

Minutes of a meeting of the COMPANIES SCRUTINY PANEL on Tuesday 16 July 2019

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Committee members:

Councillor Fry (Chair)

Councillor Munkonge

Officers:

Tim Sadler, Chair, Trading Companies' Board
Simon Howick, Managing Director, Trading Companies
Nigel Kennedy, Head of Financial Services
Lindsay Cane, Company Secretary
Richard Connolly, Interim Managing Director, Housing Group
Jane Winfield, Director Housing Group
Alan Wylde, Housing Development & Enabling Manager
Lyn Barker, Finance Business Partner
David Watt, Finance Business Partner
Andrew Brown, Committee and Member Services Manager
John Mitchell, Committee and Member Services Officer

Apologies:

Councillors Simmons and Landell Mills sent apologies.

65. Declarations of interest

None.

66. Trading Companies

The Chair noted the difficulty of providing effective scrutiny in the absence of sufficient time to consider reports and suggested there should be an ambition to make papers available at least two days in advance of the meeting. While some papers had been available sooner it had been decided to wait so as to make them all available at the same time.

He also suggested that it would be helpful to include a brief glossary at the front of future agendas to clarify the titles and roles of the companies being considered.

This was the first time the Panel had had to consider more than one company at one meeting, as the Shareholder would be doing. The Members considered that the logistical solution of doing so via separate supplements for exempt items, as had been done this time, worked well.

67. Trading Companies - Chairman's Statement

The Chair of the Trading Companies' Board, Tim Sadler said the first year had gone well and that ODS had met and exceeded the MTFP expectation. The balance sheet was healthy. Some of ODS's reserves were being used to progress its all important transformation plan, pending the agreed release of Council funds to support the plan. Two Non-Executive Directors had been appointed to the Board, Catherine Pridham and Justine Brown. Their addition to the Board would strengthen ODS's governance. Among other things an Audit & Risk Committee was soon to be established. Interviews for a third Non-Executive Director would be held in August, the Board were looking for expertise in building/construction/business growth.

68. Trading Companies - 2018/19 Statutory Accounts

Tim Sadler said the accounts would soon be available having been signed off by the Directors.

69. Trading Companies - 2019/20 Performance and Finance for Q1

In response to questions Simon Howick said the Motor Transport business was largely, but not exclusively, with public bodies such as the County Council and for commercial HGV testing. Developing expertise in the field of electric vehicle maintenance would prove to be very significant, not least because ODS provided the only local facility for servicing the London Electric Cab and its role in installing EV charging points.

Oxford Direct Services Limited (ODSL), was not, under the 'Teckal' rules, permitted to undertake more than 20% of external (ie non Oxford City Council) work. At the moment the value was comfortably less than 20% so the attribution of work to either ODSL or Oxford Direct Services Trading (ODSTL) was not critical.

In relation to recycling and waste, ODS was estimated to have about 30% of the market share. This was a fickle and competitive market with a lot of churn but one in which there was seen to be potential for growth. The difference in gate fees of over £60 per tonne between the unit costs for processing recycled material and waste was considerable and a great deal of time and energy was devoted to educating householders, some of which was informed by analysis of disposal habits.

The Chair was pleased to see that the KPI in relation to street cleanliness provided a more realistic view than that which had sometimes been given in the past, and its recognition that some work needed to be done. Simon Howick said he was keen that KPIs should be seen as a useful and positive stimulus for improvement. The Chair suggested that footnotes to indicate if targets were based on national criteria would be helpful.

The trial introduction of static cleaners in City centre toilets was going well. The Chair suggested that this was something which was worthy of publicity.

The turnover of staff in the contact centre was not unusual for work of that nature (the staff in the contact centre are Oxford City Council staff, using the same facilities.)

Simon Howick was committed to the aspiration that 10% of ODS's workforce (c.70 staff) should eventually be apprentices of one kind or another. The current figure is around 20. He noted that they would not all, necessarily, be the younger ages commonly associated with apprenticeships. This was, in part, a response to an aging workforce. If, at the end of an apprenticeship, a position within ODS could be offered that would be all to the good, if not there was still great value in having equipped someone with skills to be able to make a contribution elsewhere. The Chair suggested that it might be helpful to re-configure this target to be delivered on a phased basis over a period of time.

Simon Howick reminded the Panel of the new regime for graffiti removal in which the focus was on swift removal. In the case of private property, once permission was granted, the work was undertaken without waiting to pursue a fee for doing so. The Panel commended the company for this approach but suggested that a more robust approach to pursuing costs from corporate owners of other items/buildings, such as utility boxes, where agreement had not already been reached should be considered. The Company Secretary, Lindsay Cane, said that while a legal right to recover costs in these cases could be created, the process was somewhat complex and, in practice, it would often not be cost-effective to do so.

