



doing good

Annual Report 21/22

Contents

Introduction

Highlights from the year	3
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Section 1 | Strategic Report

Update on the Business Plan	5
Key Performance Indicators	17
Financial Review	19
Section 172 Statement	20
Key Risks, Uncertainties and Opportunities	32

Section 2 | Directors' Report

Principal activities	36
Directors	36
Going Concern	37
Corporate Governance	38
Our Employees	43
Financial Risk Management	45
Results & Dividends	45
Summary of Accounts	46
Statement of Directors' responsibilities	49
Statement of Disclosure to Auditor	49

Section 3 | ODSTL Annual Report 21/22 52

Oxford Direct Services Trading Limited (ODSTL)

Highlights from the year 2022

1 April 2021 to 31 March 2022

134,700
bins collected
every week



Waste and Recycling Team

1000
service requests
every week for
The Recycling
Team



Waste and Recycling Team

32,000
responsive repairs
including fixing boilers,
fuse boxes, painting,
decorating and
putting up fences



Responsive Repairs Team

We look after
22 City Car
parks
which include the
park & rides



Parks and Open Spaces Team

5,000
incidents of
pest control
dealt with



Pest Control Team

2,800
tonnes
of waste
collected by
Streetscene




Waste and Recycling Team

Our team are
responsible for the
maintenance of
Oxford's
1,480
Streets



Highways & Engineering Team

28%
of the ODS fleet
vehicles are
ELECTRIC -
A growing figure



Highways & Engineering Team

Our team also provides commercial services
for vehicles, offering **MOTs**, and
compliance testing with almost **2,000**
vehicles coming through our doors
for annual testing.




Highways & Engineering Team

We look after
900 acres of parks & countryside
and **100,000 trees** across the city.
We manage and maintain **126** play areas as well as sports
pitches, cemeteries, burial grounds and churchyards.



Parks and Open Spaces Team

Our **Building Services Team**
have a Net Promoter score of
79 A world class rating from
our customers



Building Services Team

Section 1

Strategic Report

Annual Report 21/22

Update on the Business Plan



✓ **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; a business that considers the impact of its decisions on employees, customers, suppliers, the community and the environment.

Some would call it the triple bottom line. We call it "doing good".

✔ What we do

We are responsible for managing and delivering property maintenance, street cleansing, waste & recycling, the management of cemeteries, parks & open spaces, highways & engineering works, fleet services and car parks management. We do this on behalf of our shareholder, Oxford City Council.

✔ What we care about

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

doing good



Strategy and Outlook

Oxford Direct Services Limited (ODSL) was formed in 2017 and is a wholly owned and controlled company of Oxford City Council (OCC). The company was set up to provide statutory services to Oxford and maintain OCC's social housing stock working in conjunction with its sister company Oxford Direct Services Trading Limited (collectively referred to as ODS).

The strategy of the group is to deliver on its core objectives - delivering excellent, value-for money public services, and generating profit (which is reinvested back into public services).

This is achieved through growing external business by pursuing two broad streams:

Driving efficiencies

A service contract and pipeline of work with our shareholder and principal client, that delivers value for the client and retains contractor profit within the group.

Driving growth in external business

This annual report focuses on this in relation to ODSL only. This year steps have been taken to transfer the commercial work to our sister company Oxford Direct Services Trading Limited (ODSTL), where the freedoms associated with working outside the constraints of public service regulations can be optimised. More information is contained within the ODSTL annual report.



Business Review

2021/22 was another challenging year for business in the UK, and once again this tested our resilience.

A major issue was the fraught implementation of the Council's new housing management system which caused widescale disruption to the operation and led to a prolonged period during which management had incomplete visibility of financial performance. In these difficult circumstances the Board played a critical role in scrutinising the company's performance and in challenging senior management to provide assurances that the business was on track to achieve its targets. Despite the considerable uncertainty throughout the year, we remained ambitious about profit projections, and it is pleasing to report that these targets have been exceeded.



Planning
the future

ODSL is focused on providing excellent and efficient services, that support the growth of our sister business, ODSTL. There are two principal objectives, and five themes in how we operate, as follows:

Objective 1 - Optimisation by maximising work from our principal client, and driving workforce and process efficiency

This year's trading commenced during the third national lockdown. Access to customers' properties to carry out improvements and repairs was once again restricted, and income and profit projections were uncertain.

This was further compounded in December 2021, with the arrival of the Omicron wave which led to additional operational restrictions. This impacted revenue and profit margins, as fixed overheads (which did not change because of Covid), had to be spread over a reduced volume of work.

In revising our business plan because of Covid, various scenarios were mapped out. It is particularly pleasing that, combined with seizing opportunities, (to replace revenue in areas less impacted by restrictions) and continued tight cost control, our forecasts were not only achieved but materially exceeded.

Objective 2 - Reduce our controllable cost base

As expected, the core services contract work with the council continued, and margins were improved through efficiencies. However, the total pipeline was less than set out in the business plan, this was due to Covid-related restrictions on repairs, maintenance, and improvements to council housing stock and either in delays to the council's capital programme or fewer projects materialising than planned. We are reviewing our contract arrangements as well as our capacity and ability to ensure improved performance going forward.





Turning to costs. In light of Covid, this year the efficiencies work focused on tight cost control. This has been a significant factor in ensuring a positive financial outcome at the year-end.

A key strategy has been to tactically reduce the level of permanent staffing and increase the use of temporary staff (where appropriate). This has enabled us to flex both with the ebbs and flows of business or revenue streams. Whilst we remain committed to directly employing permanent labour on strong terms and conditions of employment, this move has helped us manage our costs downwards and lays the foundations of our future operating model.

Global economic pressures, the increasing cost of materials and fuel, combined with local policy decisions increased operating costs significantly. However, more favourable conditions, including the higher-than-expected value of recyclates, also had a significant bearing on costs, which together mitigated against inflationary pressures.

Reflecting on the circumstances we continued to find ourselves in, the ODSL Board met regularly to seek assurance from the Executive regarding the financial position.

How we do business

Equally important to achieving our outcomes is 'how we do it'. The ODSL Business Plan sets out these ambitions which apply to both companies:

Health, safety & wellbeing – the health, safety, welfare, and high-performing culture, that we have continued to grow in recent years, has served us well in maintaining a Covidsecure workplace. Our levels of infection and days lost to Covid-related illness were significantly less than in the wider community. In addition to this, we found zero evidence of internal workplace transmission, reflecting that our staff worked positively to keep each other, and our customers, safe.

