



doing good

Annual Report 20/21

Oxford Direct Services Limited
Company Registration No. 10719222 (England and Wales)

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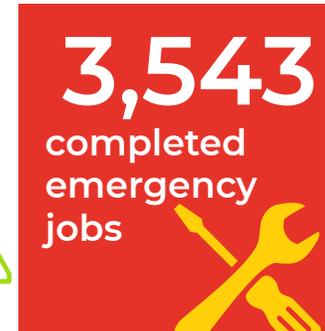
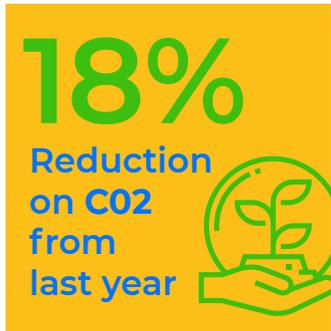
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Oxford Direct Services Trading Limited (ODSTL)

Highlights from the year 2021

1 April 2020 to 31 March 2021



Waste and Recycling Team

Waste and Recycling Team

Responsive Repairs Team

Waste and Recycling Team



Waste and Recycling Team

Responsive Repairs Team

Responsive Repairs Team

Gas Team

Highways & Engineering Team



Highways & Engineering Team

Parks and Open Spaces Team

Section 1

Introduction

Introduction

This report tells the story of 2020/21.

A year on since the first national Covid19 lockdown and we can look back on some of the most challenging times the UK has faced in generations, together with many moments of inspiration and pride. ODS has played a significant role in the fight against Covid19, delivering vital services without which the secondary impact of the virus would surely have been much greater. Imagine the public health risk alone if no rubbish is collected!

20/21 was more than just survival for ODS. Essential public services kept running, we delivered on our commercial business to business contracts, we managed our customers sympathetically in the knowledge that many of them were struggling to stay afloat. Sadly, some of them won't survive.

For ODS we also look to the future. In 20/21 we wrote a new four-year business plan. More ambitious than the last, scaling up to drive greater returns to our shareholder for reinvestment in public services. No private beneficiaries here. ODS are building a better kind of business, where we consider the impact of decisions on employees, customers, suppliers, community and the environment. Where we balance profit with purpose. We call it "**doing good**".

Hopefully we have captured the essence of 2020/21 in this document. For statutory reporting purposes, it provides the Strategic and Directors report for ODS, including the Section 172 Companies Act requirements.



doing good

Chair of Board's statement

I am pleased to present this Annual Report of **Oxford Direct Services Limited (ODSL)**, a company wholly owned by Oxford City Council.

This has been a very challenging year which has tested our resilience and systems. However, it has also brought out the best in our organisation, strengthened partnerships, particularly with Oxford City Council and has proved once again that we are only ever the sum of the people who work for and with us. We are particularly proud that we managed to maintain critical services throughout this difficult year and of the help that we provided to the most vulnerable people in our communities at their time of greatest need.

Performance

We commenced this year in lockdown 1, which like many others we anticipated would be over in a few weeks and then back to business as usual. During that most stringent lockdown period we managed to continue crucial work, support the Locality Hubs and others in need. However, much of business stopped and income was hit significantly. ODS took rapid, proactive steps to offset costs, including appropriately utilising the UK government Job Retention Scheme.

Despite the brief respites, lockdowns 2 and then 3 followed and overall revenue suffered significantly, particularly in respect of property repairs and maintenance. Overall, this amounted to an estimated £4m reduction in income.



Tim Sadler
Chair of Board
ODSL

Hard work to reduce costs, focus on income streams which were deliverable and re-phasing work has meant that the outturn is much better than it might otherwise have been. Whilst we are disappointed in not delivering this year of our original business plan, being able to generate a profit of **£0.6m** is an achievement that shouldn't be underestimated and I wish to convey my thanks to the whole team for their efforts.

The health, safety, welfare and high performing culture that we have continued to grow in recent years served us particularly well in establishing and maintaining a Covid-secure workplace. Whilst it is with sadness that we remember one colleague, shielding and therefore not attending work, who unfortunately succumbed to the virus, overall, the number of cases amongst our workforce has remained low, much lower than the general population of the city.

The year ahead looks to be challenging again with some restrictions in place for most of the first quarter. However, we remain optimistic about 2021/22 not least because we have had a focus on business development during this year with a detailed plan for expansion in the highways and engineering sector.

This more systematic and managed process of growth is I believe already paying dividends with **£750k of new work being won in the last quarter alone**, amongst some very difficult trading conditions.

£750k
New work won in
the last quarter

In the construction area of the business **two important projects are nearing completion**, albeit subject to delays due to Covid19. These are the park and ride extension at Seacourt which provided invaluable experience in a scheme of this size and the bungalows at Bracegirdle Road, Mortimer Drive and Broad Oak. These low carbon homes were a proving ground for our new build residential credentials in the local housebuilding market and both contracts enabled us to expand our supply chains necessary to be successful in these markets.



The Board has, reflecting the circumstances that we found ourselves in, met far more often than envisaged and has provided clear challenge and direction to the Executive in seeking to balance the books and driving the new business opportunities. I want to thank the Directors for the skill, experience and commitment they have brought to the company. Their contribution during this year has been invaluable. Sadly, one of the independent Non-Executive Directors passed away during the year from an illness un-related to Covid19. She is missed.

Meanwhile, as we matured, we have further developed the governance of the company with an Audit Committee now fully functioning overseeing audit and risk strategy and a remuneration committee. An internal audit report on the governance of the companies was positive, with helpful pointers as to how we might develop matters further. We will be reviewing this with Oxford City Council as it looks at how it governs its relationship with its companies.

So, we look forward to next year with confidence. Confidence that we can weather difficult storms and that with the support of our owners Oxford City Council we can continue to thrive, grow value for our shareholders and continue to do good for the city and people of Oxford.



Tim Sadler, Chair of Board, ODSL



"... So, we look forward to next year with confidence."

Dividend and return

As ODS was expecting to make a loss there was no target dividend for 2020/21.



At the year-end reserves were **£2.289m**. The Covid19 crisis continued throughout 20/21 and the continuing uncertainty persuaded the Board that caution was necessary. The Board will consider the financial position of the company at the end of the first quarter 21/22, taking into account the current and likely future trading conditions, and make a decision about whether to recommend to the shareholder a dividend payment and if so the quantum.

In addition to the payment of the dividend, ODS provides cashable and non-cashable benefits to the Council. Cashable benefits in the form of rebates relating to savings from reduced statutory services caused by Covid19, rent for depots and purchase of services bring the total return to the Council to around £5m per annum.

In terms of non-cashable benefits these are the result of having a partner contractor who is closely aligned with Oxford City Council in terms of economic, environmental and social outcomes for the city. This year I would particularly like to mention the matter at hand – Covid19 and the ODS response to it. To see everyone across the business and other organisations pulling together and mobilising so quickly to help people in real crisis was an inspiration and amongst ODS' finest moments as a critical service provider. The company contributes significant value in other ways with its public service ethos, maintaining strong terms and conditions of employment (ODS pays in excess of the **Oxford Living Wage** as a minimum salary), we invest in developing the workforce maintaining and growing our apprenticeship programme. Many of the workforce live in the local community and we continue to strive to improve the diversity of our employees to better reflect where we work and who we work for.



Annual General Meeting

Our next AGM will take place in the **Autumn of 2021**. Details of the formal business of the meeting will follow. As last year we intend that this will be a wider opportunity to engage with our many stakeholders as well as reporting formally to our shareholder. We look forward to meeting with our shareholders and stakeholders on that occasion.

Strategy and outlook

Since the company was formed in 2017 the overall focus has been on driving value for money in the services delivered to the Council, using efficiency gains to sell services to others and to grow business in areas of excellence, where we have a competitive advantage.

That strategy has driven the growth in revenues and overall profitability.

Considerable scope for efficiency savings remains, through systems improvement linked to the Council's **Aareon QL project** (currently in development), associated improvements in the supply chain and the ambition to move operations to a single depot site in the Oxford area. Not only would such a move enable efficiency savings it would release the potential for capital receipts for the Council.



The strategy for growth will for the time being focus on Commercial Waste, Highways & Engineering, Construction and Repairs & Maintenance, with potential for good returns to be achieved.

In response to the very different circumstances imposed by Covid19, our strategy underpinning the new business plan, which was formed with constructive engagement with both shareholders and our principal client is to:

- Seek to re-establish the business on the previous path during 2021/22.
- Maximise the use of the various Government support mechanisms.
- Drive further and faster with the efficiency savings programmes.



Board and governance

From the company's commencement and throughout the financial year 2020/21 the Chair of the ODSL Board was an employee and Executive Director of the Council, but he then retired from his council position early in the financial year 2021/22.

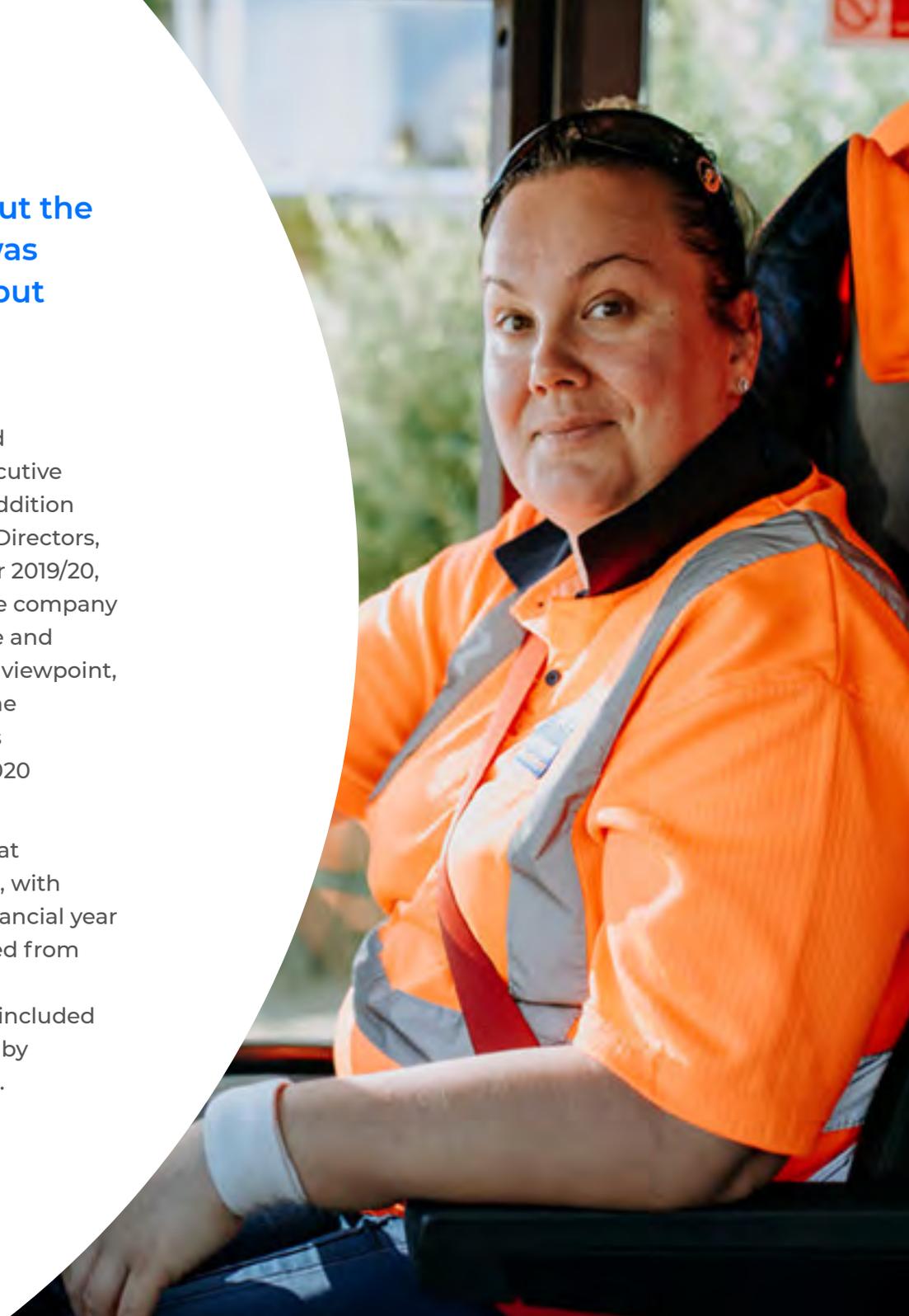
The company will, however, continue to be able to rely on his expertise and experience as he remains in post as Chair of the ODSL Board as a Non-Executive

