

# Agenda

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## Shareholder Meeting

Date: **Thursday 15 November 2018**

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Time: **5.00 pm**

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Place: **Freemens' Room - Oxford Town Hall**

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For any further information please contact the Committee Services Officer:

**John Mitchell, Committee and Member Services Officer**

Telephone: 01865 252402 or 2217

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# Shareholder Meeting

## Membership

### Chair

Councillor Susan Brown

Councillor Mary Clarkson

Councillor Alex Hollingsworth

Councillor Linda Smith

Councillor Louise Upton

Councillor Nigel Chapman

Councillor Tom Hayes

Councillor Mike Rowley

Councillor Ed Turner

Councillor Christine Simm

The quorum for this meeting is three members.

### Copies of this agenda

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# AGENDA

## Pages

**1 Apologies for absence**

**2 Declarations of interest**

**3 Minutes of the previous meeting**

9 - 12

**4 Scrutiny recommendations**

To consider any recommendations of the Companies' Scrutiny Panel (which will be forwarded as a supplement.)

**5 Managing Director's Half Year Performance Report**

13 - 22

To consider the Managing Director's Half Year Performance Report.

**6 Non Executive Directors**

23 - 36

A report (attached) to seek the views of the Shareholder Group SG into the appointment of Non-Executive Directors to the board of Oxford Direct Services Limited (ODSL) and Oxford Direct Services Trading Limited (ODSLT).

In particular the SG's view is sought on the following matters in respect of ODSL and ODSL T.

1. Is the appointment of NEDs to the boards of ODSL and ODSL T supported?
2. If yes, request that the Boards of ODSL and ODSL T report on the number of and skills sought from prospective NEDS.
3. Confirm whether the whole SG, a sub committee or a nominated individual will take part in the recruitment and selection process
4. Advise whether appointment should be delegated to that sub-committee or individual.
5. Request that the boards report on the likely levels of remuneration required to recruit the candidates of the desired calibre.

## **7 Date of next meeting**

The next meeting of the Shareholder is due to be held on 07 March 2019 at 5.00pm.

## **8 Matters Exempt From Publication**

If the Shareholder wishes to exclude the press and the public from the meeting during consideration of any of the items on the exempt from publication part of the agenda, it will be necessary for the Shareholder to pass a resolution in accordance with the provisions of Paragraph 4(2)(b) of the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012 on the grounds that their presence could involve the likely disclosure of exempt information as described in specific paragraphs of Schedule 12A of the Local Government Act 1972.

The Shareholder may maintain the exemption if and so long as, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

## **9 Finance Director's Half Year report**

To consider the Finance Director's half year financial report

## **Councillors declaring interests**

### **General duty**

You must declare any disclosable pecuniary interests when the meeting reaches the item on the agenda headed "Declarations of Interest" or as soon as it becomes apparent to you.

### **What is a disclosable pecuniary interest?**

Disclosable pecuniary interests relate to your\* employment; sponsorship (ie payment for expenses incurred by you in carrying out your duties as a councillor or towards your election expenses); contracts; land in the Council's area; licenses for land in the Council's area; corporate tenancies; and securities. These declarations must be recorded in each councillor's Register of Interests which is publicly available on the Council's website.

### **Declaring an interest**

Where any matter disclosed in your Register of Interests is being considered at a meeting, you must declare that you have an interest. You should also disclose the nature as well as the existence of the interest.

If you have a disclosable pecuniary interest, after having declared it at the meeting you must not participate in discussion or voting on the item and must withdraw from the meeting whilst the matter is discussed.

### **Members' Code of Conduct and public perception**

Even if you do not have a disclosable pecuniary interest in a matter, the Members' Code of Conduct says that a member "must serve only the public interest and must never improperly confer an advantage or disadvantage on any person including yourself" and that "you must not place yourself in situations where your honesty and integrity may be questioned". What this means is that the matter of interests must be viewed within the context of the Code as a whole and regard should continue to be paid to the perception of the public.

\*Disclosable pecuniary interests that must be declared are not only those of the member her or himself but also those member's spouse, civil partner or person they are living with as husband or wife or as if they were civil partners.



## Minutes of a meeting of the SHAREHOLDER MEETING on Thursday 2 August 2018



### Committee members:

Councillor Brown

Councillor Chapman

Councillor Hayes

Councillor Hollingsworth

### Officers:

Tim Sadler, Chair of the Board of Directors

Simon Howick, Managing Director, Trading Companies

Aled Bath, Finance Director

Lindsay Cane, Legal Services Manager / Company Secretary

Nigel Kennedy, Head of Financial Services

Emma Griffiths, Lawyer

Claire Price, Executive Assistant to the MD, Oxford Direct Services

John Mitchell, Committee and Member Services Officer/Clerk to the Board of Directors

## 5. Apologies for absence

Apologies for absence were received from Councillors Clarkson, Rowley, Simm, Smith, Turner and Upton

## 6. Scrutiny recommendations

The Scrutiny Officer spoke briefly to the minutes of the Companies Scrutiny Panel. The Panel had noted the proposals to appoint Aled Bath as a Director to the companies and Mazars as the companies' external auditor. It was pleased to note the companies' positive health and safety culture. Members of the Panel would be meeting ODS colleagues at the Cowley Marsh site to learn more about their recycling work and would subsequently visit a recycling centre.

He drew attention to the Panel's two recommendations to the Shareholder (see below).

