

CONFIDENTIAL

Private minutes of a meeting of the

Shareholder and Joint Venture Group for Oxford City Council Companies

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on Wednesday 27 March 2024

Circulation restricted to members of the SJVG, their support officers, and named representatives of the company.

Present for all or part of the whole meeting

SJVG members:

Councillor Brown (Chair)

Councillor Turner (Vice-Chair)

Councillor Munkonge

Councillor Chapman

Councillor Linda Smith

Councillor Railton

Officers representing the Council and/or supporting the Shareholder:

None

Company Directors and support staff present for all or part of the meeting (see individual minutes for details):

Lindsay Cane, Company Secretary for Oxford Direct Services, Housing Group and OxWED

Jane Winfield, Director, Housing Group, Barton Oxford LLP, and OXWED

Simon Howick, Managing Director, Oxford Direct Services

Tim Sadler, Director, Oxford Direct Services

Guests present:

Councillor Katherine Miles, Companies Scrutiny Panel

Apologies:

Councillor(s) Upton sent apologies.

No apologies were received

67. Declarations of interest

Open minute

There were no declarations of interest.

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68. Scrutiny comments and/or recommendations

Open minute

Cllr Katherine Miles, Companies Scrutiny Panel, advised the SJVG that a letter had been received from the Friends of Iffley Village relating to land at Meadow Lane, and as OX Place were not represented at this meeting, the letter had been forwarded to the Council's Monitoring Officer.

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69. Oxford City Housing Group, Oxford Direct Services Ltd and Oxford Direct Services Trading Ltd External Auditor Appointment 2023/24 onwards [public]

Open minute

Nigel Kennedy, Head of Financial Services, introduced the report which sought approval to appoint Mazars LLP as external auditor for the 2023/24 financial statements for Oxford City Housing Group, Oxford Direct Services Ltd and Oxford Direct Services Trading Ltd.

Nigel Kennedy highlighted that it was beneficial to secure the same external auditor for both the Council companies, due to both the complex inter-company relationship that were best dealt with on a consistent basis by one auditor and to enable Council officers to have one point of contact and one process through which to manage the audit.

He advised that the procurement was undertaken through a Crown Commercial Services framework, and there were 10 expressions of interest forms on the framework, however ultimately only one firm submitted a tender which was from the existing auditor for the companies.

Cllr Ed Turner arrived at the meeting.

The Shareholder and Joint Venture Group **resolved** to:

1. Approve the appointment of Mazars LLP as external auditor for the 2023/24 financial statements and the following three years, with the final year being subject to satisfactory performance.

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70. Barton Oxford LLP [public]

Open minute

The following Barton LLP representatives were present for this item:

- Jane Winfield, Director

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a) Quarterly Progress Report relating to Barton Oxford LLP

Open minute

The Shareholder and Joint Venture Group considered a report which provided an update into the activities of Barton Oxford LLP (BOLLP) over the last quarter. Jane Winfield, Director introduced the report and highlighted that since publication of the report, the Competition and Markets Authority had 'called in' the Barratt and Redrow merger, however, there have been no signs that this would not be concluded. She also advised that following the meeting with the BICEP in February, 20mph signs would be erected following completion of the development.

In response to a query raised regarding engagement with Community Employment Plans, Jane Winfield advised that links had been formulated with the Council's Economic Development Team to ensure this remained a focus of the BOLLP. It was noted that contracts had been awarded partly on the company's commitment to social value, and therefore it was imperative that these were followed up to ensure they align with the Council's values.

The Shareholder and Joint Venture Group **resolved** to:

1. Note the contents of the report.

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71. SJVG Confidentiality and private session

Open minute

The Shareholder and Joint Venture Group passed a resolution in accordance with the provisions of Paragraph 4(2)(b) of the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012 to exclude the press and members of the public on the grounds that Oxford City Council, Town Hall, St Aldate's, Oxford

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OX1 1BX, their presence could involve the likely disclosure of exempt information as described in specific paragraphs of Schedule 12A of the Local Government Act 1972.