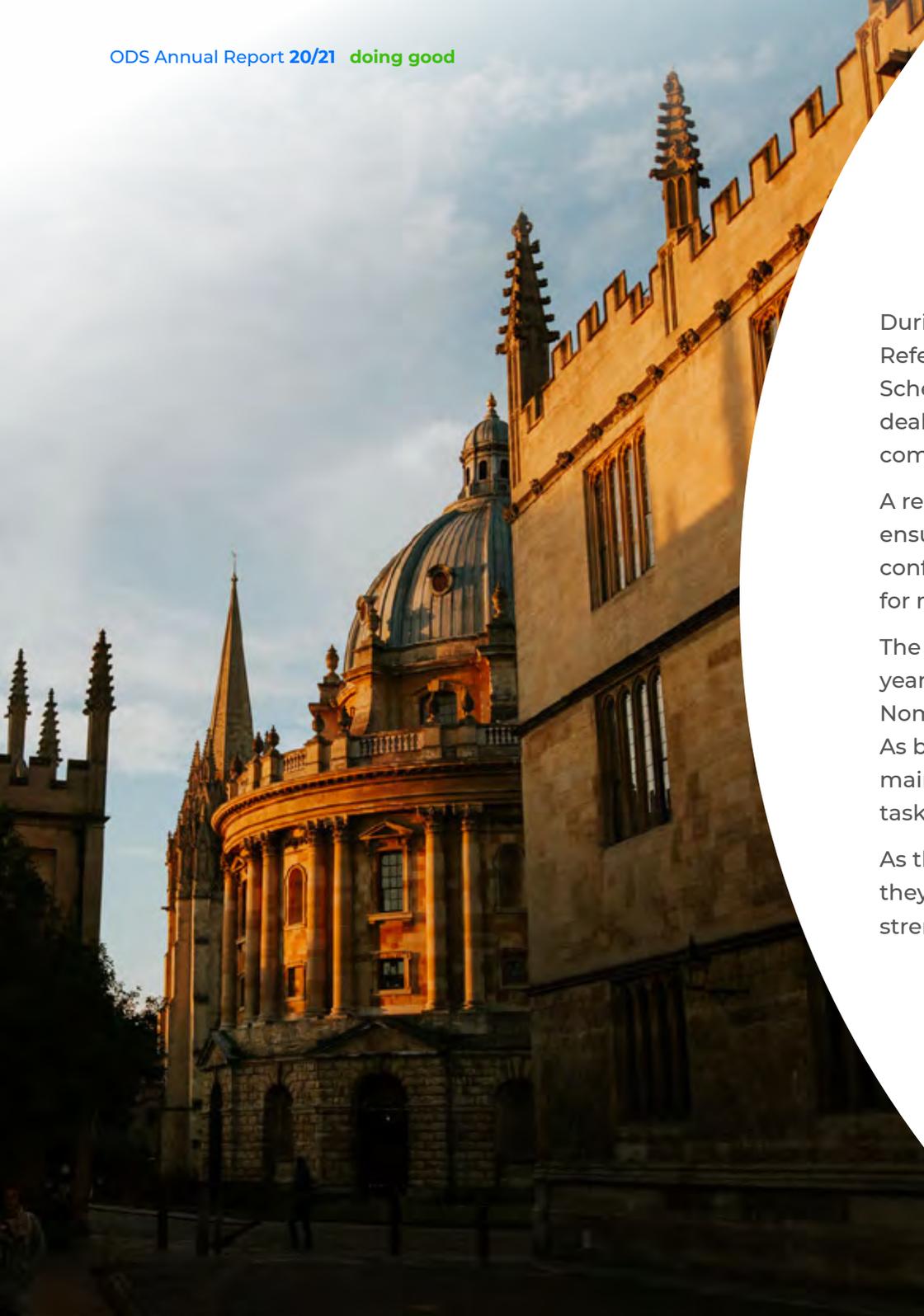


Director. The previous addition of three Non-Executive Directors, during the financial year 2019/20, continued to provide the company with “external” expertise and a valuable independent viewpoint, although sadly one of the Non-Executive Directors passed away over the 2020 Christmas period.

The ODSL Board meets at least four times per year, with

additional meetings being called whenever circumstances require. The financial year 2020/21 has, of course, been subject to the various “lockdowns” that resulted from the Covid19 pandemic, and all Board meetings have been held “virtually”, with Directors participating remotely through an electronic platform. This included the company's AGM, which was held in November 2020 and was attended by a good number of elected members of the Council and other stakeholders. The virtual nature of these meetings has worked well, with Directors and officers quickly adapting to the new situation with little or no detriment to efficiency or governance.





During the course of the year directors agreed revised Terms of Reference for the Board, and a revised Procurement Policy and Scheme of Delegation, all designed to better equip the company to deal with the more commercial environment in which it and its sister company, Oxford Direct Services Trading Limited, operate.

A register of interests of senior ODSL officers was created, to help to ensure transparency in procurement and to assist in avoiding any conflicts of interest, mirroring the register of interests already in place for members of the Board.

The two sub-committees established during the financial year 2019/20, the Audit Committee and the Remuneration and Nominations Committee, continued to operate during 2020/21. As before, both are chaired by Non-Executive Directors, report to the main Board, and are designed to carry out specific and identified tasks, allowing more focused work to be carried out in these areas.

As the experience of the two sub-committees grew over 2020/21, they provided ever greater assistance to the Board and have strengthened the overall governance of the company.

doing good in the community

From street to meadow...



As a **doing good** company, we take pride in creating positive social, environmental, and economic impact: Here's how we have been doing good in the community.

Highways and Engineering transformed Broad Street into a meadow for the summer in as few as four days. They installed wooden seating and planters made from repurposed, local recyclable material, creating a safe and pleasant outdoor place for residents and visitors to relax and enjoy. The team worked very closely with Oxfordshire County Council and Design Team at LDA as well as liaising extensively with nearby colleges to bring this project to completion. To see the visual journey, check the video above.



doing good in the community

100%
gas checks
during
Covid19



Brian Lovatt explains how the team changed the way they worked to keep tenants and themselves safe during out gas safety checks.

The Gas Safety Team has achieved a phenomenal 100% gas checks compliance for the financial year ending in March 2021 despite the challenges of working during Covid19.

Flood prevention



The city of Oxford is prone to flood events and January 2021 was no exception, with heavy rains resulting in five flood warnings. ODS sprang into action to protect vulnerable residents by working with the Environment Agency to install barriers and sandbags; respond to incidents; deploy pumps; and clean up after water levels had fallen.

ODS cleans rooms more than 2,000 times to keep homeless people safe during pandemic



The Estates Team has been working tirelessly along with Streetscene since March 2020 to assist Oxford City Council and St Mungo's in providing a safe place for the homeless community to stay during the pandemic. The team is responsible for weekly cleaning of individual rooms, communal hallway cleaning, repairs and regular sanitising.

Setting up a Covid19 testing site



ODS has been involved in supporting the successful roll-out of the testing site throughout Oxford. These include identifying sites, managing their set up, communicating the plans and assisting people who turned up for a test.

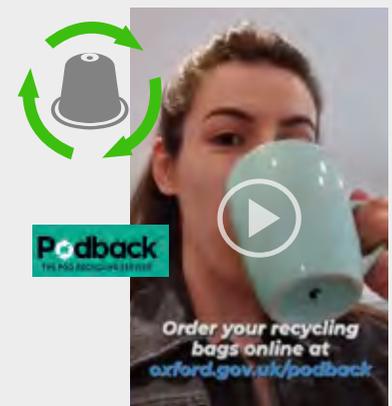
Helping the community



After the community group Oxclean had over 300 litter pickers stolen, Streetscene donated 200 earlier this month to keep the initiative going. Oxclean is responsible for many litter picking events throughout the year.

Recycling Team launches kerbside coffee pod recycling

www.oxford.gov.uk/podback



The Recycling Team has teamed up with Podback, a new coffee pod recycling service, to enable Oxford residents to recycle their coffee pods using their kerbside recycling collection service.

The video created the Marketing Team to show how the service works, broke all records for ODS on social platforms. In 24 hours the video reached almost 23,000 accounts on Instagram and gathered almost 170 likes.

Managing Director's statement

Year three of trading for ODS was like no other prior to or since incorporation in 2017. Like the rest of the UK, we were exposed to the personal, professional and societal tragedies brought about by Covid19. Whilst we hope very much that the vaccination programme and the end of the national lockdown brings about a much-needed return to normality, I look back on a period which has to be held up as amongst our finest.

As a business, and delivered through our two companies (ODSL and ODSTL) we have a twin purpose. Provide high quality, value for money public services, and grow an external revenue stream (returns reinvested back into public services).

I recall March 2020 and like many others back then, we thought Covid19 would be a thing of the past by the autumn. A year later our hugely resilient workforce still sticks diligently to the task, continuing to put others first. Keeping essential public services running. Our robust management of safety and tough covid-secure standards has significantly limited the transmission of the virus in our workforce. I was pleased having shone a spotlight on safety as our top priority, when stress tested our commitment has stood up.

“ ... robust management of safety and tough Covid-secure standards ”

Simon Howick
Managing Director
ODSL



From a financial perspective, we generated a reasonable profit in difficult circumstances at the same time significantly improving cash conversion ending the year with cash reserves of **£2.1m** compared with a £0.7m overdraft position at the end of FY20. Consequently, interest charges on overdraft balances were reduced from £124k in 2020 to £1k in 2021. Inventory levels were managed and maintained at prior year levels (£0.7m) and receivables reduced by £0.6m reflecting improved credit control processes (£6.3m v £6.9m in 2019/20). Employee costs came in at **£27.2m** (£27.2m in 2020) before grant receipts under the Coronavirus Job Retention Scheme (CJRS). Taking into account salary inflation this represents an underlying reduction as a consequence of tight headcount control throughout the year. Focusing on curbing all non-essential spend administrative expenses prior to CJRS grant receipts were limited to £14.0m (2020: £14.8m).

I believe all that is quite an achievement. We predicted we would generate a profit of £230k at the start of the year, assuming one lockdown. Having had two more lockdowns, **to deliver a £613k profit position demonstrates how hard we have worked** to secure other revenue streams and challenge our cost base with rigour.

