

Oxford Direct Services Ltd (ODSL) and Oxford Direct Services Trading Ltd (ODSTL) Shareholder Groups - terms of reference and meeting arrangements

Overview

The Council has established two wholly owned Local Authority Trading Companies (LATCO) to trade services and generate income for the Council. These companies are Oxford Direct Services Ltd (ODSL), responsible for providing trade services to Oxford City Council, and Oxford Direct Services Trading Ltd (ODSTL) responsible for competing for work with the private sector. These companies are referred to collectively as “the LATCO” or “the LATCO Group”.

The Council is the sole shareholder in the LATCO Group. Shareholding is an executive function. Under the ‘strong leader’ model operated by this Council, executive power is vested in the Leader of the Council. The Leader of the Council therefore has the authority to determine how the Council is to be represented in its role as the shareholder of its companies.

The Leader of the Council has delegated his responsibility for the shareholder function in relation to the LATCO Group to the members of the City Executive Board (CEB) collectively. ODSL and ODSTL are separate companies and will report to separate shareholder group meetings which will generally be held on the same day. The members of the CEB will therefore form two Shareholder Groups to carry out this responsibility in respect of the LATCO Group.

ODSL and ODSTL Shareholder Groups

The ODSL and ODSTL Shareholder Groups are responsible for the consideration of issues of strategic importance and taking decisions that may involve changes to financial rules or which may have an impact on the Council’s reputation.

Responsibility for the day to day operation and management of the LATCO Group (including the responsibility for internal processes and staffing matters) vests in each Company’s Board of Directors, who must ensure that the Company’s business is conducted in accordance with the terms of the Company’s Shareholder’s Agreement and its Articles of Association.

Each Company’s Articles of Association includes a list of things the Company may not do without the consent of the Shareholder (Appendix 1: Shareholder Consent Matters).

The ODSL and ODSTL Shareholder Groups will appoint advisors who are independent of those engaged by the Company. The advisors may include the Councils’ Section 151 Officer and/or Monitoring Officer, as well as other Council officers as required.

ODSL and ODSTL Shareholder Groups terms of reference

For each of the LATCO Group companies the ODSL and ODSTL Shareholder Groups will:

1. Safeguard the Council's investment in the Company and ensure the Company complies with the Council's corporate values and objectives and maximises outcomes in line with Council policy.
2. Approve the Shareholder's Agreement, which will have the initial Company Business Plan scheduled to it.
3. Receive, review and comment on the annual report and financial accounts of the Company and agree how these are to be published and circulated.
4. Appoint (at least annually) and remove Company Directors and ensure that Company Directors operate in accordance with the Company objectives.
5. Agree the employment of any non-executive or external Company Directors and the basis on which these directors will be remunerated.
6. Appoint the Company auditors.
7. Determine the distribution of any surplus or the issue of any dividends from the Company, in accordance with the Shareholder's Agreement, and exercise any other strategic functions flowing from the Council's ownership of shares.
8. Exercise any reserved powers set out in the Company's Shareholder Agreement or Articles of Association (see appendices).
9. Take decisions in respect of the Council's total holdings in the Company.

ODSL and ODSTL Shareholder Groups meetings arrangements

1. Meetings will be operated in accordance with the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, requiring that:
 - a) Agendas are published 5 clear working days in advance of meetings, unless urgency rules apply.
 - b) Private meetings are notified 28 days in advance. Otherwise urgency rules will apply, requiring the agreement of the Chair of Scrutiny.
 - c) Key decisions will be notified 28 days in advance and will appear on the Forward Plan. Otherwise urgency rules will apply, requiring that the Chair of Scrutiny is informed (or if less than 5 clear days in advance, agrees).
 - d) Members of Council will be able to attend public and private parts of meetings unless otherwise notified.
 - e) Members of the public will be able to attend the public part of meetings.
2. Meetings will be scheduled at least annually.
3. Extraordinary meetings can be called at any time by the Leader of the Council or the Company's Board of Directors.
4. The quorum is 3 and must include either the Leader of the Council or Statutory Deputy Leader.
5. Substitutions will not be allowed.

6. Meetings will be chaired by the Leader of the Council or in their absence, the Statutory Deputy Leader.
7. Meetings will also be attended by the Company Directors, the Company Secretary and the Shareholder Group's independent advisors.
8. Committee and Member Services will provide appropriate secretariat and governance support.
9. After each meeting the Chair will approve the minutes of the previous meeting.
10. Decisions will be taken by consensus of those present unless any member of the ODSL or ODSTL Shareholder Group requires a vote, in which case a majority decision will be taken with each Shareholder Group member present having a single vote. In the event of a tied vote the Chair will have a casting vote.

Relationship to the Scrutiny Committee

The Council's Scrutiny Committee retains its scrutiny function in relation to the LATCO Shareholder Groups. The Scrutiny Committee will be able to call the LATCO Shareholder Groups and its advisors to account for the progress and performance of the LATCO Group in accordance with a scrutiny protocol.

Company Directors act in a way that is legally independent from the Council and their actions as company directors are not open to scrutiny in this way.

Appendices

Appendix 1: ODSL Shareholder Consent Matters

Appendix 2: ODSTL Shareholder Consent Matters

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Appendix 2: ODSTL Shareholder Consent Matters

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