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72. Commentary on ODS Performance Report to Shareholder and Joint Venture Group [private]

Open minute

The Shareholder and Joint Venture Group (SJVG) received a report from the Head of Financial Services which provided the Shareholder with information on:

- 2023-24 Financial performance for the 10 months ending 31-01-2024
- The ODSL and ODSTL Business Plan 2024-25 to 2027-28

The SJVG discussed the report in private session.

The SJVG noted the contents of the report.

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The Head of Financial Services had submitted his report as commentary to the ODS Group Performance Report and responded to any questions from the Group and the Companies Scrutiny Panel. He advised Shareholders the report provided updated performance on the following:

- 2023-24 Financial performance for the 10 months ending 31-01-2024
- The ODSL and ODSTL Business Plan 2024-25 to 2027-28

Nigel Kennedy advised the Shareholders that the recommendation to declare a dividend of £1.4m to OCC for 2023-24 to be payable on or before 31 March 2024 was welcomed, especially in light of the catch-up £4m dividend paid in January 2024. He highlighted that some of the service areas were struggling financially, and year end losses were estimated at £1.2m and drew the Shareholders attention to the returns achieved by Property and Maintenance which had enabled the dividend to be payable at this time. He noted that the Shareholder might wish to focus their attention on the lack of information on how some of these struggling services would achieve the presented budgeted figures in the business plans attached.

In response to queries raised by the Shareholders, Nigel Kennedy advised that the Council had appointed a project manager to undertake review of the terms of reference for the company, which would form an understanding on the level of efficiencies achievable in line with the Council's planned savings detailed in the MTFP. He further advised Shareholders that following discussions with the Finance Director of ODS, investment had been forecast into the business plan, which resulted in the dividend paid to the Council being less than originally budgeted for. It was noted that some of the planned investments would be considerable, and he thought it prudent for these plans to be reviewed by the Shareholder.

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Following discussions regarding the depot, Jane Winfield, Head of Corporate Property, advised that only a part of the depot was being considered for sub-letting and discussions were taking place with an external education provider. Tom Hook, Executive Director (Resources) advised that ODS were planning a member information session to further explore these opportunities.

Cllr Katherine Miles, on behalf of the Companies Scrutiny Panel expressed her concerns regarding the reduction of declared dividend and how that could impact on services deliverable by the Council. Nigel Kennedy advised that previous year's dividends had been paid, and although the loss was not welcomed, there would be no adverse effect on Council services.

Following discussions regarding salary benefits offered to ODS staff that could make them more competitive in the market, Emma Jackman, Monitoring Officer advised that there were restrictions regarding differing salary benefits to ODS staff and Council staff and it was recognised that any changes to this would be a reserved matter for the Shareholder to consider.

73. Oxford Direct Services Limited

Open minute

The following representatives of the ODS Group were present for this part of the meeting:

Tim Sadler, Chair of ODSL/ODSTL, Non-Executive Director

Catherine Pridham, Non-Executive Director

Tom Hook, Non-Executive Director

Simon Howick, Managing Director, ODS Group

James Gutteridge, Finance Consultant, ODS Group

Dave Curtis, Chief Commercial Officer, ODS Group

Lindsay Cane, Company Secretary, ODS Group

Anne-Marie Scott, Executive Director of People and Corporate Services, ODS Group

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a) ODS Group Performance Report [private]

Open minute

The Shareholder and Joint Venture Group received a report which provided a summary of the 2023/24 trading year to date, proposed a dividend for the trading period 2022/23, presented two new business plans for ODSL and ODSTL for approval which were underpinned by the 2024/25 ODS budgets.

The SJVG discussed the report in private session and members of the Companies Scrutiny Panel contributed questions and comments.

The Shareholder and Joint Venture Group **resolved** to:

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1. To note confirmation of the forecast full year trading position for both companies (as at period 10) with a group net profit after tax working assumption of £2.7m.
2. To declare a dividend of £1.4m for the financial year 2022/23 from ODSL.
3. To note a summary of the ODS Group budgets for 2024/25 (which support the new business plans).
4. To approve, the refreshed ODSL Business Plan (as attached at Appendix 1).
5. To approve the refreshed ODSTL Business Plan (as attached at Appendix 2).