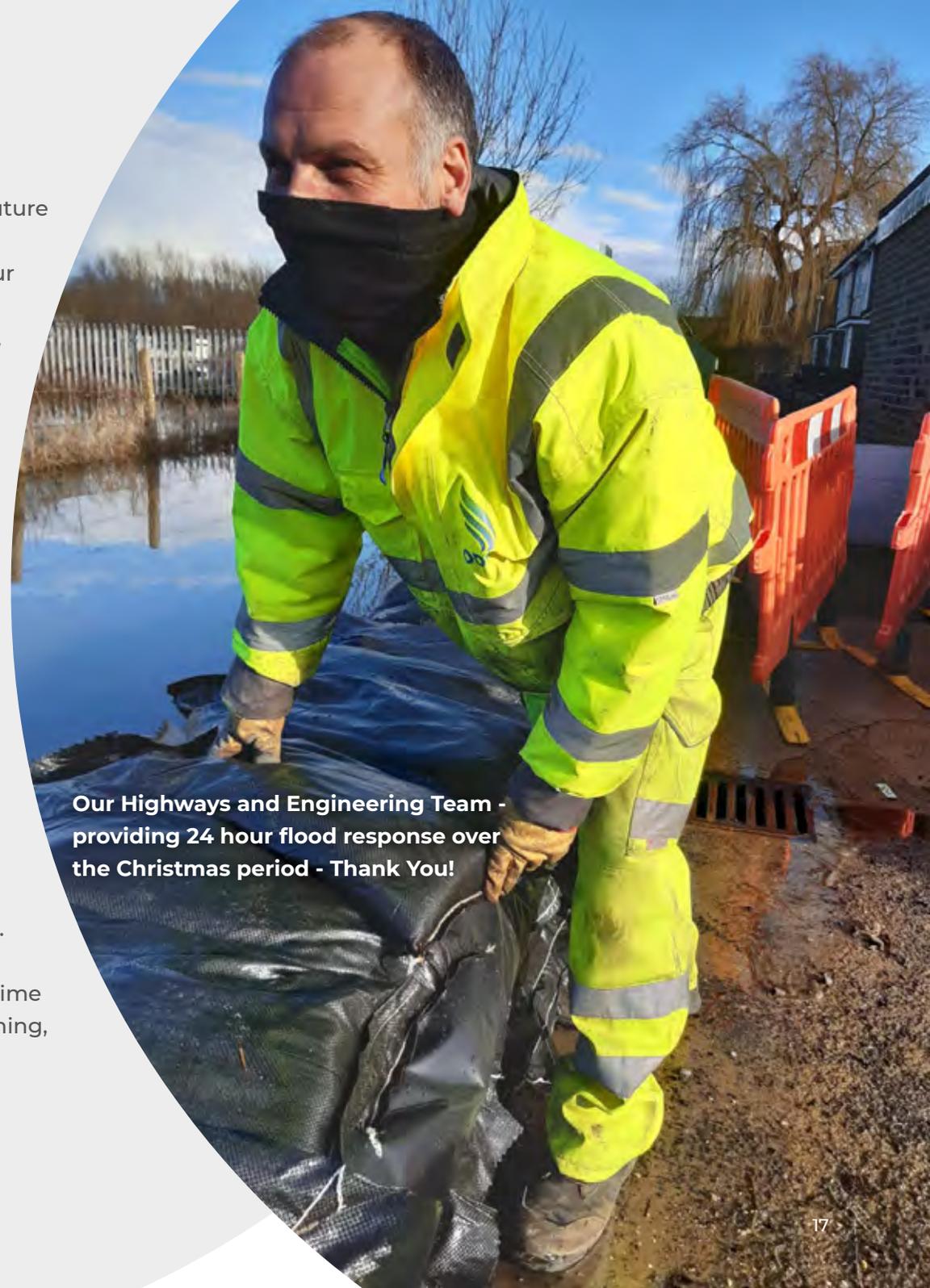


“ To deliver a **£613k profit position demonstrates how hard we have worked... ”**

Looking at revenue growth and our excellent cost management, our future looks bright. We set down in a new business plan a credible ambition which includes driving efficiency hard and gaining a bigger share of our shareholder's capital works programme. We have plans to scale up the business, deliver more for the same or less, using our financial security, skilled personnel, know-how and passion to deliver great outcomes for our customers and return more money back to our shareholder for reinvestment back into public services.

With so much attention on the pandemic, it's easy to forget the headlines beyond the financial outturn. There are many. I'm extremely proud that ODS has continued to deliver all services during Covid19. Our people going above and beyond to ensure we delivered projects on time, exceeded our partners' and stakeholders' expectations and supported our customers when they needed it most. Some of the headlines:

- **Highways and Engineering** capitalised on the lockdown to complete projects ahead of our forecast programme. They spearheaded Oxford's flood response with staff working 24 hours a day over the Christmas and New Year break. Well-deserving of their industry commendation for **highways maintenance innovation**.
- Our **Streets Team** had to react quickly to the Covid19 response and complete change of service focus to high footfall areas and sanitising. Together with Parks colleagues they had to handle the extraordinary footfall and littering in our award-winning green spaces. Our new regime has been dubbed the "Oxford Standard". This means more deep cleaning, hot washing, steam cleaning and sanitising of the main areas of the city centre.



Our Highways and Engineering Team - providing 24 hour flood response over the Christmas period - Thank You!

- The **Estates Team** have worked in incredibly challenging times which have been instrumental in supporting Oxford City Council's homeless strategy.
- The pandemic significantly impacted the **waste industry**. Most waste operators experienced a decline in commercial waste and increase in domestic waste. This has ebbed and flowed over the year and has corresponded with the relaxation and then reintroduction of C19 restrictions. Whilst this has been challenging, both commercial and domestic services have demonstrated their agility and have adjusted their operation to meet the demands of the business. We also took delivery of our **first all-electric refuse collection vehicle**. This on its own will save 27 tons of CO2 each year. We are closing in on our **target of 25% of our fleet of 300 being zero or ultra-low emission vehicles** with almost **60** of these types of vehicles on the fleet.
- **We built a large school extension, delivered a £4m civil engineering project (Seacourt Park and Ride) and during early 2021/22 will be handing over the keys for 8 low carbon, low running cost, accessible bungalows, built by ODS using modern methods of construction.**
- A renaissance gathers pace in our **Building Services Team** which will see a change in operating model for the coming year as we prepare to scale up our property repairs and maintenance service.

First all-electric refuse collection vehicle



60
electric
or ultra-low
carbon
vehicles



- But central to all this are the unsung heroes. Our **Fleet Operation Team**, keeping our vehicles/plant on the road, without which we could not operate. And our colleagues in **ODS Support Services**, advising, guiding, shaping how we do business and keeping it ticking over, undertaking the essential daily tasks which glue businesses together.

For 20/21, together we can look back with pride and face the future with confidence.



Simon Howick
Managing Director
ODSL

Our Fleet Operations Team



Section 2

Strategic Report

Business Review

ODS is wholly owned by Oxford City Council. It was established to return value to our shareholder in two ways:

- through delivering efficient, value for money public services.
- Generating long term sustainable growth in income through external trading.

Our current business plan is now in its third and final year, 2019/20 having been year two. A new plan has been approved in the autumn of 2020 for implementation from the start of the new financial year. Looking at the current plan, it has **four objectives:**

1) **Plan and deliver additional revenue growth**

The advent of Covid19 meant the earnings before interest and tax expectation for this year had to be reset to reflect the adverse conditions which ODS and its client base were expected having to operate in going forward.



**Planning
the future**



Whilst the pandemic had a profound impact on operations and profits in the first half of the financial year, the company's mitigating actions bore fruit and despite a second and third national lockdown returned the business to a profitable position in the latter part of FY20/21.

It is of huge credit to everyone in ODS that despite these extremely difficult trading conditions, identifying and delivering alternative revenue streams and driving incredibly hard on cost control has meant that, overall, the company still generated a profit of **£0.6m**. With this commitment, entrepreneurship and determination, the future bodes well.

2) Drive efficiency in Building Services

Building Services comprises property maintenance and construction:

Property Maintenance – entering into its final months of a major service change, this programme will deliver a new vision where (from the customer perspective) we aim to “Fix my repair, at my convenience, in one visit and stay fixed”.

The team are thinking differently about every aspect of how work is designed and managed, and have adopted ‘systems thinking’ principles for the new service redesign.

Construction – in the first half of 2021/22 we will hand over the keys for eight low carbon, low running cost bungalows built by ODS using modern methods of construction, a re-entry back into house building for some years. We also constructed a **£800k school extension** for a commercial client in Buckinghamshire which caters for children with special educational needs who can be particularly prone to disturbance. As such we needed to undertake the project with appropriate care and attention.

800k
School
Extension





3) Maximise the work ODS gets from its shareholder, Oxford City Council

Permissible under legislation, Oxford City Council can pass work directly to ODS, on the assumption the quality, value for money and subsidy control tests are satisfied.

Despite the impact of Covid19 on its financial situation, Oxford City Council has a work programme for delivery which ODS play a major role in. Large construction projects, new build housing, major building refurbishment, engineering projects – all have featured in recent months, delivered to the satisfaction of the Council as client and the users of the facilities. The future looks bright in terms of the work programme value, with a number of new build residential projects emerging over the next twenty-four months.

4) Develop an organisation which can support our ambition

ODS has continued to evolve in order to deliver the current business plan and to position us well to deliver further growth under a new plan. Investment in leadership and the commercial side of the business has been an essential and planned necessity. We have needed to underpin the structure in order to grow effectively. What we have put in place, with Board, Council and Shareholder support, are the necessary components required to deliver the new business plan. We still face a recovery from Covid19, but we can be optimistic about future growth opportunities given recent successes and plans being put into place.

The future

Under the 2018/19 – 2021/22 plan, we delivered on our objectives, improved the services we provided on behalf of Oxford City Council and in three years returned more than £15m in dividend, fees for support services, commercial rents and interest payments.

Continuing to underpin our business are our values and our passion for **doing good** – a concept we use to describe how we can play a role in building a more inclusive and sustainable economy.

Looking ahead, we want to step up the game. To accelerate and drive business growth hard. We remain fully committed to our priorities and we are determined to do more. Much more, continuing to deliver a professional, innovative, efficient and sustainable business – a **“doing good”** business.

To accelerate and drive business growth hard

Key Performance Indicators >

The Board monitors the progress of ODS by reference to a set of key performance indicators (KPI) as set out in the table opposite.

The company's primary financial KPI are revenue, profit, cash and shareholder returns.

Revenue for the year was **£57.3m** (2020: £61.1m). Revenue was significantly impacted by the prolonged pandemic. Due to Covid19 secure measures agreed with Oxford City Council (OCC) any Building Services works requiring prolonged presence in tenants' properties were stopped during lockdowns. Whilst impossible to fully quantify the financial impact year-on-year a reasonable estimate would put this at some £4m. With statutory services fees continuing to be paid at normal levels other service areas' revenue was less affected than Building Services.

Cash flow management was much improved in 2021 resulting in **£2.1m** cash surplus at the end of the year (2020: £0.7m overdraft).

Whilst customer services scores dropped slightly versus last year the scores are still very strong in challenging circumstances.

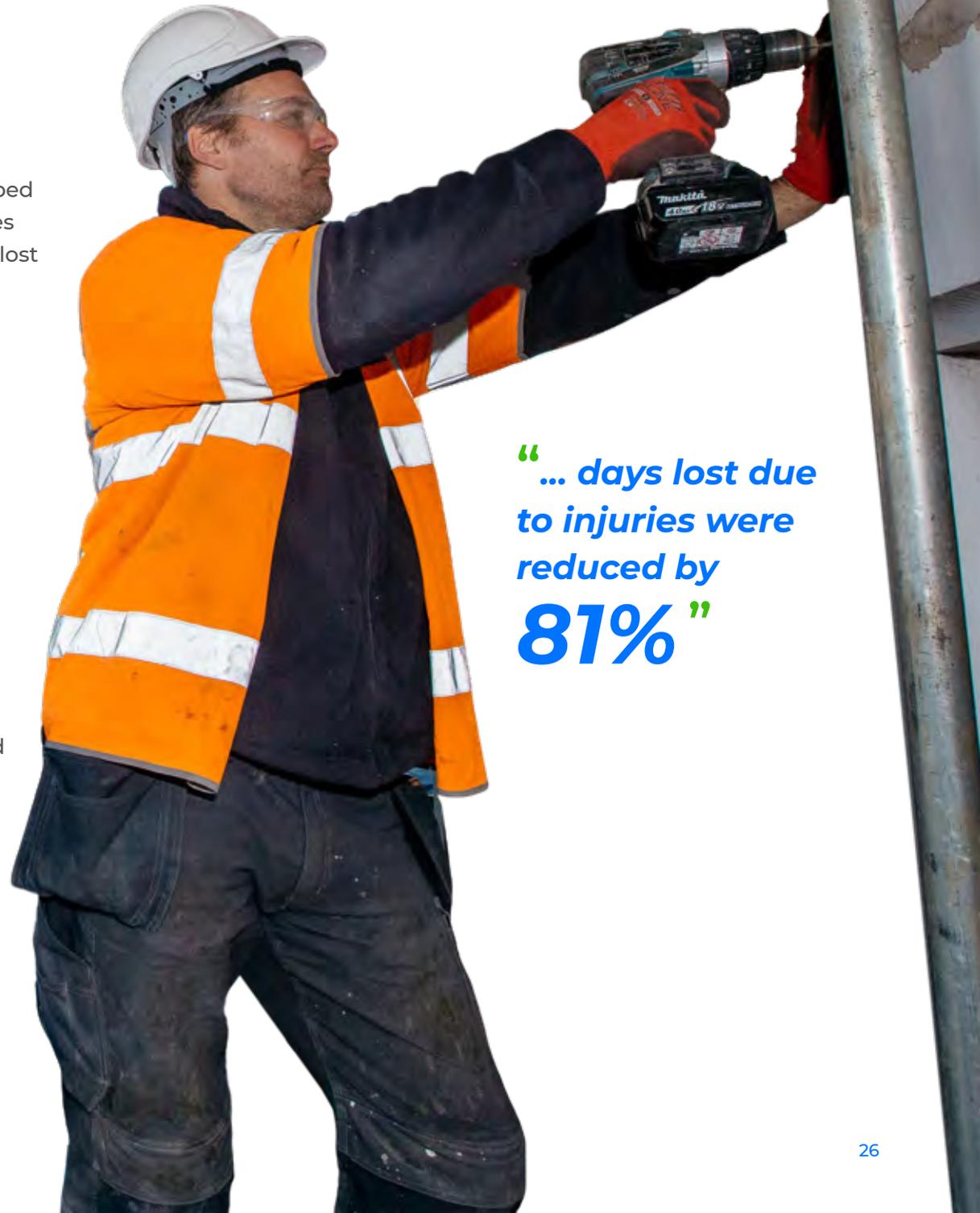
	2020/21	2019/20
Financial	£	£
Revenue	57,315,546	61,064,065
Profit after tax	612,296	1,069,735
Shareholder return	-	-
Cash	2,093,361	(740,412)
Engagement		
Customer satisfaction	4.2/5.0	4.6/5.0
Health and safety		
Safety improvement notices	49	43
Workplace & activity inspection	6,008	4,095
Lost time (days) to injuries	62	331
RIDDOR reports	2	15
Environment		
tCO ² e per £m annual turnover	36.88	37.49
tCO ² e	2,114	2,442
Solar electricity generated v total energy consumption	31.8%	28.2%

From a health and safety perspective we have seen significant improvements in most key measures. Inspections have been ramped up by almost **47%** versus the prior year whilst improvement notices went up only marginally at the same time. Most importantly days lost due to injuries were **reduced by 81%** and RIDDOR reports to just 2 (2020: 15). This is testament to the ongoing management focus in this area.