The increased maturity in our health and safety culture positively impacted our overall trends. We have seen more focused and effective active safety management activities and a downward trend in both incident frequency and severity year-on-year. These positive trends allow us to focus more on the outcomes of incidents and, put our improvement and development efforts to best use. This also helps us identify any weaknesses in our current practice and build improvements into our internal process development to retain our ISO accreditations.



Quality & compliance – we achieved re-accreditation of our **ISO9001** and **ISO14001** quality management awards, continuing to assure our customers of the quality of the services we provide. We have extended this to the Health and Safety **ISO45001** accreditation in the new financial year.

Customer satisfaction – Oxford City Council is our primary customer with thousands of end users, such as social housing tenants. A key measure is satisfaction with housing repairs which despite the national trend declining in this area, the ODS service improved.



Great place to work

– we prioritised looking after our staff throughout a challenging operating period, supporting them through Covid with full pay. We have reduced sickness absence through a proactive set of measures focused on wellbeing, and we continue our strong track record of providing promotional opportunities internally.

Next year we will measure staff engagement and develop a plan to improve it – as there is always room for improvement.

Purposeful business – our shareholder benefits from other aspects of the ODSL ethos that can't be monetised, including social value and sustainability.

These are based on the four pillars of our social value plan:



1 Our workforce – we invest in our people to enable them to develop and grow with the business. We achieve this by maintaining strong terms and conditions of employment, investing in training and personal development, paying above the **Oxford Living Wage** and having a leading apprenticeship programme supported by a strong mentoring framework.

Many of our employees live locally, and we continue to improve the diversity of our workforce to better reflect where we work and the communities we serve.

2 Our community – we support the economy by buying locally and encouraging local projects with advice and investment. **We ensure that over 50% of every tender opportunity is accessible to local businesses and SME organisations.**

3 Our environment – we exercise our responsibility to leave a positive impact on the environment through the continued electrification of our fleet. We also make sure that we buy responsibly using materials and products from sustainable and ethical sources wherever possible, and by supporting the 2030 agenda for sustainable development.

4 Our supply chain – we view our supply chain as an extension of ourselves and we continue to grow our spending with the voluntary, charity and social enterprise sectors. We encourage market building, working with local organisations to enable them to develop and look for gaps in the market and create opportunities. We build partnerships that benefit local communities and, wherever possible, choose suppliers that have the same ethos.

We continued to enhance the governance of the company through our established Audit Committee and have developed a robust pattern for overseeing our audit and risk strategy. Our relationship with our internal auditors has benefitted from the risk-based approach of this committee. It has allowed us to focus on the uncertainty and disruption caused by the roll-out of a new housing management software solution, being implemented by our shareholder, which affects key aspects of our work.



Dividend and Return

Our business plan sets out a net profit projection of £1.2m - £2.5m has been achieved, resulting in retained profits of £4.8m. The Board approved an interim dividend of £0.6m which was paid post the year-end. A decision on the final dividend is deferred until after the FY22 accounts are approved by the Board.

In addition to the payment of the dividend, ODSL provides cashable and non-cashable benefits to the council. Cashable benefits, in the form of rent for depots and purchase of services, bring the total return to the council to around £6m per annum.

Board and Governance

The Board has remained broadly stable over the past year. It has benefited from two members of the Executive team formally joining as directors, as well as a new council nominated director. This addresses an imbalance and was one of the recommendations in the previous year's governance audit.

The other significant action taken around the governance audit was the Board 'selfappraisal' exercise which was undertaken with the support of the internal auditor. The Board will now formulate an action plan with the assistance of an experienced external facilitator.



£0.6m
Interim
dividend





The Board continues to meet at least six times per year, with additional meetings convened whenever circumstances require. This is supplemented by monthly calls and strategy days.

The Audit Committee, and the Remuneration and Nominations Committee, continued to operate during 2021/22. 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, they provided greater assistance to the Board and strengthened the overall governance of the company.

Annual General Meeting

Our next AGM will take place in Summer 2023, details of the formal business of the meeting will follow. As with last year, we intend this to be a wider opportunity to engage with our many stakeholders as well as formally reporting to our shareholder.

The future

Providing high-quality, value-for-money public services, on behalf of our shareholder, will always be our priority. These are the bedrock of our business and in turn enable us to enter commercial markets through our sister company ODSTL. The more efficient, customer-focused and high-quality services we provide here will deliver increasing value to the people of Oxford.

We will continue to drive efficiencies and reduce costs wherever possible through better use of technology. We will challenge ourselves to increase our understanding of workflow and demand so we can improve how we engineer services around these dynamics. And we will encourage our workforce to keep asking how we can do things more effectively. This is our culture and our first-order priority.

We will continue to drive efficiencies and reduce costs wherever possible through better use of technology.

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 KPIs are revenue, profit, cash and shareholder returns. Revenue for the year was **£60.8m** (2021: £57.3m) regaining pre-pandemic levels. Cash flow management was significantly impaired in 2022 because of technical issues caused by a prolonged and complex systems implementation which prevented the company from billing OCC for much of its service provision. Consequently, a £2.1m cash surplus at the end of the previous year turned onto a £7.6m overdraft. However, these technical issues have by now been satisfactorily resolved and normal invoicing has resumed.

In 2022 ODSL changed its customer survey to focus on the 7,500 tenants' satisfaction levels with the repairs carried out by ODSL on their council-owned homes. Whilst there is therefore no comparator versus last year the scores are still very strong at 76% satisfaction.

	2021/22	2020/21
Financial	£	£
Revenue	60,786,743	57,315,546
Profit after tax	2,496,165	612,926
Shareholder return	-	-
Cash	(7,599,612)	2,093,361
Engagement		
Customer satisfaction - repairs	76%	N/A
Health and safety		
Workplace & activity inspections	4,172	6,008
Lost time (days) to injuries	60	62
RIDDOR reports	1	2
Environment		
tCO ² e per £m annual turnover	38.25	36.88
tCO ² e	2,110	2,114
Solar electricity generated v total energy consumption	26.2%	31.8%

From a health & safety perspective we have seen significant improvements in most key measures. Whilst inspection numbers have seen a drop of some 30% the emphasis has moved onto focusing these on higher risk areas versus the prior year. Most importantly days lost due to injuries and RIDDOR reports marginally improved on the strong results in 2021.

This is testament to the ongoing management focus in this area.

Unfortunately, our key environmental measures have seen some deterioration year on year.

Whilst absolute tCO₂e remained static, tCO₂e per £m turnover increased by 3.7% as operational activity and site occupancy returned to pre-Covid levels driving up consumption.

Unsurprisingly, solar energy generated versus total energy consumed saw a drop of 5.6 percentage points.