Simon Howick said ODS was looking to drive efficiency in Building Services and maximise the work for ODS from the City Council, notably in relation to building work. New staff with the necessary expertise had been recruited to help with this.

Two staff had been recruited on a temporary (6 month) basis to address the issue of staff sickness.

The Housing Group representatives left the meeting at the end of this item.

70. Trading Companies Progress Report- Appendix 3 (Exempt)

The Panel resolved that the press and public be excluded from the meeting for this item of business on the grounds that their presence would involve the likely disclosure of exempt information.

The Trading Companies' representatives left the meeting at the end of this item.

71. Housing Group - Progressing the strategic future direction of the Council's Group of Housing Companies and the 2018/19 Annual Review

The Housing Group representatives re-joined the meeting at the beginning of this item.

The Managing Director of the Housing Group of companies, Richard Connolly, reminded the Panel of the background to the strategic review of the approach previously adopted by the Council and OCHL with respect to an affordable housing delivery model and subsequent ownership. While the OHCL Investment company had taken centre stage for a number of years, the Development company was now also coming to the fore. The Business Plan was subject to a 6 month review feeding into the 2020/2021 budget setting process. The first scope of the revised plan would be

completed in September. While the plan would cover a 10 year period it would, inevitably, need to be a dynamic document, only ever representing a snapshot at a point in time and subject to regular review to reflect the prevailing housing and associated market conditions. The budget would be detailed for year 1 and necessarily indicative after that.

The company was currently scoping an alternative affordable intermediate tenure offer, based on the concept of an “Oxford Living Rent”, an affordable rent to buy model with grant funding for those unable to access traditional social housing or low cost home ownership. Legal advice was being provided by Trowers and Hamlin solicitors. If possible to progress this model it would be aimed at working households to provide a complementary broader local offer and, given its innovative nature, the Chair suggested it would be worthy of publicity in due course. Alternatively, the “Oxford Living Rent” could form part of a grant-funded Affordable Rent tenure, to secure additional affordable housing.

OCHL was seeking to expand the pipeline of opportunities, bidding at every reasonable opportunity for potential sites, and developing a delivery programme for the next batch of Council owned sites. This expansion to include progression of a formal programme with the NHS and County Council in relation to the provision and release of sites for housing. This element would necessitate a considerable amount of community consultation. Richard Connolly confirmed that the current pipeline of sites and properties was sufficient for the immediate future.

Exploratory meetings with District Councils (West Oxfordshire and Cherwell in the first instance) were planned to scope opportunities for joint working and priorities for Oxford.

The Panel asked about the use of Compulsory Purchase Orders to acquire land and or property. The Company Secretary noted that CPOs were a measure of last resort, would usually need to be preceded by a well formulated development plan and were potentially very costly.

As part of the governance review, the skills audit of the Board was likely to include recognition that OCHL would benefit from the additional expertise which would come with the appointment of Non-Executive Directors.

The Council’s declaration of a climate emergency was giving further emphasis to understanding the implications of net-zero carbon housing. To this end the Housing Development & Enabling Manager, Alan Wylde, was conducting a meta-literature review into current technologies and solutions. Currie & Brown had also been commissioned to assist in this important area of work. Given the additional costs associated with a move towards net-zero carbon, it was already clear that OCHL was likely to face some difficult trade-offs in relation to, for example, the proportion of affordable housing or simply the number of homes built.

The ultimate ambition of building to Passivhaus standards was compromised to some extent by concerns about the availability of mortgages for such properties as well as the lack of supply chains. The Chair suggested that there should be concerted lobbying to the Council of Mortgage Lenders to change these mortgage conditions.

It was agreed that it would be useful to identify a Council forum in which these matters could be aired and agreed that the Citizen’s Assembly would be the best place in the first instance.

An external consultant had been commissioned to explore the practicality and desirability of different Joint Venture models.

Richard Connolly gave a brief overview of the three batches of projects set out in the confidential appendix.

The Panel made some minor suggestions about the accounts. These would have to be incorporated the following year as the accounts before the Panel had been signed off.

The Chair repeated the point made in relation to the discussion about the trading companies that it would be helpful to have a brief note at the beginning of the OCHL section to remind readers of the role of the two companies in the housing group.

72. Minutes of Previous Meeting

The minutes of the meeting held on 28 May were approved as an accurate record.

The meeting started at 5.30 pm and ended at 7.20 pm

Chair

Date: Thursday 17 October 2019