Our key environmental measures have all improved year on year. Absolute tCO₂e **came down by 13%** and whilst turnover dropped by some 6% during the pandemic tCO₂e per £m turnover was **reduced by 1.6%**. Encouragingly, solar energy generated versus total energy consumed increased by **3.5** percentage points.

ODS' profit before tax was **£0.7m** (2020: £1.0m profit) and profit after tax **£0.6m** (2020: £1.1m profit). The reduction in the year-on-year profit is mainly attributable to the material impact of Covid19 which was partially offset by grant receipts under the Coronavirus Job Retention Scheme.

Although ODS still has retained profits of some **£2.3m** no dividend has been paid or declared to ensure ODS is placed in the best position to weather the ongoing uncertainty caused by Covid19.



*“ ... days lost due to injuries were reduced by **81%** ”*

Section 172 Statement

The Directors have a duty to promote the success of the company under Section 172(1) of the Companies Act 2006, as follows:

(1) A Director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

(a) the likely consequences of any decision in the long term,

(b) the interests of the company's employees,

(c) the need to foster the company's business relationships with suppliers, customers and others,

(d) the impact of the company's operations on the community and the environment,

(e) the desirability of the company maintaining a reputation for high standards of business, and

(f) the need to act fairly as between members of the company.



 **ODS meets these requirements in the following ways:**

Our vision

**Our vision is to make your part of the world
a great place to live, work and visit.**



✔ Our purpose - **doing good**

We are here to build a new kind of business, a better business, a business that's good for everyone. One that creates a more inclusive and sustainable economy that balances purpose and profit; one that considers the impact of decisions on employees, customers, suppliers, community and the environment. Some would call it the triple bottom line. We call it "doing good".

✔ What we do

ODS manages and delivers property maintenance, street cleansing, waste & recycling, cemeteries management, parks & open spaces, highways & engineering works, fleet services and car parks management. We do this on behalf of our shareholder, Oxford City Council. We also sell these services to other businesses, many of whom are returning customers because of the quality we deliver the investment we place in good, long-term relationships.

✔ What we care about

We have a strong set of values, influenced and understood by the workforce and reinforced through policy, process, communication, development and reward. We have worked hard to evolve the values of the company to reflect our 'profit for a purpose' ethos which provides continuity in engagement and commitment from a workforce who were primarily attracted to working for a Local authority.

doing good



Our employees

People are at the heart of our business and we strive to be a responsible employer.

We have high expectations of workforce behaviour, driven by a shared set of values, and this underpins our reputation for high standards in service delivery. Working in partnership with two recognised trade unions, we have high levels of engagement and together we have brought success to ODS and Oxford City Council.



Health and Safety

Safety remains our top priority, especially in the current situation, so it's worthy of specific reference in this document. Our focus has been primarily on the “safe place, safe people” approach and highlighting the aspects of health safety and wellbeing as equally important in our Covid19 secure standards and controls. The communication of Covid controls and the heightened awareness created by pandemic has generated much more focussed and structured activity management and this, in turn, has translated into overall lower levels of incident frequency and severity that cannot be solely attributed to lower staffing numbers and use of the government “furlough” scheme. There are some safety specific lessons that have been learned and habits that have been formed from this crisis that will be adopted moving forward.

Not least of these is the level of active communication around hazard management in activities and the pre task planning and organisation. For instance, the level of communication with the customer pre task to inform on Covid19 controls and status checking raises awareness of how much we value safety and our staff. The heightened awareness by the operative and level of thought and planning when carrying out the task is resulting in safe behaviours, which is in turn controlling both physical and environmental hazards and reducing incident and injury rates.



The most notable improvements in the lagging indicators include:

- Lost time incidents **down by 76%** on the previous year.
- Incidents resulting in injury **down by 36%**.
- Lost time to injury **decreased** from 331 days last year **to 62 days this year**.

We continue to develop communication strategies to inform safe practice and our controls have grown simpler yet more sophisticated as the year has progressed. Covid-secure controls within the workplace have been very effective and to date there have been no Covid19 positive cases traced back to the workplace or work activity. A fact we are immensely proud of and completely attributed to the level of professionalism and control throughout the operational workforce.

Whilst our lagging indicators continue to improve for all the reasons stated above the leading indicator focus has matured in that we prioritise quality over quantity, the numbers are less important than the learning. We continue to outstrip our incident number by our near miss reports by a long way (136 incidents compared to 275 near miss reports) and our safety related inspections, whilst still very numerous are now more focussed on trends and knowledge gaps that inform action planning to address identified shortcomings. Departmental and service ownership of safety management is increasing and organisational learning is developing.

The HSE Safety Climate Tool remains on hold until we are in a more business as usual status. It is anticipated that this will be relaunched in the fourth quarter of 2021/22. This organisational tool measures the perceptions of the workforce on health and safety issues, offering a unique insight into the safety culture within an organisation. In this way we can see the trend emerging over the first survey results which helps inform our activity and focus on what really matters to the workforce to develop and improve safe behaviours and practices.

Highlights from the leading indicators include

- Near Miss reporting close out over **82%** (226 of 275 actioned immediately).
- Site Inspections **6008**.
- Safety Improvement Notices 49 (Figures updated in April).

It is recognised that we still have a lot of growing to do in these aspects however our departmental and service-based trend analysis and action planning is much improved.

36%
REDUCTION
IN INJURIES



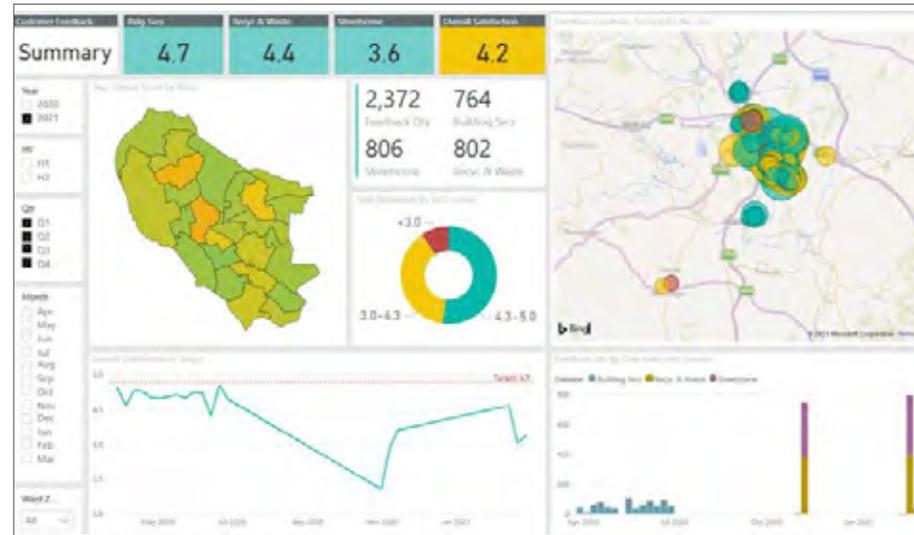
Great business built on doing good

ODS has many faces. As a supplier of key services to thousands of Oxford residents and many more visitors and workers. As a customer to an extensive supply chain whereby we contribute millions to the local economy. As a partner to Oxford City Council's other companies, playing our role in the group to the benefit of a wide group of stakeholders. As a client in receipt of support services from Oxford City Council. Key to all this is a sense of shared values, objectives which are mutually beneficial, a recognition that there is a way for everyone to win through building and sustaining solid relationships. Looking at three perspectives:

Customers

Last year we set ourselves a target to increase feedback from customers to provide greater understanding and ultimately improve the services within our business. Whilst Covid19 and delays in implementing our new IT systems has challenged this, it has not stopped us continuing to work on these areas so that we are in a good place to implement in early summer of 2021/22. We were also able to continue to measure our Waste and Streetscene services and the evidence shows that the quality of service continued to remain high.

An example of just some of the data gathered during the survey.



Key focus for 2021-2022

- **Implementation of Project Dominion** which supports a customer centric approach to all aspects of Buildings Services.
- **Implementing our new CRM system** to provide enhanced customer insight for our external trading services.
- **Re-introduce educational campaigns in schools** and across the city using various mediums to drive up recycling rates.





Suppliers

The implementation of the new multi-million supply chain contract for building materials which will streamline both the purchasing and day to day management of building materials will now go live in July 2021, delayed from spring 2020 due to delays in the replacement of the job management system, Servitor. An interim arrangement with supplier has enabled some savings during this year.

A new temporary agency contract awarded in July 2020 provides ODS with the increased ability to operate with a more flexible staffing model and deliver savings in excess of £140k a year on agency

management costs. This award to a local supplier has also increased the number of workers being sourced from within the City.

As an operational business the ability to operate in an agile way is essential. New Procurement policies introduced in the autumn have provided both ODSL and its sister company ODSTL the ability to source and manage key supply chains appropriately, complying with all regulatory frameworks.

The development of a minimum of 5% of any large tender evaluation being attributed to social value is supporting ODS in developing a new model so that we can develop a framework to measure our social impact from 2021/22.

Payments to creditors

ODS complies with the Prompt Payment Code and in most cases exceeds this standard. Everyone is paid within the agreed contract terms or sooner:

- at the latest within 30 days of receipt of invoice.
- anybody with an OX post code and registered with ODS as an SME is paid within 14 days of invoice receipt.
- utility companies are paid on receipt of invoice.

The community and the environment

With over 600 employees, ODS itself has a large community, many of whom live in Oxford itself and have a strong connection with their local area. One of our strengths is the pride and passion people have to do a great job. To look after an area they can call their own, perhaps street cleansing or waste and recycling collection. With a vested interest to make the place look great, colleagues feel invested in their work and their local community.

2020/21 has been a very different year, with restrictions on movement and gatherings due to Covid19 however this did not stop us working safely to provide crucial support. **Here's just three examples:**

- **working with various communities to tackle rubbish hotspots** with them (which has helped bring them closer together – socially distanced of course).
- **supporting the homeless community** through the pandemic by cleaning and sheltered-bed changing services.
- Throughout the pandemic **staff have offered themselves as volunteers** while furloughed or have been assigned as their principal duty to work for the hubs. Duties have ranged from home welfare visits, food collection, parcel delivery and management and technical support. Over 20 staff in all have been involved over the period. We continue to actively support the work of the hubs and currently have two staff full time in support of this essential initiative - vital services that can save lives.



Partners

ODS work closely with a number of partners across the region. Collaboration, joint project work and shared initiatives deliver great outcomes in the region. We work with Oxford-based social enterprise **Raw** a commercial business offering skills, training, employment and positive activity to vulnerable people in Oxford, reducing isolation and raising self-esteem. Also **Aspire Oxford** (who support homeless and disadvantaged people in Oxfordshire to find employment through work experience on our social enterprise businesses). Whilst **Aspire** and **Raw** lead on many initiatives, ODS can play a strong supporting or facilitating role, working together to generate social impact and change lives.

