PLACE, ECONOMIC GROWTH AND ENVIRONMENT SCRUTINY BOARD
SPECIAL MEETING
17/12/2024 at 6.00 pm

Present: Councillor J. Hussain (Chair)
Councillors Ghafoor, Kouser, Malik, McLaren, Moores, Murphy, Quigg (Substitute), Shuttleworth, Wilkinson and Williamson

Also In Attendance:
Cllr Sam Al-Hamdani (Calling-in Member)
Cllr Mark Kenyon (Calling-in Member)
Cllr Elaine Taylor (Deputy Leader and Cabinet Member for Housing and Licensing)
Cllr Mohon Ali (Cabinet Member for Education)
Steve Hughes (Assistant Director of Strategy & Performance)
Paul Clifford (Director of Economy)
Alex Vogdel (Muse)
Peter Richards (Assistant Director Planning, Transport & Housing Delivery)
Bryn Cooke (Head of Housing)
Chris Lewis (Assistant Director for Creating Better Places)
Alex Bougatef (Interim Borough Solicitor)
Durga Paul (Constitutional Services)

1 **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Cllr Sharp.

2 **URGENT BUSINESS**

There were no items of urgent business received.

3 **DECLARATIONS OF INTEREST**

There were no declarations of interest received.

4 **PUBLIC QUESTION TIME**

There were no Public Questions for this meeting to consider.

5 **CALL-IN PROCEDURE**

RESOLVED that, the Call-in Procedure be noted by the Scrutiny Board.

6 **EXCLUSION OF THE PRESS AND PUBLIC**

RESOLVED that, the press and public be excluded from the meeting for the following two items of business, pursuant to Section 100A(4) of the Local Government Act 1972 on the grounds that discussions may involve the likely disclosure of exempt information, under paragraph 3 as defined in the provisions of Part 1 of Schedule 12A of the Act, to the Local Government Act 1972 and public interest would not be served in publishing the information.

7 **INCLUSION OF OLDHAM MUMPS, PRINCES GATE INTO THE TOWN CENTRE DEVELOPMENT PARTNERSHIP**

The Calling-in Member addressed the Scrutiny Board and explained the reasons why they have called-in the Cabinet's decision. The Calling-in Member suggested that the decision

falls outside the council's agreed budget and there is not enough information on which to make this decision. There is a lack of information on the exploration of other options, namely the search for a commercial option. The Member also questioned the timeline for the development and whether this was realistic. He noted that the legal report suggested that the timeline could not be met, and questioned if that was the case, why more time could not have been taken by Cabinet in making the decision.

The Cabinet Member for Housing and Licensing explained the background of the decision. The inclusion of the Princes Gate site will deliver around 295 new homes to push forward with the delivery of the town centre regeneration masterplan supported by Brownfield Housing Land Grant secured on the site to help delivery. The Cabinet Member highlighted that the decision was an opportunity to work towards addressing the housing crisis the Council were currently facing and was in line with the aims of additional of brownfield development. The Cabinet Member addressed the shift commercial to residential focus in the development and suggested that this was because of a lack of demand for commercial properties. The Cabinet Member set out the key milestone dates of the development and explained that the council were currently on track to meet the next milestone and start work in August 2025 and drawdown on the grant. The Board heard that the grant funding could be lost if timelines were not met.

The Director of Economy and Muse representative presented to the Scrutiny Board some additional detail behind the decision highlighting key points;

- Development Framework approved by Cabinet in November 2024
- £5.55m Brownfield grant funding secured
- £3.15m One Public Estate grant funding secured – works on site at Former Leisure Centre
- Market engagement progressing at pace
- Mechanism within MDA to include Prince's Gate
- Inclusion of Princes Gate within the MDA provides a unique opportunity to transform a key gateway location
- Scheme designs across core sites and Prince's Gate progressing at pace
- Positioning of masterplan in strongest place to secure investor interest and grant funding

The Calling-in Member was given the opportunity to ask questions of the Cabinet Member, Director of Economy and Muse representative. He queried whether there was further information on the lack of commercial demand, as there was

nothing in the report to evidence this claim or demonstrate attempts to search for commercial partners. Officers explained that previous attempts to develop commercial property on the site had been unsuccessful and gave examples of LIDL and Marks & Spencer's but accepted that search attempts had not been sufficiently evidenced within the cabinet report.

