detailed risk management implications will be considered in the private report to Cabinet on 17th December 2025.

9. GOVERNANCE AND NEXT STEPS

- 9.1 The delegated authority to the Chief Executive, as proposed in this report, enables the Council to:
 - Subject to agreement of a compliant acquisition deal progress legal and financial terms to enter into the contract to acquire the asset.
 - Complete a business case for both asset management and development plans.
 - Refine asset management plans and establish a robust exit strategy in advance of acquisition.

- Actively pursue external funding and developer interest from prospective partners based on early expressions of interest
- Progress a funding/ developer acquisition strategy in tandem with negotiations for acquisition.
- Initiate preparatory internal work on future phases of regeneration, including review of site options, governance models, and delivery planning.
- Create a project board (officer level) pre acquisition, to manage the process and provide assurance.
- 9.2 Should a proposal for acquisition be agreed, then the Council must complete outstanding due diligence prior to acquisition in particular:
 - Demonstrate that enforceable Heads of Terms regarding the acquisition satisfies the statutory Best Value duty under Section 3 of the Local Government Act 1999.
 - Demonstrate that the enforceable Heads of Terms are compliant with the Subsidy Control Act 2022.
 - Give due regard to matters relating to Public Interest.
 - Ensure compliance with Government advice relating to Local Government Reorganisation and Structural Changes Orders.
- 9.3 Engagement with potential funding bodies will continue as part of the Council's role in strategic regeneration. These discussions do not require additional delegations, as they do not commit the Council to funding agreements or contractual obligations at this stage.
- 9.4 A report will be provided to Overview and Scrutiny Committee in January 2026, providing full details of acquisition proposals and due diligence undertaken.
- 9.5 Internal governance arrangements will be developed and enhanced, reflecting advice received to date. This will allow a more agile and transparent approach to exercising decisions relating to acquisition and development.
- 9.6 A public consultation process will be initiated regarding the potential future uses of Rugby Central, together with the further issues being progressed relating to town centre regeneration. This consultation will be designed and implemented through the Town Centre Regeneration Working Group.

10. CONCLUSION

- 10.1 The acquisition of Rugby Central represents a once-in-a-generation opportunity for the Council to gain control of a strategically significant, underperforming asset at the heart of the town centre. The intervention enables the Council to tackle structural market failure, deliver on its adopted Corporate Strategy and lead the transformation of a site that has long acted as a barrier to economic growth, placemaking, and investment.
- 10.2 Following many years of taking a more passive role in relation to town centre assets, this report represents steps towards a more active role for the Council, through a targeted intervention.

10.3 This is a structured intervention based on leadership, not risk-taking. It reflects best practice in town centre regeneration, positioning Rugby to secure long-term social, economic and environmental returns — beyond what the private market alone could deliver.

Name of Meeting:		Cabinet
Date of Meeting:		17 December 2025
Subject Matter:		Rugby Central Shopping Centre Acquisition and Intervention.
Originating Department: Chief Executive Office		
DO ANY BACKGROUND PA		PAPERS APPLY ⊠ YES □ NO
LIST OF BACKGROUND PAPERS		
Doc No	Title of Document and Hyperlink	
200110		tegy 2025-2035
The background papers relating to reports on planning applications and which are open to public inspection under Section 100D of the Local Government Act 1972, consist of the planning applications, referred to in the reports, and all written responses to consultations made by the Local Planning Authority, in connection with those applications.		
Exempt information is contained in the following documents:		
Doc No	Relevant Para	graph of Schedule 12A