ODS' profit after tax came to **£2.5m** (2021: £0.6m profit), its strongest since the companies were established. The rise in the year-on-year profit is mainly attributable to operations returning to almost normal activity levels, following the material impact of Covid 19 in the prior year, and our planned efficiency drive starting to yield benefits.



"ODS' profit after tax came to £2.5m (2021: £0.6m profit), its strongest since the companies were established."

Financial review

Whilst the impact of Covid was less severe than in the previous financial year it still brought about challenges. In particular, our Building Services division still had to contend with periods of reduced operational activity in the early part of the financial year.

Furthermore, all new commercial activity was conducted through ODSL's sister company. This removed a substantial revenue stream which was in part substituted by increased recharge income for the provision of services and resources to ODSTL.

ODSL returned a profit on ordinary activities before tax of **£2,496,165** (2021: £690,379) which has led to an increase in shareholder funds to **£4,785,439** (2021: £2,289,275).

Despite the loss of third-party commercial work, revenue increased by **£3.5m** (+6.5%). This was in part driven by charges levied on our sister company, ODSTL, for services and resources utilised in delivering commercial services to third parties. However, a very strong year in terms of delivering maintenance services for OCC's social housing stock was the main contributor to the annual increase in revenue following the artificially deflated revenue in 2021 due to Covid materially impacting operations.

Overall gross profit margins came to **30.5%**, a 4.2 percentage point improvement on 2021. A combination of efficiency gains, a revised commercial agreement with OCC's the housing revenue account and materially increased revenue delivered with substantially the same resource levels in property maintenance have helped drive profitability year-on-year. Overall cost of sales stayed flat against a revenue improvement of 6.1%.

Due to the prolonged overdrawn position, ODSL incurred higher than usual levels of interest charges.



Profit before tax
£2,496,165

Section 172 Statement

Our employees

ODSL is a large local employer, and we draw majority of our staff from Oxford and Oxfordshire.

As an employer, we are committed to contemporary employment practices, and 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. We offer a range of flexible working practices, aimed at promoting work/life balance and increasing workforce diversity. During this year we renewed our commitment to diversity with a range of measures including a new strategy and an action plan outlining our commitment to facilitating access to careers irrespective of background and/or circumstance.

We also signed the **Armed Forces Covenant**, made progress through the **Disability Confident** standard and continue to maintain a positive gender pay position.

Recruiting and maintaining sufficient workforce numbers in an increasingly competitive recruitment environment is proving challenging right across the organisation. The combined impact of Brexit and the pandemic has created a unique set of challenges which are likely to continue and will need evolving strategies to address.



Health and Safety

Health, safety and wellbeing is the cornerstone of our fundamental values as a business and as such is worthy of specific attention.

Health and safety continue to grow in profile within the business and real improvements have been made. Year-on-year our severity rate has declined, in relation to injury from incidents, whilst our active management metrics continue to improve. Our safety culture continues to mature and measurable progress has been made in all aspects of leading and lagging indicators.

Summary metrics on leading and lagging indicators for the year include:

- Severity rate declined from 0.07 to 0.05 year-on-year (HSE severity rate formula)
- Lost time to incidents dropped to 60 days this year from 62 in the previous period.
- Average lost time across all LTI (Lost Time Incidents) dropped from 6.2 to 4 days year-on-year.
- Near miss reporting increased by almost 27% year-on-year with a close out rate of 89% (immediate rectification and action)
- Our site and activity management inspections reduced over the year. This is in line with our drive to improve the quality and depth of the inspections and observations. Our push has been towards quality, not quantity and this initiative is bearing fruit in respect of better learning and feedback throughout the workforce.

Engagement in health and safety has also measurably improved with higher quality and greater frequency of communications throughout the business which are translating into the improvements previously mentioned.

doing good





Health and Safety external accreditations continue to increase with re-accreditation gained for both ODSL and ODSTL with **SafeContractor**, a founding member of Safety Schemes in Procurement (SSiP), **Constructionline Gold** accreditation and Acclaim Deemed to Satisfy certification for both ODSL and ODSTL.

Our journey towards gaining the health and safety standard **ISO 45001** continued with a successful first-stage audit of our organisational processes and management system during the financial year. Work has now been completed for the second stage with ODSL gaining full accreditation.

Emerging from the pandemic, we relaunched the HSE 'Safety Climate Tool' and improved our initial high response rate of 83% to almost 88%. The output report showed a marked increase in positive responses across all eight measured factors:

- **Organisational commitment**
- **Safety oriented behaviours**
- **Health and safety trust**
- **Usability of procedures**
- **Engagement in health and safety**
- **Peer group attitude**
- **Resources for health and safety**
- **Accident and near miss reporting**

**HSE SAFETY
CLIMATE TOOL
88%
RESPONSE
RATE**

This result reflects the success of the initiatives and work that has gone on and underpins our focus and activities for the year ahead.



Customers

Our key customer is our sole shareholder, Oxford City Council, who, in the main, awards work and contracts to us under the Teckal exemption. We have a 20-year statutory services and housing repairs contract and maintain close client relationships through various regular meetings with council officers at all management levels.



Suppliers

As part of the “doing good” brand, ODSL strives to invest in the Oxfordshire economy through buying materials, goods, and services locally.

Our largest contract is for the supply of building materials. On average we spend, £3m with a local company, who provides local employment opportunities.

The spend with both local suppliers and small/medium-sized enterprises (SME) is tracked monthly and, based on an active supplier base of circa 650 businesses, spend with these companies is tracking at an average of 65% of our total spend.

The procurement team conduct supplier positioning (value and risk) to select key suppliers. Our mission is to develop and maintain strong, positive relationships with those key suppliers through the implementation of Supplier Relationship Management (SRM) programmes.

We work with suppliers under SRM programmes to:

- Gain a shared understanding of how they can deliver increasing value to ODSL and how we can develop mutual cost reduction approaches (understanding cost drivers)
- Understand and manage strategic supply risks including market dominance and conflicts of interest
- Manage the risk of key suppliers becoming insolvent due to challenging economic circumstances and ensure we have robust contingency arrangements
- Engage about future requirements and help them prepare for contracting opportunities
- Maintain up-to-date commercial intelligence to ensure that we understand risk, market, and technological developments
- Seek continuous improvements in value-for-money through joint improvement plans

Supplier insight, knowledge and technical expertise is also used to inform category strategies that deliver best value solutions.



“ Seek continuous improvements in value-for-money through joint improvement plans ”

Our Shareholder

We regularly engage with our shareholder, Oxford City Council, to ensure we maintain a dialogue about strategy and objectives, listen and respond to their checks and challenges and continue to contribute to the wider interests of the Oxford City Council-owned group of companies. There are three meetings during the year at which the shareholder can challenge ODSL's performance and business plan.