Shareholder members were grateful for the thorough work of the Panel but observed that it raised questions about its role in relation to the Shareholder. There was limited value in the Shareholder simply re-visiting what the Panel had done. It was agreed that the Companies Panel should focus on past and current performance, while the Shareholder should focus on the future and matters of strategy – whilst having an eye on past and current performance.

As the new companies and the associated governance arrangements settled down further thought needed to be given to the timing of Companies Scrutiny Panel and Shareholder meetings in order that both bodies can operate effectively. The Chair of the Company agreed to consider further, this consideration to include ensuring that meeting dates fit well with availability of quarterly monitoring data.

The Shareholder resolved to agree the Panel's recommendations that:

- a) Councillor Community Infrastructure Levy projects, where appropriate, should use ODS as the preferred contractor to carry out the work. This should not however affect the Council's duty to secure best value from its contracts; and
- b) The Shareholder Group receives a more comprehensive scorecard of financial indicators as part of subsequent quarterly reports. This should include longer term projections for revenue and capital expenditure, including service level breakdowns with overhead costs, and progress updates on major contracts and projects.

It was noted that, in relation to 1 a), this should be no more than a codification (which could be achieved by a CEB decision) of what was already believed to be the practice.

The Chair of the Shareholder Group recorded her thanks to the Panel for its thorough work and helpful advice.

## **7. Declarations of interest**

None.

## **8. Matters Exempt from Publication**

The Shareholder resolved that, in accordance with the provisions of Regulation 4 (2) (b) of the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012, the press and public be excluded from the meeting for the two following items of business on the grounds that their presence could involve the likely disclosure of exempt information as described in specific paragraphs of Schedule 12A of the Local Government Act 1972.

## **9. Oxford Direct Services - Quarter One - Update Report**

In confidential session

## **10. Presentation to the Board by Simon Howick and Aled Bath**

In confidential session

## **11. Appointment of Aled Bath, Finance Director, to the Boards of ODSL and ODSTL**

The Finance Director left the room for discussion of this item.



The Chair of the Board of Directors explained that Aled Bath had been appointed as Finance Director to the company following an extensive process involving Cllr Rowley as a representative of the Shareholder.

There would be clear advantages for Aled Bath to be appointed, also, as a Director to the Board. Such appointments are reserved to the Shareholder.

The Chair of the Board noted that it was intended to expand the Board still further with the appointment of a non-executive director. This was something being looked at in parallel with the appointment of non-executive directors to the Council's other companies.

The Chair of the Shareholder Group said that steps should be taken to address the lack of diversity on the Board. The Chair of the Board confirmed this was being taken into account.

The Shareholder resolved to:

**Confirm** the appointment of Aled Bath to the Boards of Oxford Direct Services Limited and Oxford Direct Services Trading Limited.

## **12. Appointment of Mazars as External Auditor to Oxford Direct Services**

The Finance Director returned to the room

The Chair of the Board of Director explained that the appointment of an external auditor to the companies was a matter reserved to the Shareholder.

Mazars were being recommended for appointment following an extensive process. Mazars had also been appointed as auditors to the housing company.

It was suggested that when auditors need to be reappointed there would be merit in doing so at one Shareholder meeting on behalf of all Council companies

The Shareholder resolved to:

**Confirm** the appointment Mazars as External Auditors to Oxford Direct Services Limited and Oxford Direct Services Trading Limited.

**The meeting started at 5.00 pm and ended at 6.50 pm**

**Chair:**

**Date: 1 November 2018**

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## ODS Half Year 1 - 2018/19

### Introduction

- 1) ODSL and ODSTL commenced trading on 1<sup>st</sup> April 2018 and this is a report at the half year.

