

# **Minutes of a meeting of the Finance and Performance Panel (Panel of the Scrutiny Committee) on Tuesday 27 August 2024**

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## **Committee members present:**

Councillor Fry (Chair)

Councillor Jarvis

Councillor Smowton

Councillor Yeatman

## **Officers present for all or part of the meeting:**

Emma Jackman, Head of Law and Governance

Simon Howick, Managing Director (Oxford Direct Services)

Paul Concannon, Chief Operating Officer (Oxford Direct Services)

Alice Courtney, Scrutiny Officer

## **Also present:**

Councillor Nigel Chapman, Cabinet Member for Citizen Focused Services and Council Companies

Cath Robinson, Non-Executive Director (Oxford Direct Services)

Michael Whitwell, Non-Executive Director (Oxford Direct Services)

Tim Sadler, Non-Executive Director (Oxford Direct Services)

## **Apologies:**

No apologies were received

## **12. Declarations of Interest**

None.

## **13. Chair's Announcements**

None.

## **14. Matters exempt or part exempt from publication and exclusion of the public**

The Panel agreed, in accordance with the provisions of Section 100A(4) of the Local Government Act 1972 to exclude the press and the public from the next two items of business on the grounds that their presence would involve the likely disclosure of exempt information as described in Paragraph 3 of Part 1 of Schedule 12A of the Act.

## **a) ODS Group Performance Report**

Simon Howick, Managing Director (ODS) introduced the report, which provided an end of year summary for the trading period 2023/24, including the expected timeframes for any declaration of dividend and an outline of progress on growing the commercial business (ODSTL).

In response to questions, the Panel was advised that:

- The reality of running a commercial business required a degree of certainty in order to make budget assumptions, which did not necessarily always align smoothly with the Council's processes to meet the requirement to get best value for its work programmes.
- ODS was experiencing some challenges in relation to gaining certainty from the Council in relation to allocation of full-year budgets and work programmes.
- The Council was in the process of moving towards a more proactive, planned approach to its various work programmes involving ODS, rather than the more reactive approach which was currently employed. However, this would take some time and would impact ODS business modelling during the transition period.
- A meeting was due to take place in September 2024 between Council and ODS representatives to discuss any required changes to the approach to green space management, including grass cutting.
- The Medium Term Financial Plan (MTFP) included savings targets related to the services provided by ODS; these targets were required to be achieved in order for the MTFP to be balanced. A strategic review of services provided by ODS was currently underway and its conclusions would be reported in due course.
- Council work programme slippage was usually as a result of factors outside of the Council's control.
- There was work ongoing through the strategic review of services provided by ODS and the ODS Clienting & Commissioning Review which would seek to address some of the issues set out in the report.
- As a 'Teckal' company, a minimum of 80% of ODS' work was required to be undertaken for the Council; ODS could only undertake a maximum of 20% non-Council work. ODSTL was a commercial company (i.e. not a 'Teckal' company) and so different rules applied.
- The Managing Director (ODS) would provide written responses to the questions which the Chair had sent in advance; these would be shared with the Panel for information.

The Panel agreed to recommend that:

1. The Council improves forecasting of its quarterly financial reports and the evolving Medium Term Financial Plan, to include regular quarterly modelling and risk analysis related to the impact of changed spending profiles of the Council's General Fund and Housing Revenue Account (General Fund and Capital) on the services provided by all wholly-owned Council companies – and their revenues and ability to pay dividends to the Council.
2. The Shareholder and Joint Venture Group requests a fuller update from ODS setting out the key risks relating to ODS' solvency and profitability, including best estimate numbers and timescales to enable the full scale of the problem to be understood relative to the savings targets – and shares this update with the Panel once available.

*Simon Howick, Managing Director (ODS) and Paul Concannon, Chief Operating Officer (ODS) left the meeting and did not return.*

**b) ODS Executive Pay and Executive Pay Policy**

Michael Whitwell, Non-Executive Director (ODS) introduced the report, which provided background information relating to the role of the ODS Remuneration Committee (RemCo) and the recent BDO audit into Executive Pay and sought SJVG agreement for an Executive Team pay increase outside of the Executive Pay Policy to reduce the amount awarded from 6% to 3.4%.

In response to questions, the Panel was advised that:

- The recommendations from the BDO report related to broader matters, such as ODS processes and governance, rather than just Executive pay.
- It was anticipated that more detail and supporting rationale for proposed Executive pay increases would be requested by the SJVG going forward, to ensure transparency.
- Decisions taken outside of the approved Executive Pay Policy were reserved to the Shareholder.
- The ODS Executive Pay Policy was under review and would be submitted to SJVG in due course for approval.

The Panel agreed to recommend that:

1. The Council reviews the ODS Shareholder Agreement to ensure it remains fit for purpose, provides indisputable clarity on ODS’ obligations to the Council as Shareholder and affords adequate opportunity for Shareholder oversight and engagement, including in relation to Executive Pay.
2. The Shareholder and Joint Venture Group issues direction to ODS in accordance with the advice of the Monitoring Officer, in addition to requesting that the recommendations of the BDO audit report be actioned.

**15. Dates of future meetings**

The Panel noted the dates and times of future meetings.

**The meeting started at 6.00 pm and ended at 7.12 pm**

**Chair .....**

**Date: Wednesday 4 September 2024**

*When decisions take effect:*

*Cabinet: after the call-in and review period has expired*

*Planning Committees: after the call-in and review period has expired and the formal decision notice is issued*

*All other committees: immediately.*

*Details are in the Council’s Constitution.*