Payments to Creditors

We comply with the Prompt Payment Code and in most cases exceed this standard. We also strive to pay everyone 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 ODSL as an SME is paid within 14 days of receipt of invoice
- Utility companies are paid on receipt of invoice

The community and the environment

We take our role in the community incredibly seriously. We provide many public services on behalf of Oxford City Council, which are essential in keeping the city a thriving place to live, work and visit. These public services are delivered in the main by the local community, with over half of our circa 600 strong workforce living in Oxford itself. This connection with operations is significant as people take a pride in caring for the place they live in. **They clean the streets, empty the bins, look after the green spaces, and repair and maintain over 7,500 dwellings, providing essential social housing.**

“ We provide many public services on behalf of Oxford City Council ”



Mindful of our community leadership role and under our “**doing good**” social purpose agenda, we aim to deliver value beyond financial – working with community groups and charities to further their aims. A good example is staff volunteering where we match up to three days leave for staff to give their time to undertake charitable work.

In addition to the benefits we deliver to people, and the profit we generate (which is returned to our shareholder for reinvestment back into public services), we also care about our impact on the planet. This is evidenced through service delivery such as our **PAS2030 Decarbonisation Retrofit Installer accreditation** which allows us to help our shareholder plan to significantly reduce its carbon footprint. In other areas we continue to drive towards achieving a zero-carbon fleet, where our 330 vehicles move towards ultralow or zero emissions.



We aim to achieve a 25% target by 2023, we are well on track to meet this.



Streamlined energy and carbon report

We maintain close alignment with Oxford City Council in terms of policy and objectives regarding the achievement of a net zero city. Our energy usage is incorporated into the Green House Gas reporting of the city council which can be found at:



[Download report here](#)

This report shows progress has been made by the city council and its group of companies, **reducing emissions by 49%** since 2014/15. The marked drop compared to the previous year is driven by the strict adherence to Covid enforced lockdown measures, but nonetheless, continues the established positive trend towards the target.

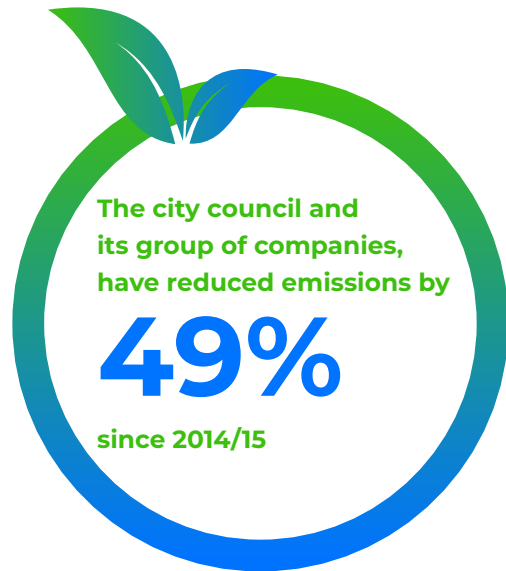
We fully support this approach and will support the Zero Carbon Oxford Partnership to achieve this.

The following tables set out our energy consumption and emissions data for the year. Total CO2 emissions remained flat versus the previous year despite operational activities returning to pre-Covid levels. Renewable energy generated as a percentage of total consumption has dropped by almost six percentage points. This was driven by electricity generation coming in 3.9% lower than in the previous year and consumption increasing by 16.4%.

General summary CO2/CO2e emissions	2021/22			2020/21			YoY		
	Emissions source	units	tCO2	tCO2e	units	tCO2	tCO2e	units	tCO2
Electricity/kWh	568,664	120	121	488,390	123	124	16.4%	-2.5%	-2.4%
Gas/kWh	787,864	144	144	912,762	168	168	-13.7%	-14.0%	-14.0%
Fuel									
Diesel/litres	708,608	1,754	1,780	670,752	1,684	1,708	5.6%	4.1%	4.2%
Gas Oil/litres	17,407	47	48	33,330	91	92	-47.8%	-47.8%	-47.8%
Unleaded Petrol/ litres	7,797	17	17	10,322	22	22	-24.5%	-23.6%	-23.6%
Totals		2,082	2,110		2,087	2,114		-0.3%	-0.1%

Continued overleaf...

Our progress has been driven by a target to reduce greenhouse gas emissions by 5% per annum, which we adopted as our target at our formation in 2017. In 2020 Oxford City Council agreed to accelerate its decarbonisation efforts increasing the annual target for reducing absolute tCO2e by 10%. We continue to work closely with city council colleagues on steps to achieve this.



In addition, the city council has committed to becoming 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.

General summary CO2/CO2e emissions	2021/22		2020/21		YoY	
Renewable energy generation	kWh	%	kWh	%	kWh	%
Electricity - Generated On-Site PV (kWh)	149,144	26.2%	155,230	31.8%	-3.9%	-5.6ppt
Electricity - Generated & Used On-Site PV (kWh)	121,677	21.4%	125,973	25.8%	-3.4%	-4.4ppt

Summary by Scope of emissions	2021/22		2020/21		YoY	
Scope 1	tCO2	tCO2e	tCO2	tCO2e	tCO2	tCO2e
Gas (kWh)	144	144	168	168	-14.0%	-14.0%
Diesel/litres	1,754	1,780	1,684	1,708	4.1%	4.2%
Gas Oil/litres	47	48	91	92	-47.8%	-47.8%
Unleaded Petrol/litres	17	17	22	22	-23.6%	-23.6%
Total Scope 1	1,962	1,990	1,965	1,990	-0.1%	0.0%
Scope 2						
Electricity (kWh)	120	121	113	114	5.9%	6.0%
Totals	2,082	2,110	2,077	2,104	0.2%	0.3%

Energy Efficiency Measures

Fleet

We now have **70** electric vehicles (EV) in our fleet a further 50 have been ordered and delivery is expected over the next 12 months.



70
electric
vehicles (EV)
in our fleet



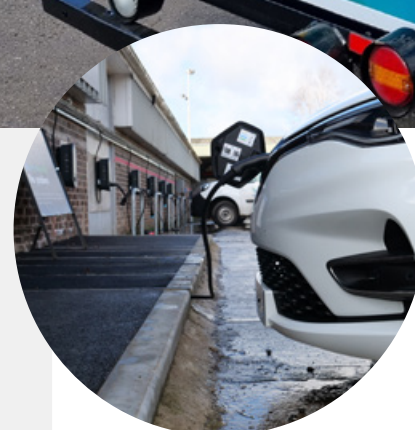


To enable the further electrification of our fleet, our fleet drivers now have the option to charge at the **Energy Superhub Oxford**. Once operational, the number of EVs will far exceed the target we set ourselves to electrify - **25%** of our fleet - by the end of 2023.