### Executive Summary

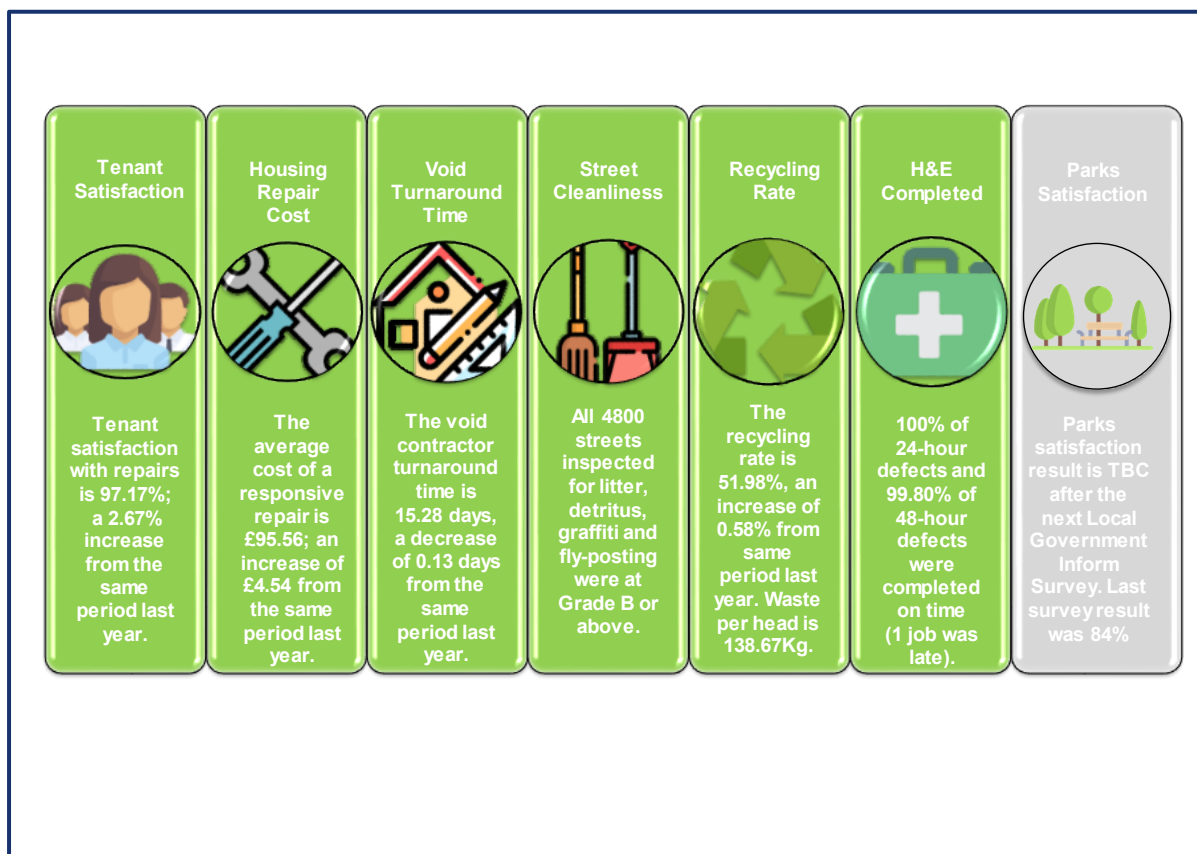
- Service performance remains strong
- We are developing our understanding of customer service, with encouraging results in Building Services and have identified opportunities to improve
- At the half year (FY 2018/19), ODS remains on target to deliver this year's Medium Term Financial Plan expectation of £1.4M profit after tax.
- In addition to this, we are also on target to cover the £0.5M start-up costs in this financial year
- Health & Safety continues to be managed robustly and we are now focusing on ensuring we build a safety culture
- Progress has been made against all year one objectives set out in the Business Plan
- Whilst managing the business, we have determined the basis of a plan for the future which sets out not only how we will deliver the current MTFP growth targets but build on these so that by FY 2022/23. Proposals have been submitted to the Council's budget process and what is agreed will emerge with the Council's draft Medium Term Financial Plan in December.

### Half year update:

#### Service Performance

- 2) ODS monitors many performance indicators, thirty eight of which are target driven. The Council focuses on eight key areas. Tenant satisfaction, housing repairs, voids, streets, parks, waste & recycling, highways and car parking. Appendix 1 shows the current performance across measured KPIs. The Client KPI headlines are shown in table 1 overleaf.
- 3) ODS meet with OCC partners to review the service on a monthly basis. During this meeting we review KPIs, finance and identify any areas requiring particular focus (these include city centre cleaning, establishing a construction pipeline, budget process, etc.).
- 4) We have taken a different approach regarding measuring tenant satisfaction (see Customer Service below) and also are looking at different ways to measure satisfaction with street cleanliness. It may be possible to illicit more quantitative and qualitative feedback about street cleansing from OxClean or the Citizen's Panel and we are progressing these avenues.

**Table 1**



**Customer Service**

- 5) The ODS Business Plan states that the company achieving its’ purpose will be evidenced by ‘maximising the value we return to the Shareholder’ and ‘delivering best in class services’. Central to this is maintaining and improving our customer service.
- 6) We are trying to gain a far better understanding of customer perspectives on all ODS work by finding the best ways to engage with them and draw out views which can inform future service delivery. Performance against all ODS KPIs looks good on the surface, but we are looking to increase the richness of our data.
- 7) Due to the poor level of feedback being provided for housing repairs work, resources have been focused on this area in order to try and obtain robust evidence on the quality of service and at the same time identify opportunities to improve service delivery.
- 8) As such in the last month we’ve made almost 900 phone calls to tenants (59% response rate) and 300 texts (10% response rate) regarding inspections, kitchen and bathrooms, responsive repairs, gas, electrics and night time call out.
- 9) Results were very positive:

Overall satisfaction	97% happy / very happy
Appointment kept	97%

Cleaned up afterwards	100%
Helpfulness of staff	99% happy / very happy
Quality of work	97% happy / very happy

10) Phoning out is a great way of getting qualitative feedback via 'additional comments' - as these sometimes showed contradictions in the overall rating (e.g. "very happy but it did take a while for the job to get done"). Reports are being sent to the business on a weekly basis to ensure that we act on feedback with the Director of Construction & Building Services tasked with ensuring we make changes where required. The key themes are:

- Jobs taking too long
- Customer not being kept informed
- Not being fixed at first visit
- Lack of communication across the board
- High level of customers unhappy with surveyor inspection service (1/3rd). This is happening for a variety of reasons (e.g. service scope not matching expectation of customers, dissatisfaction with the 'survey then fix' approach requiring 2 appointments not one).

11) The Building Services Transformation Programme will also tackle service improvement. There are high levels of engagement from staff in this programme and great expectation of positive change coming from them. We have commenced the 'as is / to be' process mapping work, with the staff.