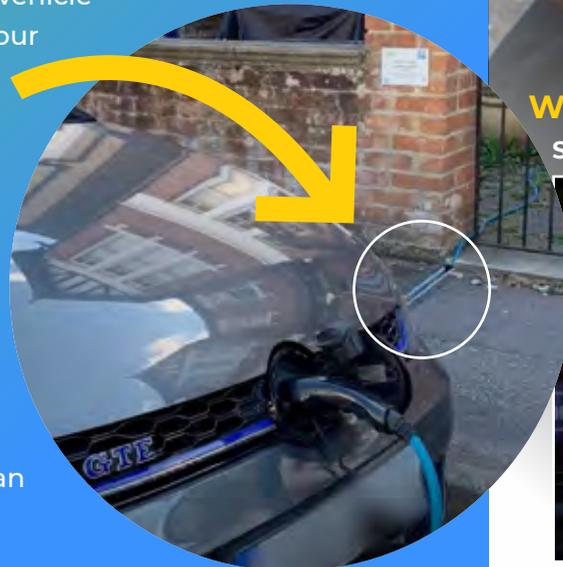
www.raw-workshop.co.uk

www.aspireoxfordshire.org

On the environment, with the shareholder committed to its **Zero Carbon City** ambition, ODS continues to play a key role. With over 300 vehicles on our fleet, we have made significant steps towards their electrification, with about 60 electric vehicles now on the fleet with our flagship first electric refuse collection vehicle

In addition to benefiting the planet, ODS see the environment as a business opportunity. We already work in this space, fitting energy efficient components as part of our housing repairs and maintenance programme. However, there is far greater potential and hence in early 2021 we began gearing up to undertaking retrofit work under PAS2030/PAS2035, the retrofit standards framework which guides the installation of much more significant retrofit energy improvement works in dwellings.

We also see opportunity in electric vehicle infrastructure and one example of our work is the **Oxfordshire "gul-e" project** where we delivered a pilot scheme to provide discrete and safe channelling for charging cables to extend from homes to roadside, without causing a trip hazard to the public or adding to street clutter. With 40% of houses in Oxford having no off-street parking, this is potentially a game changer for many people wanting an electric vehicle.



What is the Oxfordshire Gul-e project?

Sean Fry explains here ...



Sean Fry
Head of Project Delivery
ODS

Streamlined energy and carbon report

As a Local Authority Trading Company, wholly owned by Oxford City Council, ODS maintains close alignment with the City Council in terms of policy and objectives in regard of achieving a net zero city of Oxford. The energy usage of ODS is incorporated into the green gas reporting of the City Council which can be found at:



The latest report, for the year 2019/20 demonstrates that the City Council and its group of companies achieved a reduction of 45.8% over the period from 2014/15. This progress was driven by a target to reduce greenhouse gas emissions by 5% per annum. On its formation in 2017 ODS adopted that target and works closely with City Council colleagues on steps to achieve this.

In addition to this, the City Council has committed to become a **net zero city ahead of the UK national target date of 2050** and at a pace that ensures the notional carbon budget of the city is not expended before achieving net zero.

ODS fully supports this approach and will support the Zero Carbon Oxford Partnership to achieve this.

The below tables set out ODS energy consumption and emissions data for the year. Total CO2 emissions have been reduced by over 13% versus the prior year and the renewable energy generated as a percentage of total consumption has improved by almost 4 percentage points.



General summary CO2/CO2e emissions 2019/20			Summary by scope of emissions			
Emissions source	units	tCO2	tCO2e	Scope 1	tCO2	tCO2e
Electricity/kWh	488,390	123	124	gas/kWh	176	177
Gas/kWh	912,762	168	168	diesel	1,938	1,964
Fuel				gasoil	108	109
Diesel/litres	670,752	1,684	1,708	unleaded	36	36
Gasoil/litres	33,330	91	92	Total scope 1	2,258	2,286
Unleaded/litres	10,322	22	22	Scope 2		
Totals		2,087	2,114	elec/kWh	113	114
Renewable energy generation		kWh	%	Scope 3		
Solar electricity generated		155,230	31.8%	T&D/kWh	10	10
Solar electricity used directly in ODS buildings		125,973	20.5%	Totals	2,087	2,114

NOTE:

Energy data sourced from OCC energy billing or metering systems (compiled by Andrew Sunderland, Energy & Natural Resources team) carbon data compiled by Paul Spencer and Andrew Sutherland, Energy & Natural Resources team.

*Data quality/checks - Paul Robinson, Energy & Natural Resources team).

CO2 conversion figures from Defra/BEIS

*Source: Defra/BEIS GHG conversion factors for company reporting 2020 - expires 30/06/21.

<https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2020>

Energy efficiency measures

The principal measures taken during the year to increase the company's energy efficiency consisted of the following:

- In terms of our fleet, we perform assessments of whether any vehicle due for replacement is actually needed on fleet. If it is, the option of replacing it with an alternative energy option, e.g. electric or gas, is explored.
- ODS currently has about **60 pure electric vehicles** in the fleet now including specialist vehicles such as a road sweeper and refuse collection, up 30 from last year, and this will increase in the next year. The project to increase our electric vehicles also included improvements to the depot power supply, a significantly wider charging infrastructure network with dynamic load charging to be more efficient for recharging vehicles and converting the Cowley Marsh Depot to a green gas supply.
- Route optimisation software and telematics to monitor vehicle journeys is utilised to help create more efficient routes reducing distances travelled. The telematics system also enables analysis of vehicle and driver performance, which in turn is leveraged in the design of comprehensive training programmes for drivers to adopt a more energy efficient driving style. We have sourced a new telematics platform to provide comprehensive fleet reporting to include electric vehicle battery performance.
- We have investigated an alternative engine mapping solution to reduce fuel usage and a trial will be carried out early in the new financial year.

60
electric
or ultra-low
carbon
vehicles





Sean Fry explains our Carbon policy here ...

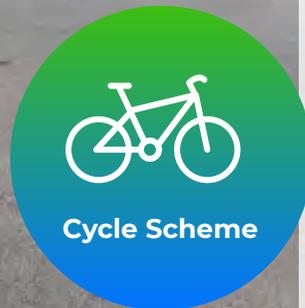


Sean Fry

Head of Project Delivery
ODS



Car share policy



Cycle Scheme

- A green travel policy is in place that challenges whether the use of a fleet vehicle or personal vehicle is needed to make a journey or whether there is an alternative such as tele-conferencing, public transport, car sharing, walking, cycling or the use of electric bikes.
- ODS has introduced a 'car share' policy to aid the reduction of individual car journeys of our colleagues to and from Cowley Depot. Starting April 21, any colleague has the opportunity gain a permit for onsite parking if they travel to and from work with another colleague. Historically, onsite parking at our Cowley Depot has been reserved for office and more senior staff but all colleagues at all levels now have the opportunity to park onsite. There are 38 colleagues currently car sharing in groups of 2 and 3. Along with car sharing, ODS have, in partnership with Oxford Bus Company, provided **1000 pre-paid bus journeys** redeemable with a valid ODS ID badge. ODS have also further emphasised the **Cycle Scheme** and provide secure onsite parking for all staff bicycles.

High standards of business conduct

The Board and senior management have taken active steps to ensure appropriate governance, strategy, commitment to fair and open business practices and good customer relations have been embraced across the organisation. These are seen as the key conditions for maintaining a reputation for high standards of business conduct securing long term success.

The company is focussed on social responsibility, with customers, communities and employees being at the heart of its business; their opinions are actively sought and responded to.



Our shareholder

Wholly owned by Oxford City Council, we regularly engage with our sole shareholder to ensure we maintain a dialogue about strategy and objectives, hear and respond to their checks and challenges and continue to contribute to the wider interests of the Oxford City Council group of companies.



Key risks, uncertainties and opportunities

This year saw the development and introduction of a new risk management framework and a Board approved Risk Appetite Statement to guide and support our business risk decisions. This has been underpinned by a new risk training programme for over 300 staff and a new risk reporting structure.



The impact of Covid19 resulted in a wholesale review of how operational safety is managed and this has been the highest risk management priority over this year.

It is expected that 2021/22 will be a year of recovery, albeit with residual uncertainties and therefore operational safety is being organised on this basis.

A new governance framework was agreed by the Board in June 2020 with all key policies reviewed and updated to reflect the ODS operating model.

Policy changes and updates plus top corporate risks are subject to Board approval and quarterly Audit Committee reviews. Compliance with regulation, legal and ethical standards is a high priority for ODS. Audit Committee is responsible for satisfying itself that a proper internal control framework exists to manage key risks and that controls operate effectively. Key areas considered by the Audit Committee during the year included: The results of audit work and management’s progress to resolve issues and risks identified; the 3-year internal audit programme and the mapping of these audits to the key risks facing the business; a review of the evidence of internal controls across each area of the business; the introduction of a fraud log and anti-fraud training; review of the on-going roll-out of the risk and assurance framework including information risks.

The emergence of Covid19 towards the end of the previous financial year has had a profound impact on ODS, both operationally and financially. Whilst robust plans were implemented to adapt to the revised environment, Covid19 remains the single biggest risk.

ODS Risk Management Process



Key risk	Risk movement	Mitigations / Action(s) being taken
1. Failure of health and safety management	↔	Continue developing and embedding a safety culture supported by a dedicated HSE management team
2. Covid19	✓	Continue to deploy Covid-secure measures. Establish FY22 budget factoring in learnings from FY21 in regard to resource planning and financial/operational impacts in close collaboration with OCC to minimise risk and optimising revenue
3. Economy – OCC budgetary changes as well as general market dynamics	↔	Continue to develop OCC commissioning arrangements and working with budget holders to improve workflow. Monitor for any Brexit impacts and changes in economy
4. Insufficient depot facilities to support current or future operations		Maintaining temporary depot arrangements whilst developing a plan to relocate to permanent purpose-built facilities
5. Data breach	↔	Continue to development the data protection regime and undertake regular compliance audits

Section 3

Directors' Report

Principal activities

The principal activity of the company is the provision of services to Oxford City Council under a 20-year operating agreement. ODS was formed as a Local Authority Trading Company in April 2017 for the purpose of maintaining the Council's housing stock, parks and streets and providing statutory services such as waste collection. Furthermore, the company generates external revenue from providing services to local communities, organisations and businesses such as vehicle servicing and MOT testing as well as construction work and property maintenance.

Financial review

The 2020/21 financial year was the most challenging in ODS' history. With the pandemic making a profound impact on operations, and ultimately revenue, ODS returned a profit on ordinary activities before tax of £690,379 (2020: £1,034,122) which has led to an increase in shareholder's funds to £2,289,275 (2020: £1,676,349).

With the required Covid-secure measures in place for most of the year, revenue dropped by £3.8m (-6.1%) stalling the momentum ODS built last year (+9.6%). The biggest impact was in Building Services where activities maintaining OCC's housing stock were seriously curtailed, resulting in a corresponding revenue drop of some £4m. In other areas ODS managed to maximise every opportunity to offset Covid19 related reductions in revenue and overall managed to keep income at prior year levels. Given the material reduction in revenue gross margins dropped to 26.3% (2020: 27.5%) largely due to the high degree of fixed labour costs which could only partially be offset via the CJRS grant receipts. Gross margin also came under pressure due to lost high margin revenue in Building Services being substituted by more marginal work that had to be sub-contracted out.



The heightened focus on managing the cost base has ensured the overall impact on operating profit margin was less pronounced than could have been expected under the circumstances coming in at 2.7% (2020: 3.3%) translating into operating profit of £1.5m (2020: £2.0m).

On the back of stronger cash flow non-lease related interest charges were reduced by over £0.1m year on year resulting in overall interest charges of £0.8m (2020: £1.0m) leading to a profit before tax of £0.7m (2020: £1.0m profit).