To help reduce sole occupancy journeys **six electrically assisted bikes** have been added to the fleet which are available from all our depots.



During the year a trial of hydro-treated vegetable oil (HVO) has been undertaken. HVO is a drop-in replacement for diesel and can help with significantly reducing emissions.



Depots

Across all our depots any remaining manual light switches are in the process of being replaced with auto-switches.

In addition, smart thermostatic valves will be trialled on several radiators with a view to replacing all valves if the trial successfully demonstrates a reduction in heating costs. This is linked to a programme of lagging any remaining pipework to improve insulation, further reducing heat loss. We have commissioned thermal imaging of our buildings to identify any specific areas of heat loss or those that will benefit from additional insulation.

The overall heating temperature of our sites has been reduced by 4 degrees Celsius.

Overall heating temperature

REDUCED by

4°C

High Standards of Business Conduct

We have a range of policies in place to protect our employees and provide a safe working environment. We ensure compliance with all regulatory requirements and adhere to high professional and ethical standards when dealing with customers, suppliers and between colleagues. We recognise our social and environmental responsibilities and customers, communities and employees are at the heart of our business - with opinions actively sought and responded to.

The board and senior management have taken active steps to ensure appropriate governance, strategy, and commitment to fair and open business practices and good customer relations have been embraced across the organisation. By balancing the interests of our stakeholders when making decisions, the board seeks to maintain a reputation for high standards of business conduct, thereby securing long-term success.

Key risks, uncertainties and opportunities

During 2022 several workshops were held with the Executive and directors to focus and improve on our approach to risk management.

Senior management reviewed each risk assessing their potential impact on the deliverability of our strategic plan.



Top Corporate Risks

This exercise was performed in conjunction with a revision of the company’s risk management framework and encompassed:

1. Aligning risks to strategic themes/business plan objectives
2. Benchmarking each risk against our risk appetite and tolerance
3. Assessing the effectiveness and efficiency of risk mitigations and taking corrective action as necessary
4. Implementing revised tracking of risk scores over time monitoring where these are misaligned with our risk appetite and taking corrective action where required
5. Using the revised process to report to the board and audit committee on assurance on a periodic basis

All Heads of Service attended Fraud Risk training delivered by the Finance Director and the Risk, Quality and Accreditations Manager. The Fraud Risk Register has also been scrutinised and improved.

Heads of Service will rotate on a quarterly basis and present their service risk registers to the Executive.

The Director of Property Service will chair peer review sessions to enable Heads of Service to experience challenges.

Key risk	Risk movement	Mitigations / Action(s) being taken
Failure of health and safety management		Continue developing and embedding a safety culture supported by a dedicated HSE management team. ISO 45001 has been achieved and must be maintained.
Economic downturn reducing demand for services		Ensure ODSL safety and service delivery standards are in place and have been maintained by all areas. Staff induction ensures the ODSL brand is fully understood.
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
Inefficient depot facilities to support current or future operations		Maintaining current depot arrangements whilst developing a plan to relocate to permanent purpose-built facilities
Data breach		Continued to develop the data protection regime. A compliance audit was commissioned.
Lack of commercial and financial visibility for operational staff on contracts and budgets		Development of commercial reporting tools and budget management and improved ways of working. Delivery of new Housing Management Software.
Supply chain affected by cost-of-living crisis, for example; rising cost and availability of materials (fuel / construction materials etc)		Being vigilant regarding market forces, utilising multiple suppliers, holding fuel cards.



A key risk that required managing this year was the challenging implementation of Housing Management software by our shareholder, which resulted in incomplete financial management reporting for parts of the business. Manual 'workarounds' were devised and have been the principal area of internal audit scrutiny under the direction of the Audit Committee.

Other key areas considered by the Audit Committee during the year included:

- scrutiny of management's progress to resolve issues and risks identified arising from audit work
- the three-year internal audit plan 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
- review of an anti-fraud action plan
- establishing a Board Assurance Framework based on principal risks.

Section 2

Directors' Report

Principal activities

The principal activity of ODSL is the provision of services to Oxford City Council under a 20-year operating agreement. ODSL 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.

Directors

Directors during this financial year were:

- Timothy Sadler (Chairman)
- Simon Howick (Managing Director)
- Gregor Budde (Finance Director) - appointed 6 January 2022
- Anne-Marie Scott (Executive Director of People and Corporate Services) - appointed 6 January 2022

The non-executive directors were:

- Catherine Pridham
- Michael Whitwell
- Thomas Edward Hook – appointed 29 June 2022
- Ian Wright – appointed 22 April 2021, resigned 15 October 2021
- Stephen Gabriel – appointed 13 October 2021, resigned 29 June 2022

The company has in place a directors and officers liability insurance policy.



“...maintaining the Council's housing stock, parks and streets and providing statutory services such as waste collection.”

Going Concern

Whilst the Covid pandemic has to some degree 'normalised', the ongoing war in Ukraine is continuing to impact the wider economic climate, driving up the cost of oil and gas, and consequently fuelling general inflation to levels unprecedented in recent history.

This has introduced additional cost pressures for ODSL; however, these are mitigated, in the main, through the contractual arrangements with Oxford City Council, which allow inflationary increases in materials and fuel/utilities to be passed on to them. As such, the overall risk to our financial liquidity is materially reduced.

In preparing the annual report and financial statements, the directors' have given consideration to the appropriateness of adopting the 'going concern' basis in the preparation of the financial statements and detailed budgets which factor in these circumstances, have been prepared. Considering this, and the fact that the vast majority of our revenue streams are derived from the (20 plus 5 year) service contracts with OCC, we have assumed no significant structural changes to the business will be needed because of either Covid 19 or the Ukraine conflict.

As at 31 March 2022, the balance sheet reflects a net asset position of £4.9m, however, the liquidity of ODSL was weak with an overdraft balance of £7.6m. This was an issue caused by significant difficulties arising from the implementation of the new housing management system. This, along with other issues, prevented ODSL from billing OCC for a prolonged period, beyond the financial year end.

Given that OCC is our major client we are assured of their ongoing ability to pay the statutory services fee. This is based on detailed modelling, on OCC's part, that clearly demonstrates that there is significant headroom within their funding arrangements to absorb the estimated financial impact of the current economic climate, in the short to medium term.



Whilst we are confident of our liquidity position going forward, given the uncertain environment, and to give increased financial flexibility, we have deferred the decision on any dividend relating to the year ended 31 March 2022 until later in the financial year.