The Calling-in Member stressed concerns over the decision as he understands that there is no gateway to include the Princes Gate site in the Master Development Agreement which may leave the Council open to legal challenge. Officers stated that the inclusion of the site was covered by the ability to add to the plan for 'Additional Services needed' and housing would fall under an additional service that was needed in Oldham. The Calling-in Member disagreed with the interpretation and suggested that housing has always been a need in Oldham and is not something additional that have emerged since the publication of the plan.

When questioned on the Councils plans on underwriting Muse, the officers explained that the details of the £5m underwrite amount had not been established yet, and this would be done as part of the next phase once the decision had been taken by Cabinet. Officers stated that they could not confirm whether there would be capital or revenue implications, but did confirm that the underwrite amount was capped at £5m.

The Calling-in Member expressed concerns of legal challenge and officers stated that although there is a level of risk, this is considered to be low and mitigating actions have been taken.

Next, Members of the Scrutiny Board were given the opportunity to ask questions of the Director of Economy and the Cabinet Member.

Members welcomed the notion of additional brownfield development but questioned whether officers were confident that the properties could be sold and raised concerns that they may be left unoccupied. The Muse representative explained that they have undergone a market engagement process and established that the demand for the properties is there. They noted that the ongoing regeneration in the town centre is changing the market and that they are confident of positive outcomes with the development at Princes Gate.

In response to Member questioning, officers stated that they could not provide specific costings of the price of the properties this early in the process, but as per the grant conditions a large proportion of them would fall into the 'affordable' bracket.

Members shared some of the concerns of the calling-in Member, and further questioned officers on the Council's plan to underwrite Muse and whether the Council would suffer losses if development was not completed. Officers confirmed that the council would be liable to pay the £5m, but that it was a shared risk and Muse would be investing £7.5m into the development

plan themselves. Officers also noted that if the Council were to attempt to complete the planning work that Muse have done themselves, this would cost them £7m.

Members noted that it had previously been confirmed at Full Council that the Council would not be underwriting the development. When questioned as to whether other developers were made aware of the possibility of the proposed underwriting, officers confirmed that they were not as it was not part of the initial plans.

Scrutiny Board members queried the pollution levels of the area. Officers explained that there was no breach as far as they were aware, but they would take the question away and investigate it further.

Board Members were given the opportunity to question the Calling-in Member but no questions were raised.

Next, the Scrutiny Board debated the issue.

Board Members raised concerns over budget issues, with many in agreement that that £5m due to be set aside for underwriting the development, could be utilised in other ways. Also on the subject of budget concerns, Members expressed concern over the potential loss of the £5m if the build does not come to fruition. They questioned Muse's confidence in the project as there is a need for financial security. Officers explained that shared risk was common practice, but Members were not satisfied with this answer. Members argued that there should be more clarity on why the development was not underwritten from the start, when the decision was taken to underwrite and why the decision was taken.

Some Members shared the concerns of the Calling-in Member on the potential legal challenge of the delegation relating to the proposed underwrite. They suggested that the potential risks had not been sufficiently addressed in the report.

Members of the Scrutiny Board agreed that the lack of commercial viability of the site had not been sufficiently evidenced in the report. Some Members noted that previously the site was thought to be viable for retail properties and evidence should be provided to explain the transition to a predominately led residential scheme as opposed to a mixed-use site.

Members shared some of the concerns raised by the Calling-in Member in respect of the legal definition of the term 'additional services' and suggested that further clarity was provided to ensure that the council are not vulnerable to legal challenge.

