ODS Minutes

Simon Howick and Tim Sadler, ODS Company Directors, Lindsay Cane, ODS Company Secretary, and Emily Anrude, ODS Senior Account Manager, joined the meeting at the commencement of this item and presented an update report on the progress of Oxford Direct Services over the previous quarter, including a customer service report on the Street Scene services.

Services to the Council were steady, with little change on the previous year. However, the company sought to grow in order to reduce its dependence on Council work. Business growth plans for its major areas had been developed and the company was learning a lot more about tendering.

The transformation programme was reported to be making process: a new supply chain partner signed up which would allow fast delivery to site, business case for a new depot had been submitted, and 30 electric vehicles had been ordered. The Panel raised questions whether outsourcing supplies to an external company was within aims of the company as an in-sourcer; in response it was suggested that the company, as an independent entity to the Council, was equipped and sought to take the best of what was available from the private and public sectors, and in this instance the savings and reductions in mileage from delivery merited outsourcing. Greater clarification was gained regarding the progress of the depot, namely that decisions were still being made whether to have a one or a two-site depot.

Councillor Nigel Chapman joined the meeting at this point of the meeting. The Panel also discussed the report on customer feedback on the company's street scene services. Noting the relative underperformance of public toilets the Panel discussed the merits of a revitalised City Centre toilet scheme, and the practicability of ODS working alongside such a scheme. It was suggested that the Council's City Centre Manager would be the primary lead.

Regarding the company's profit and loss statement, the company was reported to be confident of having a £1.2m outturn against a required dividend to the Council of £1.558m. Nigel Kennedy, OCC Head of Financial Services, informed the Panel that the dividend had not been declared at present, and it was possible that ODS reserves could be used to bridge the gap. Three reasons were identified for the gap:

1) Revenues being similar to the previous year but at lower margins than been budgeted, partially due to the costs of outsourcing for specialist services whilst the company was developing its own capacity. The Company was reported to be looking at cost savings with great urgency.
2) Costs and overheads – less work from the Council and the Housing Company had come to ODS than anticipated, yet it had resourced itself to meet the expected pipeline of work. Mitigation work had been undertaken to redeploy staff, but at less favourable returns. Looking to the 2020/21, however, revenue was expected to increase as previous slippage was caught up.
3) In seeking to move away from Council-dependency, the nature of the company's cash flows were a lot less predictable, making forecasting more challenging. A major focus of the NEDs had been in relation to ensuring the figures available to the company were useful for future decision-making.

Other possible causes included the significant amount of change the company had undergone, including significant staffing disruption through sickness and turnover. The Panel questioned this further; though the rate should not be compared to office roles at between six and seven days a year due to being outside in all weathers and ODS having greater exposure to serious muscular skeletal injury, the figure of 13 to 14 days per worker was undoubtedly high and above the industry expectation of 10 days. Coronavirus was recognised to be a risk, and plans to focus on priority areas were in place. However, in the event that it became serious there would be a revenue impact for the company.

On a positive note, the Oxfordshire Growth Deal was identified as an area of opportunity, with very positive receptions of the ease of doing business with the ODS for neighbouring local authorities during preliminary discussions on the opportunities afforded by s.101 agreements. Another area of opportunity discussed was in relation to waste disposal and recycling with education and hospitality establishments. Here, it was suggested, competition was driving margins down to levels not viable. However, it was felt that the Company had a non-pecuniary advantage over the competition through being based in the City and being more responsive as a consequence. The Company was also developing ancillary services, such as helping establishments understand and evaluate their data and the carbon impact of their waste and recycling.

Discussion was devoted to Appendix 3, which explained the company’s success in winning contracts. It was pointed out by the Panel that the percentage of contracts won, lost or not bid for if presented by contract value rather then number of contracts were very different from the 56% won, 25% lost and 18% not bid for. The new figures were 20% won, 42% lost and 38% not bid for. Of the value of contracts won, the Council was thought to make up a significant proportion. It was suggested that as a tool for measuring success in growing the business stripping the Council figures out and assessing contract-winning by value may be a better alternative. There was a discussion about some of the tensions between the historic work of the Company for the Council and the opportunities afforded by higher value work elsewhere.

Discussion was also devoted to the relationship between the TECKAL company and the Trading Company of ODS. The volume of revenue meant that little work was being put through the Trading Company – the TECKAL company was not near breaching its ceiling. However, more work next year, particular construction work, would be put through the Trading Company.

The Panel **NOTED** the reports and **AGREED** to make the following recommendations to the Shareholder and Joint Venture Group:

1) **That the Council tasks the City Centre Manager to reinvigorate and republicise its previous scheme for allowing members of the public to use shop toilets in the City Centre and the Shareholder and Joint Venture Group requires ODS to coordinate with these efforts and capitalise on any benefits accordingly.**
2) **That the Shareholder and Joint Venture Group continues with its dashboard reporting, but with the following changes: i) to report on the**

outcome of bids by value rather than number, ii) to disaggregate the figures by ODS service area, and iii) to add another metric to the dashboard reports by presenting the results when Council contracts are excluded.

3) **That the Shareholder and Joint Venture Group seeks ODS to report each quarter on the value of work undertaken by the TECKAL company, and the Trading Company.**

Simon Howick, Tim Sadler and Emily Anrude left the meeting at the end of this item.

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