On this basis, while fully recognising the difficulties created by the implementation of the new housing management system (including the delay caused to the company's filing of its annual accounts) but taking into consideration the measures taken to overcome these difficulties, 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 was incorporated on 10 April 2017 and commenced trading on 1 April 2018. The company is limited by shares and is wholly owned by Oxford City Council. ODSL holds 'Teckal' status (under s12 (1) of the Public Contract Regulations 2015) and is designed to trade exclusively or 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.

As the sole shareholder of ODSL, Oxford City Council established a Shareholder Group (comprising 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. This agreement records and formalises the council's requirements of ODSL.



Corporate governance

Continued...

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 for the shareholders consideration/approval of the Business Plan, the appointment of directors, auditors, etc.). All company reports received by the Shareholder Group are subject to scrutiny by the Council's Company Scrutiny Panel, which is comprised of elected members with a mandate to scrutinise the actions of the Shareholder Group.

b. Company Board

When initially formed, the ODSL board was made up entirely of employees of Oxford City Council. However, it became increasingly apparent that ODSL executive directors would become employees of ODSL. (The Managing Director has been an ODSL employee since 2018). Tim Sadler has been Chair of the Board since the company's incorporation. During the first six years he was both a Strategic Director and employee of Oxford City Council. On leaving the council he continued as Chair of ODSL in the capacity of a non-executive director, allowing us to continue to rely on his expertise and experience. Tim has joined the two existing non-executive directors who throughout 2021/22 continued to provide the board with their external expertise and valuable independence of viewpoint.

The board was further strengthened in 2021/22 by the addition of Oxford City Council's Executive Director of Communities and People, and then two ODSL executive directors, the Finance Director and the Executive Director of People and Corporate Services.



Corporate governance

Continued...

The ODSL board meets at least four times per year. Additional meetings can be called if circumstances require.

The financial year 2021/22 continued to be subject to the difficulties resulting from the Covid-19 pandemic, with all board meetings being held virtually, and directors participating through an electronic platform. Originally driven by necessity, this virtual form of meeting has in fact proven highly effective. Between scheduled board meetings, the directors meet more informally through a 'board call' which has proven popular and useful.

The company's AGM, held in November 2021, was well attended by elected members of the Council and other stakeholders. The company holds a register of interests for its directors and for its senior executive officers, helping to ensure the avoidance of any conflicts of interest.

Although, ODSL is not technically required to adopt or formally report on its corporate governance principles, we always seek to follow the Wates principles (for large, unlisted private companies). It is therefore a priority for the board to ensure that our Purpose and Values are clear and followed. This has been especially important



Corporate governance

Continued...

in 2021/22, with all commercial external trading moving to our sister company ODSTL.

ODSL is now able to concentrate on our key, and now sole, customer Oxford City Council, ensuring that the ethos of public service continues to guide our activities. This was apparent during the covid pandemic, where vital public services such as waste and recycling collection continued with little or no interruption despite considerable operational difficulties.

Board directors have a clear understanding of their responsibilities. The mix on the board between ODSL executives, senior council employees and independent non-executive directors, working with an effective and experienced Chair, gives a healthy and robust combination of views and experience.

Directors are aware of their duty to promote the success of the company under s172 of the Companies Act. They are continually looking for appropriate opportunities to create value for the company, while also recognising the importance of understanding the potential risks involved, and the scope for risk mitigation.

The board engages with the council, on a regular basis through Shareholder Group meetings and through many regular operational contacts, and seeks to ensure good lines of communication with all other stakeholders - the workforce, suppliers, etc. ODSL's "doing good" approach is intended to apply to everyone with whom it comes into contact.



Corporate governance

Continued...

c. Committees

The two sub-committees originally established during the financial year 2019/20, the Audit Committee and the Remuneration and Nominations Committee, continued to operate during 2021/22. 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. With almost three years of operational experience, the two sub-committees have provided significant assistance to the company in strengthening its overall governance.

d. Audit

Representatives of the company's internal auditors BDO attend all meetings of the Audit Committee and are available to provide assistance and expertise on all matters arising, in addition to giving feedback on their various specific audit tasks. Audit report recommendations are welcomed and actioned wherever appropriate. Both internal and external auditors continue to draw attention to the value of the contributions made by non-executive directors to the company's overall governance.



Our employees

As an employer we are committed to ensuring that our employment policies respect individuals 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; recognised this year when we achieved accreditation against the ISO45001 standard. We are committed to the **Oxford Living Wage** and to investing in learning for all our employees from apprentices to senior staff.

We operate a system of collective bargaining with the recognised Trade Unions (Unison and Unite) and there are a range of regular forums in place to facilitate positive partnership working and enable proactive involvement in our safety and wellbeing agenda. 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.

We reflect our “**doing good**” 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.

During 2022 we delivered a range of benefits to support our workforce in facing the cost-of-living crisis, including the rollout of financial advice sessions and a one-off additional payment.



“During 2022 we delivered a range of benefits to support our workforce in facing the cost-of-living crisis, including the rollout of financial advice sessions and a one-off additional payment.”



We are working hard to further embed diversity at the heart of everything we do. A new **Diversity and Inclusion Strategy** has been approved with a supporting action plan.

Key achievements in the last 12 months include:



- Gaining **Disability Confident Level 2** and working towards Level 3, Leader Status
- Delivery of organisation-wide training in Allyship
- Expansion of our **apprenticeship programme**, recruiting the largest number of apprentices to date. Successfully recruiting employees from challenging background and over 25% of recruits were from a minority background.
- New communications campaign delivered after the employee satisfaction survey.
- Equality Lead appointed
- We committed to the **Mental Health Workplace Charter** and the **Menopause Pledge**
- We re-launched our **Women's Network**
- Commissioned mental health awareness sessions for all new staff and held new and refresher training for our 27 Mental Health First Aiders



Financial risk management

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

ODSL's bank balances are managed on a grouped basis with the Council's accounts and therefore we do not need an overdraft facility with our bankers.

We lease our operational buildings and our vehicles from the Council and pay interest at a fixed market rate on these arrangements, this reduces any exposure to changes in interest rates in the short term.

Oxford City Council is our sole shareholder as well as our main customer, as such the credit risk to the ODSL is deemed to be very low.

Results and dividends

ODSL made a profit after tax of **£2,496,165** for the period (£612,926 profit in FY21) which has led to a commensurate increase in reserves. A £600,000 dividend was declared and paid out of retained profits after the year end. A decision on any further dividend is deferred until after the audit for FY22 is concluded.