The Calling-in Member was given the opportunity to respond to any relevant points raised during the debate. He repeated some of the concerns he had already highlighted and stated that he

believed the decision making process on this occasion was fundamentally flawed and would be open to legal challenge.

Officers were given the opportunity to respond to the debate. They addressed some of the concerns raised and reiterated the answers they had already given. There officers stressed that there was an urgent need and demand for Housing in Oldham, and the demand for commercial property was lacking. They also highlighted the shared risk in the development being underwritten, was common for this type of development.

RESOLVED that, the Scrutiny Board will refer the decision back Cabinet to determine at its next available meeting, with the following recommendations;

1. Additional clarification should be provided on the decision-making process in respect of the transition to a predominately led residential scheme as opposed to a mixed-use site.

2. A clear rationale should be set out in respect of the delegation relating to the proposed underwrite. This should include the level of risk of a potential challenge and associated impact.

3. Clarification is required in respect of the legal definition of the term 'additional services' referenced in Appendix 3 Mills and Reeves Legal Advice supporting document.

4. Evidence should be provided in respect of the commercial viability of the residential sites inclusive of proposed mitigating actions aimed at minimising financial impacts associated with the proposed underwriting.

8 **CATERING REVIEW IMPLEMENTATION**

The Calling-in Member addressed the Scrutiny Board and explained the reasons why they have called-in the Cabinet's decision. The Calling-in Member suggested that there was not enough information provided in the report in several areas including benchmarking from other authorities and commercial providers. The Member also suggested that not enough analysis had been done on the impact of the decision on local supply chain and local wealth building. He indicated that the risk was being transferred to schools and their budgets and that no survey or analysis had been done on schools' capacity to take on the additional responsibility.

Next, the Cabinet Member for Education addressed the Board explained the background for the decision. The Board heard that there are several issues being faced by the service including soaring food inflation, labour costs and the number of schools purchasing the service expected to reduce over the coming years. The Association for Public Service Excellence were commissioned to undertake an evidence based independent

review of the Councils catering service. The outcome of the review was the recommendation of a managed transition of school catering to each individual school providing local freedom and flexibilities in how the menu is designed and service is operated.

The Director of Economy presented to the Scrutiny Board some additional detail behind the decision highlighting key points;

- The Current Oldham Education Catering Service is a trading service there is no statutory requirement for the Council to deliver a service. It is the responsibility of schools to deliver a catering service.

- The recommendations associated with the catering review are underpinned by an independent service review undertaken by the nationally recognised body Association for Public Service Excellence.

- Financial modelling shows that the retention of the traded service is not sustainable for the Council.

- A robust and fully supported transition programme has been established and is moving forward to implementation. This includes active engagement and joint working with all key stakeholders including schools, employees and potential suppliers.

The Calling-in Member was given the opportunity to ask questions of the Cabinet Member and Director. He queried why the review had only just taken place when it was his understanding that the service had been at risk for several years. The Cabinet Member explained that current financial pressures faced by the Council encouraged innovative thinking on how to make savings and the catering service was identified as an area for review. The Cabinet Member stated that the financial situation of the catering service had deteriorated over time and although it had been profitable in the past, it was projected to make a £800k+ net loss to the council in 2025/26. In response to queries, the Director of Economy confirmed that they were not looking at redundancies of catering Staff, there would be a change of Line Management to from the Council to schools, and full support would be provided to employees throughout the transition.

Next, Members of the Scrutiny Board were given the opportunity to ask questions of the Director of Economy and the Cabinet Member for Education.
Board Members queried how it was financially viable to schools to source their own catering when it would be cheaper to buy in bulk as a Local Authority than individual schools purchasing for themselves. Officers explained that 50% of schools were already responsible for their own catering so it was possible to do it successfully. Officers also noted that the notion of

‘clustering’ had been raised to schools to allow for savings to be made.