### **Financial Performance**

12) As at 30<sup>th</sup> September 2018, we are on target to deliver the current MTFP requirement in year one of £1.4M and the start-up costs of £0.5M. The Finance Director's report is at appendix 2 and includes financial management reports, summary as follows:

13) Revenue is ahead of target despite on-going programming and delivery difficulties with City Council work driven by a strong capital programme and works for the County Council under the recently awarded S42+ contract.

14) ODS is £0.5M ahead of budgeted profit (Earnings before Interest and Tax) for the first half of the year and expects to exceed the full year budget of £1.3M by no less than £0.3m after fully funding unbudgeted items such as the start-up costs (£0.5M), non-domestic rates increases (£0.1M) and depot repairs (£0.1m).

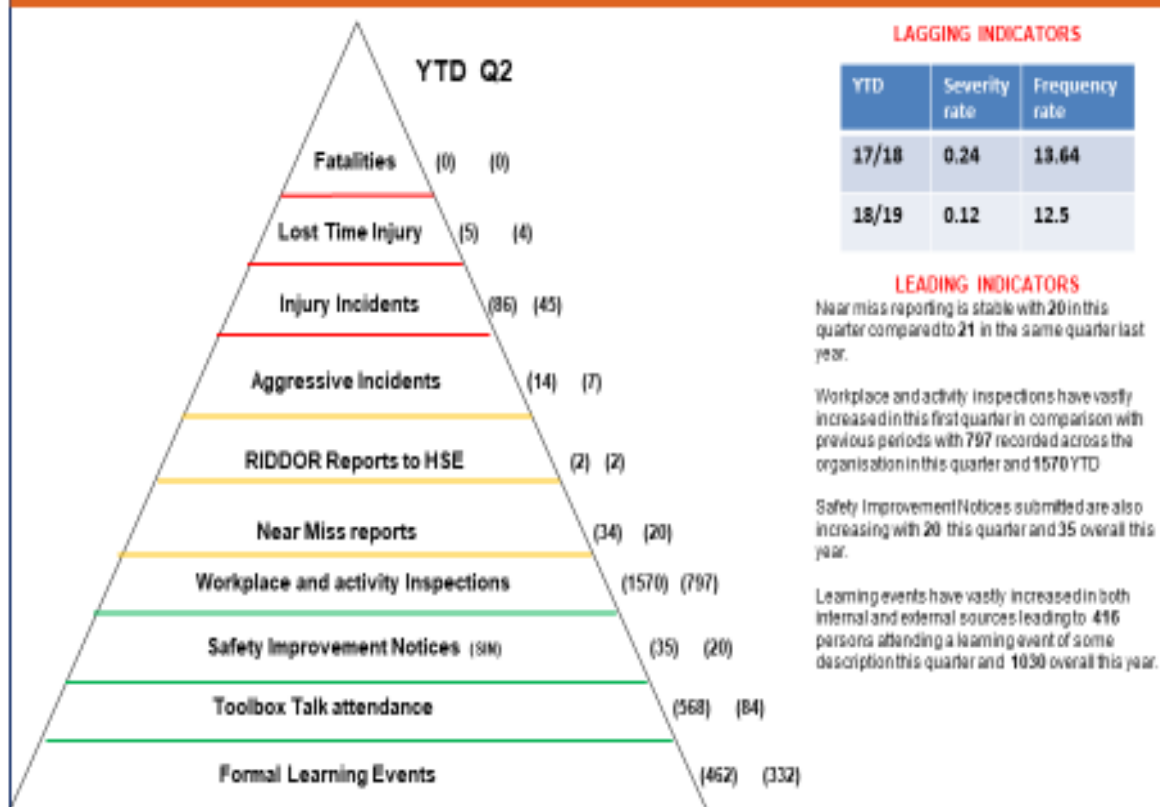
15) Debtors over 90 days are being reviewed due to some teething problems with the end-to-end operation of the ICT systems and billing and collections processes since the split from the Council. The supporting SLA process will also be reviewed.

### **Health & Safety**

16) ODS continues to improve on its safety performance against previous years with a second quarter below trend from the same position in last year (see table 2 below). The Board receives a quarterly report on Health & Safety looking at leading and lagging indicators, compliance issues and any initiatives programmed in.

# Q2 Health & Safety

2 RIDDORs reported and 82.5 days lost to injury in Q2 (17/18 - 85 days)



- 17) The inaugural ODS Health and Safety Committee met in September and noted the good practice running through ODS. There is a vast array of information, templates, training documents and an excellent professional team providing advice and guidance to colleagues. The Committee agreed that its efforts were best spent on driving improvements in safety culture and safe behaviours. To this end we are launching a Safety Week in November which will include the launch of the HSE "Safety Climate Tool" This tool measures both the safety culture and climate of the workforce through questioning.
- 18) This is vitally important to understand the present H&S culture and climate of the organisation and develop our direction of travel to improve safe behaviours. Safety Culture measures the behavioural aspects (i.e. 'what people do'), and the situational aspects of the company (i.e. 'what the organisation has'). Safety climate interrogates the psychological characteristics of employees (i.e. 'how people feel'), corresponding to the values, attitudes, and perceptions of employees with regard to safety within an organisation. With this data we will be able to identify an action plan towards a 'generative' (continually improving) safety culture where 'we all look out for each other'.