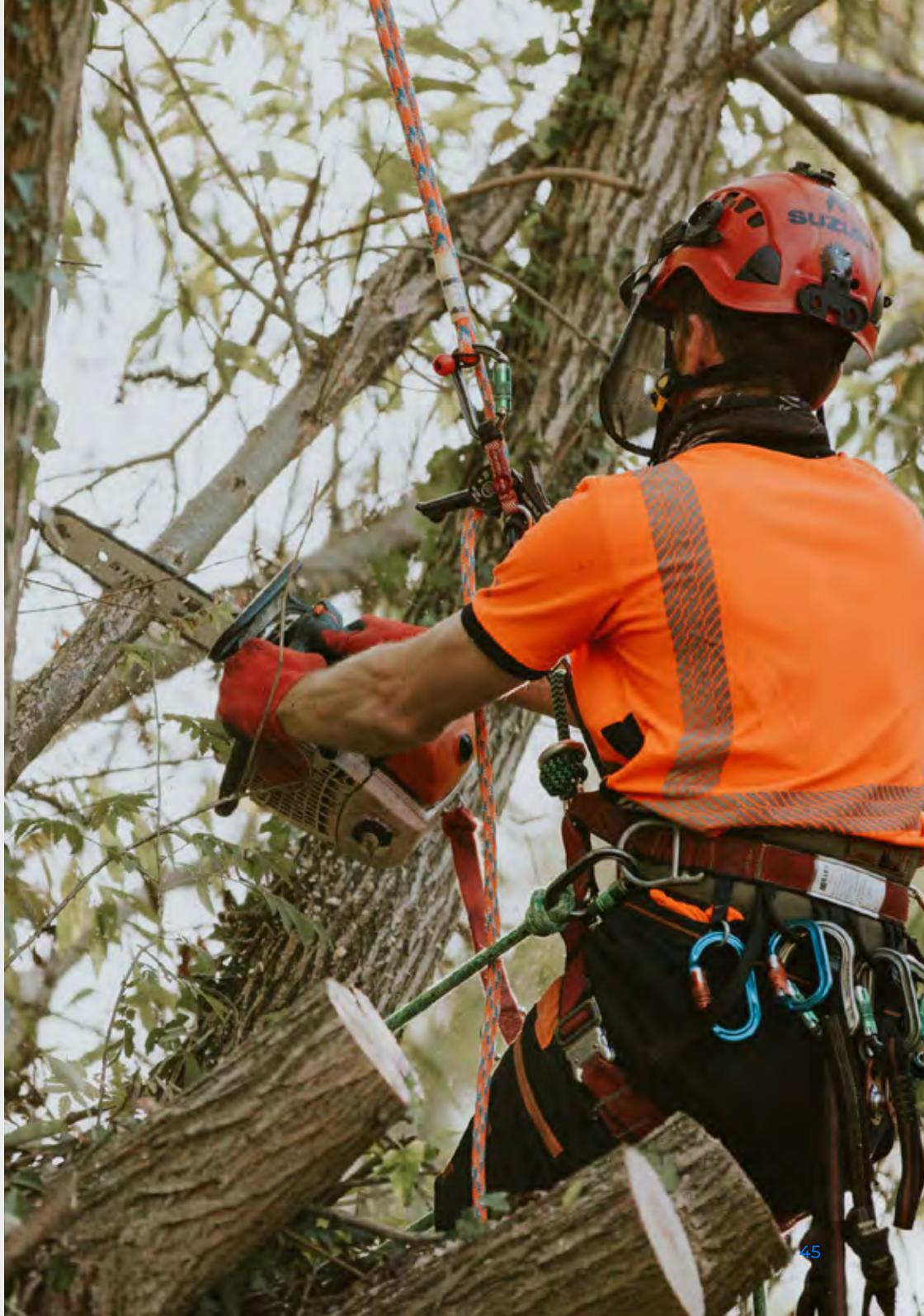
Profits pertaining to activities not exempt under the mutual trading arrangement attracted a corporation tax charge of £78k (2020: £36k credit) leading to a profit after tax of £0.6m versus a profit in 2020 of £1.1m.

Directors

Directors during this financial year were Timothy Sadler (Chairman), Simon Howick, (Managing Director) and the Non-Executive Directors Catherine Pridham, Michael Whitwell and Justine Brown (who resigned on 13th January 2021). Ian Wright was appointed Non-Executive Director on 22nd April 2021 and resigned on 15th October 2021. Stephen Gabriel was appointed Non-Executive Director on 13th October 2021.

Going concern

The wider economic climate has been and is continuing to be severely impacted by the Covid-19 pandemic and increases the overall risk to financial liquidity. As part of the directors' consideration of the appropriateness of adopting the going concern basis in preparing the annual report and financial statements, Management have prepared detailed budgets which factor in the revised circumstances and a range of potential scenarios of differing impact and duration has been considered together with management's response and available mitigations.

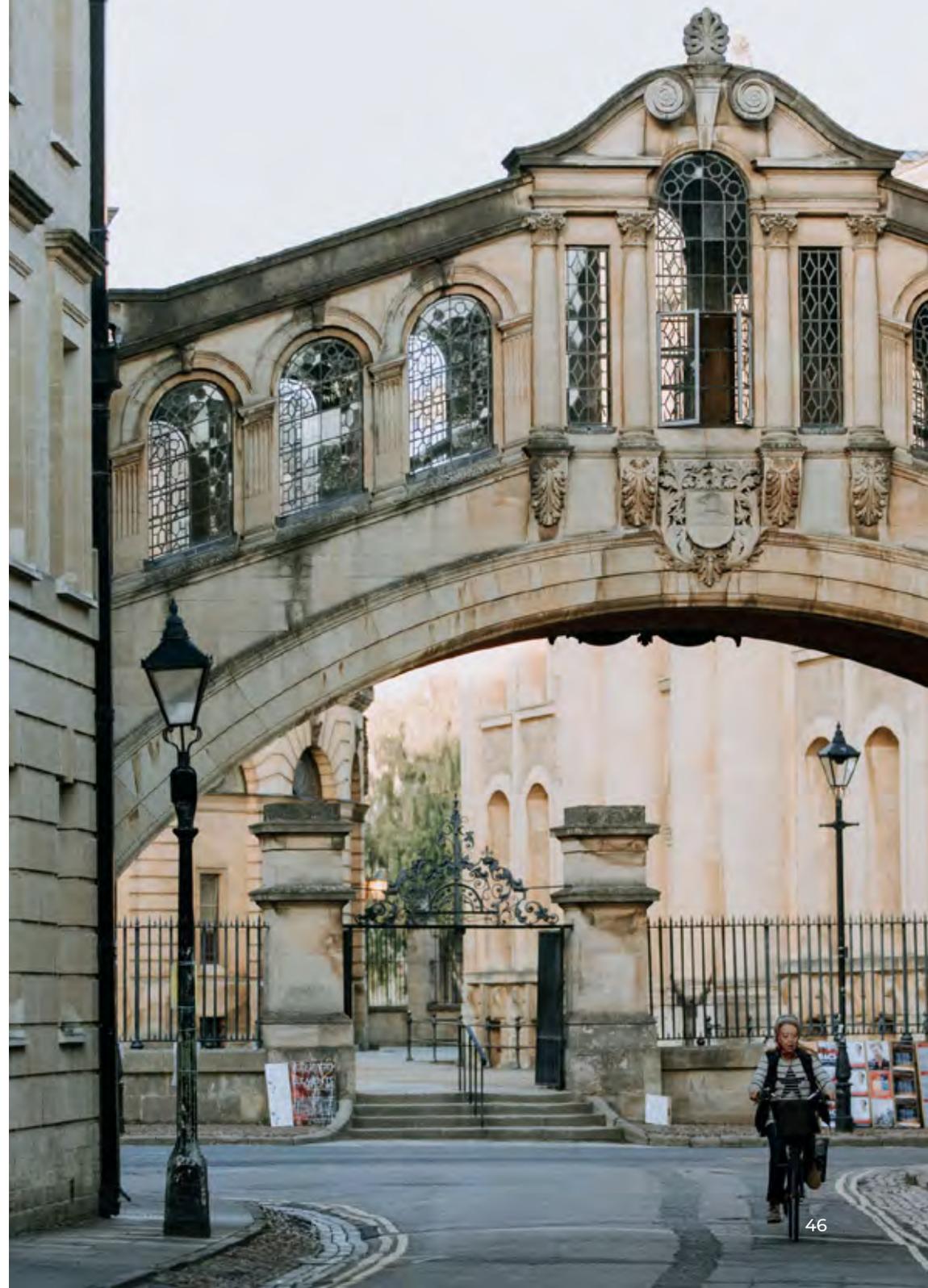


We believe that the risk of enforced depot closures is low and have implemented additional health and safety measures in each of our sites to reduce the risk of any major disruption to operations. We have assumed no significant structural changes to the business will be needed as a consequence of Covid 19. As at 31 March 2021, the balance sheet reflects a net asset position of £2.3m and the liquidity of ODS remains strong with a cash balance of £2.1m. Given that OCC is ODS' major client we are assured of their ongoing ability to pay the statutory services fee based on detailed modelling on OCC's part clearly demonstrating that there is significant headroom within their funding arrangements to absorb the estimated financial impact of Covid-19 in the short to medium term. Further, whilst we are confident of our liquidity position, given the uncertain environment we find ourselves in, and to give increased financial flexibility, we have deferred the decision on any dividend until later in the financial year. On this basis, the directors consider it is appropriate for the going concern basis to be adopted in preparing the annual report and financial statements.

Corporate governance

a. Background and corporate structure

ODSL commenced trading on 1st April 2018. The company is limited by shares and is wholly owned by Oxford City Council. ODSL holds so-called "Teckal" status (under s12 (1) of the Public Contract Regulations 2015) and is designed to trade primarily with its parent Authority through contracts under which it provides a wide range of the Council's statutory and other services. By reason of the company's "Teckal" status, the Council is permitted to award contracts to ODSL without the need to follow the requirements of the Public Contract Regulations.



Corporate governance

Continued...

As the sole shareholder of ODSL, Oxford City Council established a shareholder group (comprised of the members of the Council's Cabinet) through which the Council exercises control over the company and by which it holds the company's Directors to account. In addition, shortly after the creation of the company, the Council entered into a shareholder's agreement, to record and formalise its requirements of ODSL. The shareholder group holds formal meetings with the company Directors on a quarterly basis, to receive reports on company performance, finances and proposals, to set and/or confirm the company's strategic direction, and to enact any matters reserved to the shareholder (e.g. consideration/approval of the business plan, appointment of Directors, etc.). All company reports received by the shareholder group are subject to scrutiny by the Council's Company Scrutiny Panel, comprised of elected members with a mandate to scrutinise the actions of the Shareholder group.

b. Company Board

When first formed, the Board was comprised entirely of employees of Oxford City Council, but as time has passed, it has naturally become the case that increasingly the "executive" Directors of the company would be employees of ODSL (the company's Managing Director is an ODSL employee). From the company's commencement and throughout the financial year 2020/21 the Chair of the ODSL Board was an employee and executive Director of the Council, but he is due to retire from his post at the Council early in the financial year 2021/22.



Corporate governance

Continued...

The company will, however, continue to be able to rely on his expertise and experience as he will remain in post as Chair of the ODSL Board as a non-executive Director. The addition of three Non-Executive Directors in the financial year 2019/20 has continued to provide the company with “external” expertise and a valuable independent viewpoint, although sadly one of the NEDs passed away over the 2020 Christmas period. The ODSL Board meets at least four times per year, with additional meetings being able to be called whenever circumstances require. The financial year 2020/21 has, of course, been subject to the various “lockdowns” that resulted from the Covid19 pandemic, and all Board meetings have been held “virtually”, with Directors participating remotely through an electronic platform. This included the company’s AGM, which was held in November 2020 and was attended by a good number of elected members of the Council and other stakeholders. During the course of the year Directors agreed revised Terms of Reference for the Board, and a revised Procurement Policy and Scheme of Delegation, all designed to better equip the company to deal with the more commercial environment in which it and its sister company, Oxford Direct Services Trading Limited, operate.



Corporate governance

Continued...

A register of interests of senior ODSL officers was created, to ensure transparency in procurement and to assist in avoiding any conflicts of interest, mirroring the register of interests already in place for members of the Board.

c. Committees

The two sub-committees established during the financial year 2019/20, the Audit Committee and the Remuneration and Nominations Committee, continued to operate during 2020/21. As before, both are chaired by Non-Executive Directors, report to the main Board, and are designed to carry out specific and identified tasks, allowing more focused work to be carried out in these areas. As the experience of the two sub-committees has grown, they have provided ever greater assistance to the Board and have strengthened the overall governance of the company.

d. Audit

The company's internal auditors BDO carried out an audit of the company in the early part of the financial year 2020/21, primarily concentrating on the strength of its governance. The audit reported a generally satisfactory position, particularly given the relative "youth" of the company, and all recommendations made by the auditors have been successfully actioned. The audit report drew particular attention to the contribution of the Non-Executive Directors to the company's overall governance.



