

## **Minutes of a meeting of the COMPANIES SCRUTINY PANEL on Tuesday 13 November 2018**

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### **Committee members:**

Councillor Fry (Chair)

Councillor Landell Mills

Councillor Munkonge

### **Council Officers:**

Nigel Kennedy, Head of Financial Services

Anita Bradley, Head of Law and Governance

Stefan Robinson, Scrutiny Officer

### **Oxford Direct Services:**

Simon Howick, Managing Director, Trading Companies

Tim Sadler, Executive Director Sustainable City

Aled Bath, Finance Director

Lindsay Cane, Company Secretary

### **Also Present:**

Councillor Nigel Chapman, Board Member for Customer Focussed Services.

## **37. Apologies for Absence**

Apologies for absence were received on behalf of Councillors Simmons, Henwood and Corais.

## **38. Declarations of interest**

There were no declarations of interest.

## **39. Minutes of the previous meeting**

The minutes of the previous meeting were approved as a true and accurate record.

## **40. Managing Director's Half Year Performance Report**

Simon Howick, Managing Director of Oxford Direct Services (ODS), explained that the accuracy and usefulness of the street cleaning and graffiti performance indicators had previously been questioned by the Panel, and that these were now under review. Effective health and safety management processes remained a focus for ODS, and performance in this area remained good.

The sample size used for the housing repairs performance indicator had been increased significantly. With over 1000 households contacted for feedback since the start of October 2018. The key themes from those conversations with customers included:

- Jobs were taking too long
- Customers were not being kept informed
- Repairs not being undertaken on the first visit
- A lack of communication across the board
- High levels of customers were unhappy with the surveyor inspection service.

Councillor Chapman, Board Member for Customer Focussed Services, said that it was inefficient for ODS and the Council to both be deploying surveyors. Simon Howick said he would be able to provide an update on this issue at the next meeting of the Companies Panel, together with an update on street cleanliness matters.

The Chair, Councillor Fry, asked for more detail on the 'programming difficulties identified in the report. It was explained that a pipeline of work associated with the Council's wholly owned Housing Company had not yet come forward. Furthermore, there had been delays in the progress of the Seacourt park and ride development. The Chair advocated for greater foresight on capital works planning to account for likely delays in the planning process. It was noted that councillor concerns around capital slippage would be better directed to the Council's Housing Company Shareholder Group.

In response to questions, it was explained that a piece of work had been commissioned concerning rationalising the Company's depot space. The outcome of this work was hoped to be completed by the end of 2018. Wider work was still underway to develop and hone ODS's market offer which would feed into the business plan refresh next year. It was also clarified that where appropriate, quarterly targets were adjusted for seasonality.

Councillor Chapman expressed the view that removing graffiti from private property, and retrospectively charging people for the work, was not an effective way to tackle the issue; an approach that was recently adopted by the Council. He was looking to bring forward a paper in the future proposing a change to this approach.

Councillor Munkonge asked what lessons could be learnt from the collapse of Carillion, noting that 42% of ODS's turnover was attributed to waste disposal. Simon Howick explained that ODS was very different to Carillion, principally because it was wholly owned by the Council. He assured the Panel that any risks were spread and taken account of, and that suitably qualified people were involved in the Company's management. Tim Sadler, Chair of the Board, said that Carillion took on too much risk and work, with their profit margins being very thin. This was not the approach that would be taken by ODS.

## **41. Non-Executive Directors**

Tim Sadler explained that now was the appropriate time to seek independent expert non-executive directors for ODS. Whilst it was hoped that candidates would be

appointed on a voluntary basis, this was unlikely given the skills required, and they would therefore need to be remunerated. In response to questions, he said that either 2 or 3 non-executive directors seemed appropriate, and that they would be looking for specific skills from the directors.

The Panel noted its support for the decision to involve non-executive directors. Anita Bradley, Head of Law and Governance, said that further consideration needed to be given to the sequencing of governance decisions associated with any appointments.

## **42. Reports Containing Confidential or Exempt Information**

The Panel noted that the Finance Directors Half Year Report was exempt from publication under the terms of Paragraph 3, Part 1 of Schedule 12A of the Local Government Act 1972. Accordingly, the Panel passed a resolution to move into private session.

## **43. Finance Director's Half Year Report**

For the purposes of providing a public minute, a summary of the discussion had in private session is provided here.

Aled Bath, Finance Director, explained that work was underway to strengthen the financial accounting processes within ODS, and a summary dashboard of financial indicators had been provided to the Panel, as previously recommended by the Panel to the Shareholder Group.

ODS had been operating for 6 months since April 2018, and the broad financial situation was positive; being on target to meet the Medium Term Financial Plan. The Panel asked whether in future they could receive disaggregated finance data on interest and tax payments, given the significant costs associated with them. It was noted that fixed costs had increased significantly in the second half of the year, and Aled Bath suggested a more balanced approach would be achieved in future years.

In response to questions, it was clarified that there was a strong preference for ODS to source local contractors where necessary.

## **44. Date of next meeting**

The Panel noted that the next meeting of the Companies Panel would be held on 12 December 2018.

**The meeting ended at 7:25pm**

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