Year 1 Business Plan Objectives – Progress

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Objectives	Core services	Revenue Growth	Efficiency in Building Services	Maximise work from OCC	Build ODS
<b>Culture Evolution – embed Mission, Aims &amp; Values</b>					
<b>Challenges</b>	Balancing commercial / public service work Maintaining and improving customer service Managing the public relations	Need to ensure year 1 company costs + MTFP are covered How to deliver sustainable growth Robust financial & management information	Changing traditional R&M function into modern construction operation	Stakeholders views of ODS capacity / capability Commissioning of works fragmented	Lack of commercial processes / resources / experience Sub-optimal IT systems & infrastructure Finance, HR & ICT leadership lacking Depot portfolio not future proofed & inefficient
<b>Solutions</b>	Implement service / support contracts / SLAs / Client functions Gain a better understanding of customer service	Develop a plan for the future Ensure clear financial targets with regular reviews / adjustments Revise ODS procurement strategy Revise/develop the MI suite to drive better decision making and cascade across business B2B –clear sales / resourcing plan in place	Introduce Building services major change programme	Identify and secure key resources / partnerships with construction industry experience Agree/implement a shared & smoothed building works programme Contribute to revising the works commissioning process Get visibility of all potential works to ODS from concept stage	Fully establish the commercial arm Establish and resource change programme / business support Depot rationalisation project commissioned
<b>Highlights this period</b>	Q2 KPI performance good Q2 Companies panel report in progress Q2 Shareholder report will be Business Plan refresh but need to play this into Companies Panel Work on going to get a better understanding of customer view Council budget process	Q2 – on target to deliver MTFP & set up costs Business Plan refresh well underway Delays in ODS procurement policies MI – work in progress, dashboard to be finalised	Building services now in implementation, ‘as is / to be’ process review underway, comms/engagement plan in operation	Expanding construction resources from private sector Working with Programme Office on commissioning process £4m construction pipeline identified / in delivery for 18/19	Business Development Director appointed. Weekly pipeline report in place. New bids / tender process in place. Updated market analysis for each service line under development and will form part of new business plan

## Appendix 1 – ODS Mid-year performance data

### Building Services

Indicator	Target	Result	
Decent Home Kitchens installed YTD	122 Kitchens	111 Kitchens	☹️
Number of bathrooms installed YTD	145 Bathrooms	147 Bathrooms	😊
Void contractor turnaround time YTD	17 Days	15.28 days	😊
Percentage of Gas Services in date YTD	99.00%	99.36%	😊
Percentage of Emergency Gas Repairs completed on time YTD	99.50%	100%	😊
Percentage of Urgent Gas Repairs completed on time YTD	99.00%	99.62%	😊
Percentage of Routine Gas Repairs completed on time YTD	98.30%	98.69%	😊
Tenant Satisfaction with Repairs Service YTD	95.00%	97.17%	😊
Percentage of Emergency Responsive Repairs completed on time YTD	99.60%	99.66%	😊
Percentage of Urgent Responsive Repairs completed on time YTD	99.00%	99.32%	😊
Percentage of Routine Responsive Repairs completed on time YTD	96.50%	96.70%	😐
Percentage of repairs appointments kept YTD	99.00%	99.60%	😊
Number of Electrical rewires YTD	62 Rewires	72 Rewires	😊
Percentage of communal areas passing inspection - Estate officers (September result)	96.00%	97.30%	😊

### Recycling and Waste, Streetscene, Parks and Open Spaces and Highways

Indicator	Target	Result	
Household recycling rate YTD	50.00%	51.98%	😊
Amount of refuse waste per household YTD	211.00Kg	174.30Kg	😊
Percentage of streets with litter levels that fall below Grade B YTD	1.75%	0%	😊
Percentage of streets with detritus levels falling below Grade B YTD	3.00%	0%	😊
Percentage of streets with Graffiti levels falling below Grade B YTD	1.00%	0%	😊
Percentage of streets with fly posting levels falling below Grade B YTD	1.00%	0%	😊
Number of Parks / cemeteries with Green Flag accreditation	5 Parks	6 Parks	😊
Percentage of highways and engineering category 1 works completed on time YTD	Info only	100%	😊
Percentage of highways and engineering category 2 works completed on time YTD	Info only	99.80%	😊
Satisfaction for the highways and engineering last larger assessed scheme (last scheme)	85.00%	93.00%	😊
Satisfaction with line painting and sign shop YTD	85.00%	100%	😊



# Oxford Direct Services

## Part 1 - Business Plan Summary 2018/19 – 2021/22

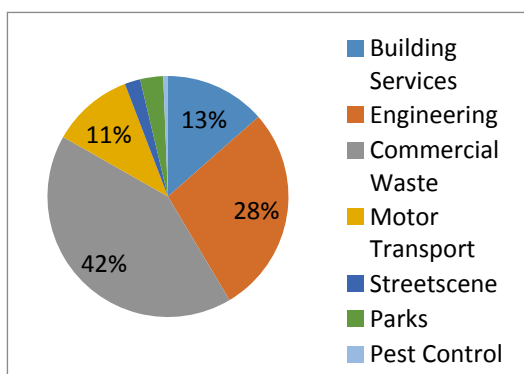
### Where are we now?

#### The Council's biggest in-house asset

- £52m FM company, £4.7m return
- Core services provision
- High quality, value for money
- 700+ employees
- Progressive employment practices
- Significant input to the local economy

#### A successful commercial business

- Privileged 'start up'
- Brand authority
- The market is buoyant
- External trading last 4 years  
63% growth



### The Vision for 2021/22

ODS will be delivering its purpose of 'driving value through delivering efficient, value for money services and generating long term sustainable growth in income through external trading.