Some Members suggested that in addition to financial pressures on schools, they are typically very busy and may not have the capacity to take on the extra work and responsibilities that come with providing their own catering services. Members suggested that this may directly impact the children of Oldham and their access to a healthy and nutritious meal at school. Officers reiterated that the transition of the service to schools would be fully supported by the Council and that it is ultimately the school’s responsibility, and not the Council’s, to ensure that children are provided with school meals. In response to queries on whether the quality of the meals will continue to be monitored, Officers confirmed that meals must be to an accredited standard and this was the school’s responsibility.

In response to further questions on several years of bankruptcy warnings within the catering services, the Cabinet Member reiterated that he was not aware of previous warnings, and that the Council has never had to subsidise the service to the extent that it is projected to do in 2025/26.

Board Members questioned why other Greater Manchester authorities were able to provider cheaper meals, and whether any discussions had taken place to establish how they were able to do this. Members also questioned whether the Council had considered shared services with neighbouring authorities to cut costs. Officers confirmed that they had not consulted with other Greater Manchester authorities.

Some Members questioned why 50% of schools were able to provide their own catering services and were not reporting the significant losses that were projected for the Council. Members wanted to know why the Council could not invest into the service and make it into a viable business. Officers explained that it would require a significant investment and there was no guarantee of return on investment as more and more schools were opting out of the service following academisation.

When questioned on the halal meals, officers noted that they were accredited halal and relevant framework was adhered to, but he would take the question away to get a more detailed response.

In response to Member queries on the transition of funding and resources, officers explained that income for the catering service is generated from school meals and the funds will go back into the school. They also stated that kitchen/catering appliances and resources would be transferred to the schools.

Board Members were given the opportunity to question the Calling-in Member but no questions were raised.

Next, the Scrutiny Board debated the issue. Some Members agreed with the concerns of the Calling-in Member in particular

the council's apparent reluctance to invest into the service with a view to make it a viable business. It was suggested that it has proved to be successful for other Local Authorities and for schools within Oldham who are providing their own catering services, and there is no reason why can't be the same for the Council provided essential investment was made.

Other Members suggested that the risk of investment was too great as there was no guarantee of return, and an increasing number of schools were opting out of the Service following academisation. In response Members argued that if the Council invested into the service and made improvements, schools would not continue to opt out.

Most members agreed that there was not enough information provided on the Catering Services of neighbouring authorities and Oldham Schools providing their own catering. They also noted that the idea of shared services across Greater Manchester should be investigated further as a cost saving measure.

Some Members raised concerns over the 9 month timeline for implementation of the change, they believe that it is rushed and if the plan goes ahead, the timeline should be reviewed.

Members noted that there was no input from schools in the report, feedback provided directly from schools should have been considered by Cabinet.

The Calling-in Member was given the opportunity to respond to any relevant points raised during the debate but had no further contributions.

Officers were given the opportunity to respond to the debate. They reiterated that schools were responsible for providing school meals and as 50% were already doing this, they don't foresee any significant issues with the remaining schools transitioning to the new process. In terms of the council investing into the catering service, officers do not consider this to be a viable option considering the continuing financial issues and competing pressures the Council are facing. Ultimately, officers see the decision as an opportunity for positive outcomes all around with schools gaining autonomy and the Council making savings.

RESOLVED that, the Scrutiny Board will refer the decision back Cabinet to determine at its next available meeting, with the following recommendations;

1. Further consideration should be given to reinvesting in the Service in order to grow the market share.

2. A review should be undertaken on the implementation timeline to ensure that this is achievable for both the Council and Schools.

3. Explore the potential option of a Greater Manchester Local Authority Shared Service model.

4. Engage with Schools on a one to one basis in order to obtain their views on the review and also the intended future delivery model for the service

5. Provide an overview of meal prices for private providers operating within Oldham

The meeting started at 6.00pm and ended at 9.05pm