Our employees

As an employer we are committed to ensuring that our employment policies respect the individual and offer career and personal development to our entire workforce. We strive to embed a strong, values-based culture which places safety and wellbeing at the heart of our agenda. We are committed to the Oxford Living Wage and to investing in learning for all our employees from apprentices to senior staff.

ODS operates a system of collective bargaining with the recognised Trade Unions (Unison and Unite). Regular meetings are held between employee representatives and senior management, including the Chair of the Board and also joint meetings with the Council's Leadership Team. Regular meetings are also held with a wider representative group including Trade Union representatives from across the organisation and key managers in the organisation as well as the HR team. Through these forums, employee representatives have early notice of key company information, changes and challenges and the opportunity to influence decision making.

Information is shared more widely with the workforce through the fortnightly newsletter, 'All ODS', via social media including a closed Facebook group page for employees, and regular face to face and video updates from the Managing Director and members of the Executive team.

The company operates within the framework of the Equality Act 2010 (previously the Disability Discrimination Act 1995 and 2005) and the Public Duty to Promote Disability Equality: Statutory Code of Practice.



Financial risk management

Treasury functions are undertaken by the Council on behalf of the company. The Council provides a working capital facility which is managed on a pooled basis alongside the Council's funds.

The company's bank balances are managed on a grouped basis with the Council's accounts and therefore the company does not need an overdraft facility with its bankers.

The company leases its operational buildings and its vehicles from the Council and pays interest at a fixed market rate on these arrangements. Therefore, the company reduces any exposure to changes in interest rates in the short term.

Oxford City Council is the sole shareholder of the company and also the main customer. As such the credit risk to the company is deemed to be very low.

Results and dividends

The company made a profit after tax of **£612,926** for the period (£1,069,735 profit in FY20) which has led to a commensurate increase in reserves. With the ongoing uncertainty caused by the Covid19 pandemic any decision on the payment of a dividend for 2019/20 and 2020/21 will continue to be postponed until later in the current financial year when we will have a better understanding of how Covid19 has impacted the company's operations and financial performance.



Summary of accounts

Oxford Direct Services Limited

Statement of Comprehensive Income

For the period ended 31 March 2021

	2020/21	2019/20
	£	£
Revenue	57,315,546	61,064,065
Cost of Sales	42,230,977	44,281,192
Gross Profit	15,084,569	16,782,873
Administrative Expenses	13,610,691	14,818,572
Other Operating Income	45,905	74,095
Operating Profit	1,519,783	2,038,396
Investment Income	9,630	-
Interest Payable to Group Undertakings	839,034	1,004,274
Profit / (Loss) Before Taxation	690,379	1,034,122
Tax on Profit & Deferred Tax Adjustments	77,453	(35,613)
Profit / (Loss) and Total Comprehensive Income and Expenditure	612,926	1,069,735

The income statement has been prepared on the basis that all operations are continuing operations.

Oxford Direct Services Limited

Statement of Financial Position

As of 31 March 2021

	2020/21	2019/20
	£	£
Property, Plant & Equipment	15,425,229	14,481,137
Long Term Debtors	-	30,221
Long Term Assets	15,425,229	14,511,348
Inventories	682,926	691,104
Short Term Debtors	6,344,796	6,913,979
Contract Assets	2,885,159	2,082,074
Current Assets	9,912,881	9,687,157
Cash and Cash Equivalents	2,093,361	(740,412)
Short Term Creditors	(11,916,901)	(9,570,859)
Contract Liability	(19,385)	-
Current Liabilities	(9,842,925)	(10,311,271)
Long Term Creditors	(50,662)	(54)
Finance Lease Liabilities	(13,155,248)	(12,210,831)
Long Term Liabilities	(13,205,910)	(12,210,885)
Net Assets	2,289,275	1,676,349
Called up Share Capital	1	1
Retained Earnings	2,289,274	1,676,348
Equity	2,289,275	1,676,349

Oxford Direct Services Limited

Statement of Cashflows

For the period ended 31 March 2021

	2020/21	2019/20
	£	£
Profit / (Loss) and Total Comprehensive Income and Expenditure	612,926	1,069,735
Adjustments for: Decrease / (Increase) in Trade, Other and Long Term Receivables	600,347	1,654,885
Decrease / (Increase) in Contract Assets	(803,085)	1,228,283
(Decrease) / Increase in Trade, Other and Long Term Payables excluding Financing Activities	2,548,900	55,980
(Decrease) / Increase in Contract Liabilities	19,385	(1,680)
Decrease / (Increase) of Inventory	8,178	66,734
Interest Expense	839,034	1,004,274
Investment Income	(9,630)	-
Depreciation	2,270,306	2,326,153
(Gain) / Loss on Asset Disposal	(45,905)	(74,095)
Net Cash Flows from Operating Activity	6,040,456	7,330,269
Proceeds from the sale of Non Current Assets	60,538	103,252
Proceeds from Short-Term and Long-Term Investments	8,677	-
Total Cash Flows from Investing Activities	69,215	103,252
Loans (to) / from Parent Undertaking	-	(129,606)
Interest Payable to Group Undertakings	(1,005,592)	(1,376,486)
Dividend Payments	-	(896,000)
Payments for of a Finance Lease Liability	(2,270,306)	(4,091,191)
Total Cash Flows from Financing Activities	(3,275,898)	(6,493,282)
Net Increase/(Decrease) in Cash and Cash Equivalents	2,833,773	940,239
Cash and Cash Equivalents at the Beginning of the Reporting Period	(740,412)	(1,680,651)
Cash and Cash Equivalents at the End of the Reporting Period	(2,093,361)	(740,412)

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) and applicable law. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is appropriate to presume that the company will not continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of Disclosure to Auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the Directors individually have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the auditor is aware of that information.

By Order of the Board



Chairman

4 OCTOBER 2021

Oxford Direct Services Limited

Company Information

Directors	Timothy Paul Sadler Simon Howick Catherine Pridham Michael Whitwell Justine Brown (resigned)
Secretary	Lindsay David Cane
Company Registration Number	10719222 (England and Wales)
Incorporation Date	10 April 2017

Registered Office

St Aldates Chambers,
109 St Aldates,
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OX1 1DS

Auditor

Mazars LLP,
45 Church Street,
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Oxford Direct Services Limited
Company Registration No. 10719222 (England and Wales)





Oxford Direct Services
Trading Limited

doing good

Annual Report 20/21

For the period ended
31 March 2021

Oxford Direct Services Trading Limited
Company Registration No. 10719214 (England and Wales)



Oxford Direct Services Trading Ltd
Annual Report 20/21

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Oxford Direct Services Trading Limited

Company Registration No. 10719214 (England and Wales)

Director's Report

For the period ended 31 March 2021

The Directors present their report and financial statements for the period 1 April 2020 to 31 March 2021.

Directors

Directors during this financial year were Timothy Sadler (Chairman), Simon Howick, (Managing Director) and the Non-Executive Directors Catherine Pridham, Michael Whitwell and Justine Brown (who resigned on 13th January 2021). Ian Wright was appointed Non-Executive Director on 22nd April 2021 and resigned on 15th October 2021. Stephen Gabriel was appointed Non-Executive director on 13th October 2021.

Company strategy and key objectives

Oxford Direct Services Trading Limited (“**ODSTL**”) was formed on 10 April 2017 as a wholly owned and controlled company by Oxford City Council. The company was set-up to offer commercially traded services working in conjunction with its sister company Oxford Direct Services Limited (collectively referred to as “**ODS**”) and collaboration with stakeholders to offer services to local communities, organisations and businesses and began trading on 1 April 2018. The services offered are waste & recycling collections from commercial customers. These services offered by the company reflect the values of the shareholder and are aligned to the Council's Corporate Plan to return value to the shareholder, growing the contribution to the Council's financial resources. All of the contractual arrangements with Oxford City Council are on an arm's length basis with all of the services charged for by the Council being subject to an additional charge over the cost of the services provided.

All treasury transactions, such as borrowing and investments, are charged on a state aid compliant basis so that there is no subsidy being provided to the company through these transactions.



The company was established with a vision for driving value through delivering efficient, value for money services and generating long term sustainable growth in income through external trading.

The company has a clear strategy and this trading year was the third of a 4-year business plan agreed with Oxford City Council that focuses on:

- maximising the value we return to the shareholder.
- delivering best in class services.
- increasing market share with current and new customers.
- product development offering new services, having developed these opportunities during the life of this plan.
- a more streamlined council in synergy with the ODS endeavour.

Business review

The third year of trading was significantly impacted by Covid19. The growth trend of previous years stalled temporarily, as many of our customers were themselves dealing with the impact of the global pandemic on their businesses. The three national lockdowns during 2020/21 meant many businesses ceased trading for periods of time, some permanently. However, ODSTL with its diverse portfolio managed to weather the storm and return a profit of £0.2m. Despite the economic climate ODSTL secured some significant new business in our commercial waste operation which should underpin our recovery well.

Brexit on the other hand seems to have had limited impact on ODSTL, with good plans in place ensuring we managed the risks effectively.



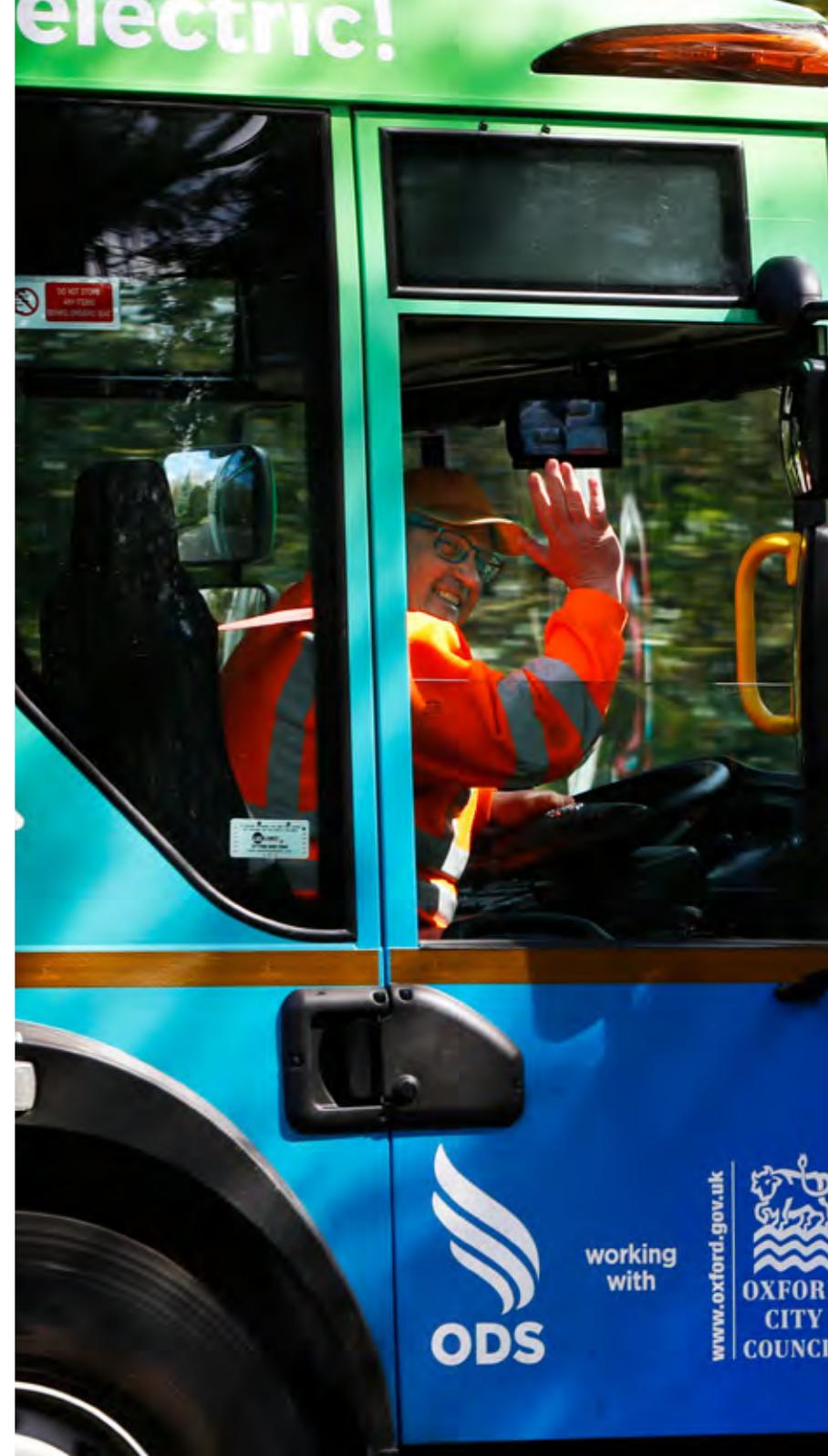
Revenue dropped by some 38% year-on-year to £2.7m (2020: £4.3m) as government measures aimed at dealing with the pandemic forced many client businesses to temporarily close for most of the financial year. Direct costs came down proportionately resulting in gross margin percentages being maintained at 33.3% (2020: 30.3%) and a gross profit of £0.9m (2020: £1.3m).