#### This will be evidenced by:

- Maximising the value we return to the Shareholder:
- Delivering best in class services
- External business – significant expansion
- Return to Shareholder - additional £500k p.a. with ambition for a further £500k p.a.
- Increased market share with current & new customers in our four main service lines i.e. commercial waste, highways & engineering, building and motor vehicle repairs & maintenance
- Product development offering new services, having developed these opportunities during the life of this plan
- A more streamlined Council in synergy with the ODS endeavour

## How will we get there and how will we know?

- A four year Business Plan, refreshed annually
- Delivering through a combination of growth and efficiency
- More detailed 'Year One' key objectives and drivers
- Sets out capital investment requirement
- Performance measured across a Balanced Scorecard

## Key Objectives – 2018/19

### We will:

1. Plan and deliver the additional net £60k per annum as set out in the Medium Term Financial Plan
2. Drive efficiency in Building Services delivering £100k per annum savings as set out in the Medium Term Financial Plan
3. Maximise the work ODS gets from the Council
4. Develop an organisation which can support our ambition

### 1) Plan & deliver additional revenue growth

- a) Develop a detailed sales plan focusing on the 3 growth areas (but addressing the others commercial service lines as well) and the strategy for growth behind each, factoring in the transitional nature of the first year:

#### Commercial Waste:

- Deliver an additional net £45k per annum
- Key strategy – 'in fill' lifts City Centre & Cowley Road

#### Engineering:

- Deliver an additional net £5k per annum
- Key strategy – commence 'Section 42 plus' contract

#### Motor Transport:

- Deliver an additional £10k net return per annum
- Key strategy – increase ATF lane utilisation to 5 days per week

### 2) Drive efficiency in Building Services

- a) Deliver phase 1 of a whole service review/improvement programme, which in 2018/19 aims to achieve £100k efficiency savings per annum, focusing on:
  - Driving through a root and branch efficiency programme
  - Restructuring the service to best deliver a scheduled and responsive repairs and maintenance service and larger construction projects
  - Developing the estimating, quantity surveying and contracts management capabilities

- b) Determine the business case for a 'design & build' function
- c) Facilitate the delivery of a smooth work programme from the Council

### **3) Maximise the work from and value to Oxford City Council**

- a) Agree a process giving visibility of all potential works to ODS from concept stage onwards and in particular all building work from the Corporate Property Client
- b) Agree and implement a shared Client / Contractor building works programme which smooths out the resourcing requirement and maximises the output and value returned
- c) Identify any areas requiring increased contractor capability and develop a plan to bridge any gaps
- d) Introduce a first class account management approach in delivering services to the Council

### **4) Build an organisation which can support our ambition**

- a) Fully establish the commercial arm:
  - Develop the commercial/ financial strategy
  - Appropriate marketing strategy
  - Detailed sales plan
  - End to end sales process
  - Bid writing
  - Scale up / ensure delivery
  - High quality account management
  
- b) Address strategic & advisory support services delivery including:
  - Information Technology - ensure IT is able to support the commercial demands of ODS e.g. investment & fast delivery
  - Finance – secure and embed the financial leadership for ODS
  - HR – design and embed people management environment to support the company to achieve its ambition
  - ODS support services – ensuring the back office can support the growth by investment in technology and ability to scale up

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## Report to Shareholder Meeting ODS

### The Appointment of Non-Executive Directors

#### **Purpose**

To seek the views of the Shareholder Group SG into the appointment of Non-Executive Directors to the board of Oxford Direct Services Limited (ODSL) and Oxford Direct Services Trading Limited (ODSLT)

#### **Background**

It is considered good practice to include suitably qualified and experienced Non-Executive Directors (NEDs) on the boards of companies.

It now feels appropriate that we seek to appoint NEDs to the boards of ODSL and ODSL. These may be the same individuals or there may be a high degree of overlap between them.

The appendix to this report sets out the rationale for this and an approach that could be applied by Oxford City Council in the appointment of NEDs to the boards of the companies wholly owned by the City Council.

#### **The SG's view is sought on the following matters in respect of ODSL and ODSL in particular.**

1. Is the appointment of NEDs to the boards of ODSL and ODSL supported?
2. If yes, request that the Boards of ODSL and ODSL report on the number of and skills sought from prospective NEDS.
3. Confirm whether the whole SG, a sub committee or a nominated individual will take part in the recruitment and selection process
4. Advise whether appointment should be delegated to that sub-committee or individual.
5. Request that the boards report on the likely levels of remuneration required to recruit the candidates of the desired calibre.

#### **Next steps**

The existing directors and advisors will work up a proposal for the recruitment and selection of NEDs based on the views of the SG.

Tim Sadler

November 2018



## The Role and Selection of Non-Executive Directors on boards of companies wholly owned by Oxford City Council

### Introduction

Oxford City Council in responding to the challenges of major reductions in central government funding has explored a number of means of replacing revenue due to cuts in grants. The Council has also been keen to explore how different business models would enable it to deliver key strategic aims.

Subsequently the Council has formed a number of companies that are wholly owned by the Council.

This paper sets out the Council's view on the need to engage Non Executive Directors in the governance of these companies and the framework for their recruitment and selection.