Summary of accounts

Oxford Direct Services Limited

Statement of Comprehensive Income

For the period ended 31 March 2022

	2021/22	2020/21
	£	£
Revenue	60,786,743	57,315,546
Cost of Sales	42,229,304	42,230,977
Gross Profit	18,557,439	15,084,569
Administrative Expenses	15,249,717	13,610,691
Other Operating Income	77,491	45,905
Operating Profit	3,385,213	1,519,783
Investment Income	689	9,630
Interest Payable to Group Undertakings	894,515	839,034
Profit / (Loss) Before Taxation	2,491,387	690,379
Tax on Profit & Deferred Tax Adjustments	(4,778)	77,453
Profit / (Loss) and Total Comprehensive Income and Expenditure	2,496,165	612,926

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 2022

	2021/22	2020/21
	£	£
Property, Plant & Equipment	13,629,446	15,425,229
Long Term Debtors	-	-
Long Term Assets	13,629,446	15,425,229
Inventories	323,538	682,926
Short Term Debtors	18,007,039	6,344,796
Contract Assets	5,636,759	2,885,159
Cash and Cash Equivalents	-	2,093,361
Current Assets	23,967,336	12,006,242
Cash and Cash Equivalents	(7,599,612)	-
Short Term Creditors	(12,832,219)	(11,916,901)
Contract Liability	(164)	(19,385)
Current Liabilities	(20,431,995)	(11,936,286)
Long Term Creditors	(32,170)	(50,662)
Finance Lease Liabilities	(11,703,519)	(13,155,248)
Long Term Liabilities	(12,379,347)	(13,205,910)
Net Assets	4,785,440	2,289,275
Called up Share Capital	1	1
Retained Earnings	4,785,439	2,289,274
Equity	4,785,440	2,289,275

Oxford Direct Services Limited

Statement of changes in Equity

For the period ended 31 March 2022

	Share Capital	Retained earnings	Total
	£	£	£
Balance at 1 April 2020	1	1,676,348	1,676,349
Dividend Payments	-	-	-
Retained Profit and Total Comprehensive Income	-	612,926	612,926
Period ended 31 March 2021	1	2,289,274	2,289,275
Dividend Payments	-	-	-
Retained Profit and Total Comprehensive Income	-	2,496,165	2,496,165
Balance at 31 March 2022	1	4,785,439	4,785,440

Oxford Direct Services Limited

Statement of Cashflows

For the period ended 31 March 2022

	2021/22	2020/21
	£	£
Profit / (Loss) and Total Comprehensive Income and Expenditure	2,496,165	612,926
Adjustments for:		
Decrease / (Increase) in Trade, Other and Long Term Receivables	(11,663,196)	600,347
Decrease / (Increase) in Contract Assets (Decrease) / Increase in Trade, Other and Long Term Payables excluding Financing Activities	(2,751,600)	(803,085)
(Decrease) / Increase in Contract Liabilities	1,821,180	2,548,900
Decrease / (Increase) of Inventory	(19,221)	19,385
Interest Expense	359,388	8,178
Investment Income	894,515	839,034
Depreciation	(689)	(9,630)
(Gain) / Loss on Asset Disposal	2,072,263	2,270,306
Net Cash Flows from Operating Activity	(6,868,686)	6,040,456
Proceeds from the sale of Non Current Assets	105,632	60,538
Proceeds from Short-Term and Long-Term Investments	1,643	8,677
Total Cash Flows from Investing Activities	107,275	69,215
Loans (to) / from Parent Undertaking	-	-
Interest Payable to Group Undertakings	(827,836)	(1,005,592)
Dividend Payments	-	-
Payments for of a Finance Lease Liability	(2,103,725)	(2,270,306)
Total Cash Flows from Financing Activities	(2,931,562)	(3,275,898)
Net Increase/(Decrease) in Cash and Cash Equivalents	(9,692,973)	2,833,773
Cash and Cash Equivalents at the Beginning of the Reporting Period	2,093,361	(740,412)
Cash and Cash Equivalents at the End of the Reporting Period	(7,599,612)	2,093,361

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 ODSL will not continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain company 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 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.



Simon Howick
Managing Director

13 DECEMBER 2023

Oxford Direct Services Limited

Company Information

Directors Timothy Paul Sadler
Simon Howick
Gregor Budde (Appointed 6 January 2022)
Anne-Marie Scott (Appointed 6 January 2022)

Non Executive Directors Catherine Pridham
Michael Whitwell
Thomas Edward Hook (Appointed 29 June 2022)
Ian Wright (Appointed 22 April 2021, Resigned 15 October 2021)
Stephen Gabriel (Appointed 13 October 2021, Resigned 29 June 2022)

Secretary Lindsay David Cane

Registered Office

Cowley Marsh Depot
Marsh Road
Oxford
England
OX4 2HH

Auditor

Mazars LLP
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

Business Addresses

Marsh Road Depot
Marsh Road
Oxford
England
OX4 2HH

Horspath Road Depot
Horspath Road
Oxford
England
OX4 2RH

Company Registration Number 10719222
(England and Wales)

Incorporation Date - 10 April 2017



**We are here to build a new kind of business,
a better business, a business that's good for everyone.**

01865 335400

enquiries@odsgroup.co.uk

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ODS | Marsh Road | Oxford | OX4 2HH

Oxford Direct Services Limited

Company Registration No. 10719222 (England and Wales)





Oxford Direct Services
Trading Limited

doing good

Annual Report 21/22

For the period ended
31 March 2022

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



Oxford Direct Services Trading Ltd
Annual Report 21/22

Contents

Section 4 | ODSTL Annual Report 20/21

Directors Report	53
Business Review	56
Principle Risks and Uncertainties	57
Financial Instruments	58
Key Performance Indicators	59
Results & Dividends	61
Going Concern	62
Directors' Responsibilities Statement	63
Summary of Accounts	64

Oxford Direct Services Trading Limited

Company Registration No. 10719214 (England and Wales)

Director's Report

For the period ended 31 March 2022

The Directors present their report and financial statements for the period 1 April 2021 to 31 March 2022.

Directors

Directors during this financial year were Timothy Sadler (Chairman), Simon Howick, (Managing Director) and the non-executive directors Catherine Pridham and Michael Whitwell. Ian Wright was appointed non-executive director on 22 April 2021 and resigned on 15 October 2021. Stephen Gabriel was appointed non-executive director on 13 October 2021 and resigned 29 June 2022. Tom Hook was appointed non-executive director on 29 June 2022. In addition, Gregor Budde (Finance Director) and Jane Lubbock (Commercial Director) were appointed to the Board on 6 January 2022, with Jane resigning on 12 December 2022. David Curtis (Chief Commercial Officer) was appointed 13 December 2022.

Company strategy and key objectives

Oxford Direct Services Trading Limited ("ODSTL") Oxford Direct Services Trading Limited (ODSTL) was formed in 2017 and is a wholly owned and controlled company of 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).