Administrative expenses were down 45.8% at £0.7m (2020: £1.2m). In 2020, with the pandemic taking hold towards the end of the financial year, ODSTL prudently increased its expected credit losses provision by £0.2m in anticipation of client businesses failing to survive the pandemic. Close monitoring and decisive credit control action minimised write-offs and enabled the provision to be reduced by some £0.1m. Other direct overheads were tightly controlled to mitigate against the impact of Covid19 and accounted for the balance of the reduction in administrative expenses. This has enabled ODSTL to return an operating profit of over £0.2m compared to just over £0.1m in the prior year.

Due to the reduction in revenue cash flow was adversely impacted and consequently some interest charges on overdraft balances were incurred. Profit after tax improved by £93k year-on-year which in the context of the most severe trading conditions is an extraordinary result.

During the financial year, the focus areas for the company were:

- Safeguard the business through the Covid19 pandemic, to ensure we are well positioned to not only survive but to thrive as business returns to normal. With a tight grip on costs and utilisation of the Coronavirus Job Retention Scheme (CJRS or “furlough” scheme), we have been able to secure jobs for all and underpin our business, still returning a profit despite the circumstances.
- Establish a new business plan with a focus on our commercial business and an ambition to build, so that we can continue our work of providing great services and delivering increased profit, used to underpin essential public services.



Principal risks and uncertainties

The Board reviews risk on a regular basis and currently the key risks include:

Key Risk	Mitigations / Action (s) being taken
1. Failure of health and safety management	Continue to develop and embed a safety culture supported by a dedicated HSE management team
2. Covid19	Maintain Covid-secure measures and existing controls around customer management. Continue to evolve mitigation plans. Ongoing use of CJRS
3. Insufficient depot facilities to support current or future operations	Maintaining temporary depot arrangements whilst developing a plan to relocate to permanent purpose built facilities
4. Financial	Continue cost control regime and tight cash flow management. Executive oversight and close monitoring of performance. Implement measures to mitigate any adverse financial impacts

Financial instruments

Treasury operations

Treasury functions are undertaken by the Council on behalf of the company. The Council provides a working capital facility which is managed on a pooled basis alongside the Council's funds.

Liquidity risk

The company's bank balances are managed on a grouped basis with the Council's accounts and therefore the company does not need an overdraft facility with its bankers.

Interest rate risk

The company leases its operational buildings and its vehicles from the Council and pays interest at a fixed commercial market rate on these arrangements therefore the company reduces any exposure to changes in interest rates in the short term.

Credit risk

Oxford City Council is the sole shareholder of the company and as such the credit risk to the company is very low.

Key Performance Indicators

Health and Safety

Safety remains our top priority, especially in the current situation, so it's worthy of specific reference in this document. Our focus has been maintained primarily on the **“safe place, safe people”** approach and highlighting the aspects of health safety and wellbeing as equally important in our Covid-secure standards and controls.

The communication of Covid controls and the heightened awareness created by pandemic has generated much more focussed and structured activity management and this, in turn, has translated into overall lower levels of incident frequency and severity that cannot be solely attributed to lower staffing numbers and furlough. There are some safety specific lessons that have been learned and habits that have been formed from the pandemic that have been adopted.

Not least of these is the level of active communication around hazard management in activities and the pre task planning and organisation. For instance, the level of communication with the customer pre task to inform on Covid19 controls and status checking raises awareness of how much we value safety and our staff. The heightened awareness by the operative and level of thought and planning when carrying out the task is resulting in safe behaviours, which is in turn controlling both physical and environmental hazards and reducing incident and injury rates.

We continue to develop communication strategies to inform safe practice and our controls have grown simpler yet more sophisticated as the year has progressed. Covid-secure controls within the workplace have been very effective and to date there have been no Covid19 positive cases traced back to the workplace or work activity. A fact we are immensely proud of and completely attributed to the level of professionalism and control throughout the operational workforce.



Organisational internal reporting has improved to be much more focussed on the output and learning than the input on frequency and severity. Our Board's health, safety and wellbeing reporting has come a long way and we are now in a much more granular and active approach to incident response and competence development within departments and organisationally than in previous periods. We are developing a revised governance structure in respect of health and safety with a more mature and active feedback process directly with the operational workforce that, in turn, feed the agenda of management health and safety meetings and trade union meetings. These then inform the organisational focus at executive level to ensure we are addressing both the grass root perceptions in daily activity and behavioural based safety as well as the organisational vulnerabilities in this regard.

The HSE Safety Climate Tool remains on hold until we are in a more business as usual status. It is anticipated that this will be relaunched in the fourth quarter of this coming year. This organisational safety development tool measures the perceptions of the workforce on health and safety issues, offering a unique insight into the safety culture within an organisation. In this way we can see the trend emerging over the first survey results which helps inform our activity and focus on what really matters to the workforce to develop and improve safe behaviours and practices.

Customer satisfaction

As signposted last year, a new business plan written during 2020/21 sets a new **focus on growth** and on our commercial customers. In addition to managing through Covid19, we have set out plans for engaging with and targeting key clients and target key clients, which will frame our approach into the new financial year.

Quality Management

ODSTL is committed to adhering to the standards for Environmental and Quality Management Systems and has successfully maintained accreditation under ISO 9001:2015 and ISO 14001:2015. This reflects ODSTL's commitment to ensuring all compliance obligations are met as well as best practice to reduce the environmental impact ODSTL has on its quality services are provided to all customers.



Results and dividends

The company made a profit after tax of **£188,157** for the period which has been included within reserves which now stand at £295,568 (2020: £107,411). With the ongoing uncertainty caused by the Covid19 pandemic any decision on the payment of a dividend for 2019/20 and 2020/21 will continue to be postponed until later in the current financial year when we will have a better understanding of how Covid19 has impacted the company's operations and financial performance.

Employee involvement

Whilst the vast majority of staff are still provided to ODSTL by its sister company Oxford Direct Services Limited (ODSL), we have started to hire employees directly and at the end of the financial year ODSTL had one employee on its payroll.

As an employer we are committed to ensuring that our employment policies respect the individual and offer career and personal development to our entire workforce. We strive to embed a strong, values-based culture which places safety and wellbeing at the heart of our agenda. We are committed to the Oxford Living Wage and to investing in learning for all our employees from apprentices to senior staff.

Our wider communication platforms are designed to appeal to our diverse employee group, including newsletters and social media platforms as well as more structured briefings. The pandemic has curtailed the number of face-to-face interactions. As far as possible this has been compensated by use of video platforms and increased frequency through other communication channels.

We reflect our 'doing good' purposeful business agenda in our employer approach by focussing on local employment opportunities, partnering with local networks and charities to provide opportunities to potentially disadvantaged groups and we are building key relationships with local education providers in support of our young people strategy.



Social value

ODSTL is committed to delivering social value and creating local impact in the communities that they serve by delivering value for money services and solutions for local people, by local people in a sustainable way. ODSTL has an overarching commitment to engage and work with local organisations and support local suppliers including the Voluntary, Charity & Social Enterprise (VCSE) sector by investing in the restorative economy. The ODSTL Board recognises that they can create impact on the environmental, social and economic wellbeing of the people that they deliver services to and is in the process of developing social value pillars which will form the basis of our Social Value Plan, supply chain roadmap and community investment plan that will embed a robust approach from Board level through to front line delivery.

Going concern

The wider economic climate has been and is continuing to be severely impacted by the Covid19 pandemic and increases the overall risk to financial liquidity. As part of the Directors' consideration of the appropriateness of adopting the going concern basis in preparing the Annual Report and financial statements, Management have prepared detailed budgets which factor in the revised circumstances and a range of scenarios, of differing impact and duration, has been considered together with management's response and available mitigation. We believe that the risk of enforced depot closures is low and have implemented additional health and safety measures in each of our sites and our working practices to reduce the risk of any major disruption to operations. We have assumed no significant structural changes to the business will be needed as a consequence of Covid 19.



As at 31 March 2021, the balance sheet reflects a net asset position of £0.3m and the liquidity of ODSTL remains healthy with a cash balance of £0.3m. Further, whilst we are confident of our liquidity position, given the uncertain environment we find ourselves in, and to give increased financial flexibility, we have deferred the decision on any dividend until later in the financial year. On this basis, the Directors consider it is appropriate for the going concern basis to be adopted in preparing the Annual Report and financial statements.

Statement of Disclosure to Auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the Directors individually have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the auditor is aware of that information.

On behalf of the board



Simon Howick
Managing Director

1 NOVEMBER 2021

Statement of Directors' responsibilities

For the period ended 31 March 2021

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) and applicable law. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is appropriate to presume that the company will not continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Oxford Direct Services Trading Limited Statement of Comprehensive Income

For the period ended 31 March 2021

	2020/21	2019/20
	£	£
Revenue	2,710,820	4,344,079
Cost of Sales	1,809,222	3,028,956
Gross Profit	901,598	1,315,123
Administrative Expenses	651,899	1,203,618
Operating Profit	249,699	111,505
Investment Income	1,904	6,597
Interest Payable to Group Undertakings	19,311	-
Profit Before Taxation	232,292	118,102
Tax on Profit	44,135	22,439
Profit and Total Comprehensive Income and Expenditure	188,157	95,663

Oxford Direct Services Trading Limited Statement of Financial Position

As of 31 March 2021

	2020/21	2019/20
	£	£
Short Term Debtors	784,266	345,315
Cash and Cash Equivalents	288,479	877,816
Current Assets	1,072,745	1,223,131
Short Term Creditors	(776,442)	(1,115,095)
Current Liabilities	(776,442)	(1,115,095)
Long Term Creditors	(735)	(625)
Long Term Liabilities	(735)	(625)
Net Assets	295,568	107,411
Called up Share Capital	1	1
Retained Earnings	295,567	107,410
Equity	295,568	107,411

The income statement has been prepared on the basis that all operations are continuing operations.

Summary of accounts

Continued...

Oxford Direct Services Trading Limited

Statement of Cashflows

For the period ended 31 March 2021

	2020/21	2019/20
	£	£
Profit and Total Comprehensive Income and Expenditure	188,157	95,663
Adjustments for:		
Decrease / (Increase) in Trade Receivables	(438,951)	(10,802)
Decrease) / Increase in Trade and Long Term Payables	(338,543)	(855,694)
Interest Expense	19,281	145
Investment Income	(8,500)	-
Net Cash Flows from Operating Activity	(578,556)	(770,688)
Proceeds from Short-Term and Long-Term Investments	8,500	-
Total Cash Flows from Investing Activities	8,500	-
Interest Payable to Group Undertakings	(19,281)	(145)
Dividend Payments	-	(351,000)
Total Cash Flows from Financing Activities	(19,281)	(351,145)
Net Increase in Cash and Cash Equivalents	(589,337)	(1,121,833)
Cash and Cash Equivalents at the Beginning of the Reporting Period	877,816	1,999,649
Cash and Cash Equivalents at the End of the Reporting Period	288,479	877,816

Oxford Direct Services Trading Limited

Company Information

Directors	Timothy Paul Sadler Simon Howick Catherine Pridham Michael Whitwell Justine Brown (resigned)
Secretary	Lindsay David Cane
Company Registration Number	10719214 (England and Wales)
Incorporation Date	10 April 2017

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