### Summary

The Council supports the view of the 1992 Cadbury Report (<http://www.ecgi.org/codes/documents/cadbury.pdf>) that good governance of companies is supported by the engagement of non-executive directors who “bring an **independent judgement** to bear on issues of strategy, performance and resources including key appointments and standards of conduct”.

The Memorandum and Articles and Shareholder Agreements for wholly owned companies of the Council will include the possibility of Non-Executive Directors and retain the appointment of directors as matters for the Shareholder.

The relevant Shareholder Committee will consider the composition of boards on a case by case.

Where it is agreed that there should be Non-Executive Directors on a board, recruitment and selection will be carried out by subcommittee of the shareholder group to include representatives of the shareholder supported by a Council nominee director to the company and a senior executive of the company who will act in an advisory capacity to the Shareholder's representatives..

This subcommittee will have delegated to it the authority to appoint the Non-Executive Director.

The Council's preference is that Non-Executive Directors will be recruited without remuneration. However, it is recognised that in some cases to recruit the desired experience and specialist knowledge there may have to be remuneration for NEDs. The question of remuneration will be decided by the Shareholder Group, (may be delegated to the Subcommittee) taking into account a report from the board of the relevant company.

The process for recruitment and selection is summarised below:-

- Board of company considers the need for NEDs, including the skills and experience required, the availability of such skills and the remuneration question.
- Board makes recommendation to the Shareholder Group
- Shareholder Group considers the Board's report and if it agrees, forms and delegates appointment to Subcommittee
- In all cases, there will be a public advertisement at least at a local level. In some cases this may be augmented by Executive Search either by the company or by engaging Executive Search specialists
- The appointments process will be designed to optimise the formation of diverse boards that represent the character of the city of Oxford
- The subcommittee will determine the selection process that, as a minimum, will include an interview.
- The Subcommittee will form a view on appointment. Where there is agreement they will implement any delegation to appoint. If there is not agreement, the matter will be referred to the Shareholder Group.

Non-Executive Directors will be appointed by Letter of Appointment from the Chair of the Board of the company. The initial appointment will be for three years. There will be an annual appraisal of performance of the NEDs by the Chair of the company. NEDs may be invited to apply for re-appointment once. (ie Total appointment shall not exceed 6 years). Re-appointment will be considered at the AGM of the Shareholder and will be at the discretion of the Shareholder

A NED cannot be appointed if they are (and must stand down if they become):

- ◇ bankrupt; or
- ◇ convicted of an offence of dishonesty; or
- ◇ convicted of another offence (which, in the Shareholder's opinion, makes them unsuitable to hold office); or
- ◇ disqualified from acting as a director (under the Company Directors Disqualification Act 1986); or
- ◇ unable to conduct regulated activities on behalf of another organisation because the Financial Services Authority (FSA) withdraws their approval (under the Financial Services and Markets Act 2000 FSMA)); or
- ◇ unable to conduct regulated activities because the FSA makes a prohibition order against them (under FSMA); or
- ◇ (in the Shareholder's opinion) physically or mentally unable to carry out their duties properly.

These matters must be tested during the selection process.

Non Executive Directors will stand down if:

- ◇ without good reason and without the board's permission they fail to attend three board meetings in a row;
- ◇ the Shareholder resolves that they should be removed.



Directors will be expected to comply with the requirements of the Council's Code of Conduct for Non Executive Directors which will be based on the Cabinet Office's Code of Conduct.

**OXFORD CITY COUNCIL**

**CODE OF CONDUCT FOR NON EXECUTIVE MEMBERS  
OF BOARDS OF COMPANIES OWNED BY OXFORD CITY COUNCIL**

**OCTOBER 2018**

**FOREWORD**

The Council expects all holders of public office to work to the highest personal and professional standards. In support of this, all non-executive board members must abide by the principles set out in this Code of Conduct. The Code sets out, clearly and openly, the standards expected from those who serve on the boards of council owned companies and will form part of individual members' terms and conditions of appointment. Any breach of the Code will be viewed as a breach of those terms and conditions of appointment.

Any questions on the Code should be directed to:

Monitoring Officer  
Oxford City Council  
St Aldate's Chambers  
St Aldate's  
Oxford OX1 1DS

Tel: 01865 249811

The code is based on the Cabinet Office Code of Conduct for board members of public bodies.

**CODE OF CONDUCT FOR NON EXECUTIVE MEMBERS  
OF BOARDS OF COMPANIES OWNED BY OXFORD CITY COUNCIL**

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**CODE OF CONDUCT FOR NON EXECUTIVE MEMBERS  
OF BOARDS OF COMPANIES OWNED BY OXFORD CITY COUNCIL**

**1. INTRODUCTION**

- 1.1 As a non-executive director of a publicly owned company, your behaviour and actions must be governed by the principles set out in this Code of Conduct. It is your responsibility to ensure that you are familiar with, and comply with, all the relevant provisions of the Code.

**2. KEY PRINCIPLES OF PUBLIC LIFE**

- 2.1 The key principals upon which this Code of Conduct is based are the Seven Principles of public Life. These are:

**Selflessness**

You should decisions solely in terms of the public interest. You should not do so in order to gain financial or other material benefits for yourself, your family or your friends.

**Integrity**

You should not place yourself under any financial or other obligation to outside individuals or organisations that might, or might be perceived to, influence you in the performance of your official duties.

**Objectivity**

In carrying out public business, including awarding contracts and recommending individuals for rewards and benefits, you should make choices on merit.

