

MINUTES OF THE SCRUTINY SHAREHOLDER PANEL

Monday 6 November 2017

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COUNCILLORS PRESENT: Councillors Fry (Chair), Gant, Henwood & Simmons.

OFFICERS PRESENT: Tim Sadler (Executive Director, Sustainable City), Simon Howick (Managing Director, Oxford Direct Services), Nigel Kennedy (Head of Financial Services), Lindsay Cane (Acting Head of Law & Governance) and Andrew Brown (Scrutiny Officer).

9. APOLOGIES

Councillor Nigel Chapman.

10. DIRECT SERVICES TRADING COMPANY - PROGRESS REPORT

The Managing Director of Oxford Direct Services introduced the report, which was the third report to CEB on the local authority trading companies (LATCO). The Council had taken external advice and the trade unions were on board with the proposals.

In discussion the Panel noted that:

- The delay in the transfer date was due to the need to take additional time to get bank accounts, payroll and other systems in place.
- The timing of local elections a month after the transfer date was not considered to be an issue.
- There would be long term service and support contracts between the Council and the two companies, and the pricing and terms would be reviewed every three years.
- Works above a certain value carried out by the Teckal company for the Council would have to be priced within certain parameters to ensure competitiveness and standard items would be benchmarked.
- New and transferred staff would all be employed by the Teckal company on the same terms. Their labour would be sold to the trading company when work was undertaken for other customers.
- Vehicles and equipment would be transferred to the companies, providing an incentive for these assets to be looked after.
- The Council remained responsible for the fabric of the buildings and has asset management infrastructure in place to service these buildings but interior repairs would be the responsibility of the tenant company.
- Any financial reserves held by the companies could be invested in a similar way to council reserves and balances.

- A quarterly partnership board would monitor the performance of the Teckal company by exception. Service quality issues would be picked up at monthly client meetings.
- The Council would be the LATCOs largest customer for the foreseeable future and the companies would want to ensure that all customers receive the same high quality service.
- Reductions in fuel and utility costs set out in the risk sharing agreement reflected the arrangements in place for other council services and the Council's leisure partner.
- Newer debt risk would be shared 50/50 between the Council and the trading company. If the company did not wish to take enforcement action in line with Council's processes it would take on 100% of the risk.
- The same policies would apply to the Council and the LATCO companies but the company directors would need to take a commercial view where there were cost impacts (e.g. if all staff were to be offered an extra day of leave in recognition of a corporate achievement).

The Panel commented that it would be useful for the time series profit data to include current and recent years. The Panel heard that Direct Services did not current make profits so it would not be a direct comparison but that this information was set out in an interpretation document.

The Panel agreed to see the interpretation document and the business plan for the LATCO companies before it is presented to the Shareholder in December. The Panel said that the meeting should take place before an all-member briefing so the Panel can influence the discussion at the briefing.

The meeting started at 6.00 pm and ended at 7.00 pm