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Tim Sadler, Non-Executive Director and Chair of the ODSL/ODSTL Board introduced the reports as highlighted, and advised that ODS had delivered a strong performance despite changes to the Council's areas of spend, which had impacted on area by area performance. He advised that the company proposed a dividend of £1.4m, which when added to the £4m dividend previously paid, would only be slightly short of the target dividend declared in the Council's MTFP.

James Gutteridge, Financial Consultant, updated the SJVG on the Period 10 position, and advised on the outlook for the full year. It was proposed the company would achieve the budget position, despite some headwinds which were being worked through in Period 11.

Catherine Pridham, Non-Executive Director, and Chair of the ODS Audit Committee provided greater detail regarding the loss of revenue in the Highways and Engineering service, highlighting that if continued, discussions would need to be held with the SJVG on the level of staffing required in that area. Simon Howick, Managing Director, advised the Shareholder that ODS was very sensitive to revenue changes because of its high cost base, and due to being a Council company, did not wish to enforce contractual obligations, and have therefore accommodated these losses through other service areas.

Regarding the losses experienced in the Pest Control service, James Gutteridge advised that these resulted from inter-company write backs that had not taken place at the year end stage, and therefore have impacted on this financial year. He also provided greater detail on the losses that had resulted in the motor transport service that were due to one-offs written off in the year. He advised that both of these were due to historical issues experienced with the QL system.

Catherine Pridham recommended the undertaking of regular inter-company and Council reconciliations that would negate any of these issues moving forward, and the Shareholders were in agreement with that recommendation. Nigel Kennedy highlighted that this work would be resource intensive, however would liaise with the ODS Finance Team to investigate the best way forward.

Catherine Pridham presented the ODSL budget and business plans provided within the documentation and highlighted the increase in direct overheads that were due in part to staff costs, and recommended that a bottom up review of overheads in both companies should take place.

In regard to the company's ambitions in response to the MTFP's challenge of delivering efficiencies in the company, Tim Sadler advised that whilst there were areas of

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opportunities for cost savings within the company, the main area for efficiency was in improving the strategic and technical planning of how work was commissioned for the group. He highlighted that there were service choices due to high delivery standards, which were at a cost to the company where small efficiencies could also be made.

In response to questions raised regarding promoting the company's social value characteristics within the community, and most importantly with the City's anchor institutions, Tim Sadler advised that whilst this remained an important aspect of the company, lack of resource had hindered taking full advantage of these opportunities. However, regular contact with key potential clients was taking place and remained high on the company's agenda.

In response to a specific question regarding the Council housing decarbonising fund contract, Simon Howick advised that he would email the exact level of sub-contractors versus in house staff required to carry out the works. **(SH ACTION)**

Following a question from the Companies Scrutiny Panel, Simon Howick advised he would provide further information on the energy efficiency opportunities being explored at the Cowley Road depot. **(SH ACTION)**

Tim Sadler introduced the ODSTL business plan and highlighted that this was a refined document to the one presented previously. He added that the plan focused on the core services that delivered growth and had addressed the challenge of optimism bias. Dave Curtis, Chief Commercial Officer provided greater detail on the level of win rates for new bids that would add to the 60% of secured revenue for the next year, and the new initiatives being offered in commercial waste.

Cllr Ed Turner left the meeting and did not return.

In response to questions regarding growth of the commercial waste business, Dave Curtis advised that better management of the existing business would create a large percentage of that growth. Simon Howick also advised that built in growth would come from the existing supply chains currently operating, and therefore did not require large impact into direct overheads to achieve future revenue.

Regarding queries on the implementation of GULe, Simon Howick updated the Shareholder on the number of trials taking place around the country, and advised that future growth in this area would be dependent on the Highways Authority agreeing installation. Tim Sadler advised that the company had been trying to receive an endorsement from ADLEP which would enable a precedent to be set utilising the company's product.

In response to a challenge from the Companies Scrutiny Panel on ensuring that Vision Zero was communicated within everyday working practices, Simon Howick agreed that more work could be undertaken on this, and would seek to explore where opportunities for this had not been taken up.

74. Minutes of the previous meeting [part private]

Open minute

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The Shareholder and Joint Venture Group received the open and private minutes of the meeting held on 7 December 2023 and approved these as a true and accurate record.

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Chair

Date: Wednesday 24 April 2024

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