**Accountability**

You are accountable for your decisions and actions to the public and must submit yourself to whatever scrutiny is appropriate for your office.

### **Openness**

You should be as open as possible about the decisions and actions that you take. You should give reasons for your decisions and restrict information only when the wider public interest clearly demands.

### **Honesty**

You have a duty to declare any private interests relating to your public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

### **Leadership**

You should promote and support these principles by leadership and example.

- 2.2 These principles should inform your actions and decisions as a board member.

## **3. GENERAL CONDUCT**

### **Use of Public Funds**

- 3.1 You have a duty to ensure the safeguarding of public funds<sup>1</sup> and the proper custody of assets which have been publicly funded.
- 3.2 You must carry out your fiduciary obligations responsibly – that is, take appropriate measures to ensure that the body uses resources efficiently, economically and effectively, avoiding waste and extravagance.

### **Allowances**

- 3.3 You must comply with the rules set by the board regarding remuneration, allowances and expenses. It is your responsibility to ensure compliance with all relevant HM Revenue and Customs' requirements concerning payments, including expenses.

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<sup>1</sup> This should be taken to include all forms of receipts from fees, charges and other sources.

### **Gifts and Hospitality**

- 3.4 You must not accept any gifts or hospitality which might, or might reasonably appear to, compromise your personal judgement or integrity or place you under an improper obligation.
- 3.5 You must never canvass or seek gifts or hospitality.
- 3.6 You must comply with the rules set by the body on the acceptance of gifts and hospitality. You should inform the Managing Director (or equivalent) of any offer or gifts or hospitality and ensure that, where a gift or hospitality is accepted, this is recorded in a public register in line with the rules set by the body.
- 3.7 You are responsible for your decisions on the acceptance of gifts or hospitality and for ensuring that any gifts or hospitality accepted can stand up to public scrutiny and do not bring the public body into disrepute.

### **Use of Official Resources**

- 3.8 You must not misuse official resources<sup>2</sup> for personal gain or for political purposes. Use of such resources must in line with the body's rules on their usage.

### **Use of Official Information**

- 3.9 You must not misuse information gained in the course of your service for personal gain or for political purpose<sup>3</sup>.
- 3.10 You must not disclose any information which is confidential in nature or which is provided in confidence without authority. This duty continues to apply after you have left the board.

### **Political Activity**

- 3.11 In your role, you should be, and be seen to be, politically impartial. You should not occupy a paid party political post or hold a particularly sensitive or high-profile role in a political party. You should abstain from all controversial political activity.
- 3.12 On matters directly related to the work of the company, you should not make political statements or engage in any other political activity.

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<sup>2</sup> This includes facilities, equipment, stationery, telephony and other services.

<sup>3</sup> Board members who misuse information gained by virtue of their position may be liable for breach of confidence under common law or may commit a criminal offence under insider dealing legislation.

- 3.13 In your official capacity, you should be even-handed in all dealings with political parties.
- 3.14 Subject to the above, you may engage in political activity but should, at all times, remain conscious of your responsibilities as a board member and exercise proper discretion. You should inform the Chair before undertaking any significant political activity.

#### **Employment and Appointments**

- 3.15 If you wish to take up new employment or appointments during your term of office, you must inform the Chair.

#### **4. MEMBERS' INTERESTS**

- 4.1 You must ensure that no conflict arises, or could reasonably be perceived to arise, between your duties and your private interests – financial or otherwise.
- 4.2 You must comply with the rules of the Company on handling conflicts of interests. As a minimum, these will require you to declare publicly any private interest which may, or may be perceived to, conflict with your public duties<sup>4</sup>. The rules will also require you to remove yourself from the discussion or determination of matters in which you have a financial interest. In matters in which you have a non-financial interest, you should not participate in the discussion or determination of a matter where the interest might suggest a danger of bias<sup>5</sup>.
- 4.3 It is your responsibility to ensure that you are familiar with the Company's rules on handling conflicts of interests, that you comply with these rules and that our entry in the body's register of interests is accurate and up-to-date.

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<sup>4</sup> In general, all financial interests should be declared. When considering what non-financial interests should be declared, you should ask yourself whether a member of the public, acting reasonably, would consider that the interest in question might influence your words, actions or decision.

<sup>5</sup> These are common law provisions.



**5. RESPONSIBILITIES AS A BOARD MEMBER**

- 5.1 You should play a full and active role in the work of the Company. You should fulfil your duties and responsibilities responsibly and, at all times, act in good faith and in the best interests of the company.
- 5.2 You should deal with the public and their affairs fairly, efficiently, promptly, effectively and sensitively, to the best of your ability. You must not act in a way that unjustifiably favours or discriminates against particular individuals or interests.
- 5.3 You must comply with any statutory or administrative requirements relating to your post, relevant company law and duties of directors.
- 5.4 You should respect the principle of collective decision-making and corporate responsibility. This means that, once the board has made a decision, you should support that decision.
- 5.5 You must not use, or attempt to use, the opportunity of service to promote your personal interests or those of any connected person, firm, business or other organisation.

**6. RESPONSIBILITIES TOWARDS EMPLOYEES**

- 6.1 You will treat any staff employed by the Company with courtesy and respect. It is expected that employees will show you the same consideration in return.
- 6.2 You will not ask or encourage employees to act in any way which would conflict with their own Code of Conduct.

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# Agenda Item 9

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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