ODSTL provides a similar range of services to those provided by ODSL to businesses, public sector bodies and not-for-profit organisations across the Thames Valley.



Although ODSTL commenced trading on 1 April 2018 ODSL only moved all its external business into ODSTL in April 2021.

ODSTL primarily offer three large commercial services to the market. These account for 90% of ODSTL's annual revenue, these are:

- Commercial Waste and Recycling
- Civils and Infrastructure Works
- Construction and Property Management

Other services include fleet management, grounds maintenance, pest control and other facilities management services.

ODSTL operates as a “doing good” business, which means:

We are committed to building a new kind of business. A business that's good for everyone; one that creates a more inclusive and sustainable economy that truly balances purpose and profit, one that considers the impact of their decisions on their employees, customers, suppliers, community, and the environment.

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 vision is to deliver long-term value through the provision of efficient, value-for-money services and generate long-term sustainable growth in income through external trading. The model is designed to offer customers long-term service benefits by working as a business partner rather than just a supplier. Our customer retention rate is over 95%.



During the year we set out a new business plan that seeks to double third-party revenue over the next four years. To enable such ambitious growth, we will be channelling all commercial activities through ODSTL to give this part of the business a heightened focus.

To deliver both this growth and great outcomes for our customers, we will be investing in new systems to better understand and improve our service offer. At the same time, we will invest in our sales and marketing function to execute and accelerate our growth plans which will build on our strengths in Commercial Waste, Highways & Engineering and Building Services.

Key tenets of the plan include:

- Maximising the value we return to the Shareholder
- Delivering best in class services to all customers
- Increasing the market share of our three key service areas
- Development of innovative new products and a broader service offer
- Increased market presence and reputation for our **doing good** values.



Business Review

Covid-19 continued to significantly impact our ability to operate fully in the early part of FY22. Safety restrictions on customer numbers particularly affected the hospitality trade and the “new ways of working” (home working) reduced the need for attending the office, resulting in reduced demand for the Commercial Waste service.

However, at the year-end, the service was able to achieve a level of new business that only missed the revenue target by 3.6%. In addition, the service benefited from a change in the recycling end price market which reduced the cost of the waste operation.

Highways exceeded their target due to businesses taking the opportunity to carry out works during quiet lockdown periods.

Whilst growth was slow in the first half of the year, work that had been delayed due to Covid -19 was commissioned early in 2022 resulting in the highways revenue target being overachieved.

It should be noted that the achievement of the target should be credited to our operational teams committing to delivering the work. This has enabled ODSTL, with its diverse service portfolio to weather the impact of Covid-19 and return a profit of £0.3m for FY22.

The new business secured by ODSTL within our commercial waste operation will underpin our recovery and achievement of our 2022/23 growth target.



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 developing and embedding a safety culture supported by a dedicated HSE management team. ISO 45001 has been achieved & must be maintained.
2. Economic downturn and global instability reducing demand for services	Communicate and enact the new business plan, which has been planned to be more robust against economic downturn (e.g. focus on repairs & maintenance over capital construction projects, margin improvement and efficiency savings etc). Make sure ODSTL is a cohesive business of complimentary services, being sold appropriately to its customer base. Continue to recover post Covid and engage with customers who haven't used ODSTL services since.
3. Uncontrollable changes in the wider economic climate	Utilise stretch targets and opportunities outside the business plan to give agility in the delivery of targets. Significantly increase the throughput of tender opportunities, targeting a wider geographic area and larger service contract opportunities and building a larger pipeline for delivering growth.
4. Insufficient depot facilities to support current or future operations	Maintaining current depot arrangements whilst developing a plan to relocate to permanent purpose-built facilities.
5. Supply chain affected by cost-of-living crisis, e.g. rising costs and availability of materials (fuel / construction materials etc)	Being vigilant regarding market forces, utilising multiple suppliers, holding fuel cards. Manage our price point with our competitive set and customers effectively, passing on rising costs where appropriate. Put in place clear contract management ensuring value is driven from supply chains. Engage with reciprocal trading relationships where possible.
6. Lack of commercial and financial visibility for operational staff on contracts and budgets	Development of commercial reporting tools and budget management and improved ways of working. Delivery of new Housing Management Software. In-house training on financial management to operational management at all levels.
7. Lack of customer focus	Focus on being a customer-centric organisation aligning growth to customer requirements. Continued focus on improving net promoter score with a structure to deliver customer satisfaction.

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 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

Our leading and lagging indicators within Health and Safety continue to progress in the right direction with frequency and severity of incidents declining and active measures increasing in quality. In relation to previous years our severity rate relating to incidents has declined steeply. As an example, ODS as a whole lost 331 days to injury in the 19-20 year giving a severity rate of 0.28 (HSE severity rate formula) with 15 incidents reported under the RIDDOR Regulations to the HSE. In this year we lost only 60 days with 1 RIDDOR report and a severity rate of only 0.05. This results in a reduction not only in lost time but in costs and associated management time and increases our profile as a safe workplace with robust and proportionate controls to mitigate risk in a recognised and effective manner.

We are also increasing in-house quality in developing competence and evaluating learning in safe practice. We now have over 30 in house manual handling trainers within the business who deliver bespoke manual handling training and evaluation to operational staff. This peer learning approach is delivering high quality results in the steep decline in musculoskeletal related injuries. Near miss reporting continues to grow however there is still work to develop better quality and understanding in this area and a development plan is in place.

We again maintained our accreditations in **SafeContractor**, **Constructionline Gold**, **SSIP SafePQQ verification** in environmental, quality, employment and business processes for the 8th year running and passed a successful first stage external audit in the global health and safety standard of **ISO 45001** during the financial year. Work has now been completed for the second stage with ODS gaining full accreditation allowing us to combine this certification into our existing quality and environmental standards to develop an integrated health, safety, wellbeing, environmental and quality management system that encompasses the whole organisation.



Customer Success

A new Customer Success strategy and plan were agreed upon in early 2022. The plan sets out a range of actions to deliver customer value in a commercial environment. A new Customer Relationship Management (CRM) solution is being implemented to support better management of our customers and prospects.

In addition, we have restructured our commercial team to provide a focus for more proactive engagement and targeting key clients to broaden our customer portfolio, reduce risk and increase our presence as an established and trusted service provider across the Thames Valley.

Quality Management

ODSTL remains committed to adhering to the standards for Environmental and Quality Management Systems and has retained accreditation under **ISO 9001:2015** and **ISO 14001:2015**.

ODSTL also holds **Cyber Essentials** accreditation. This standard demonstrates data security controls and is used by all public sector bodies. ODSTL has also achieved **ISO 45001** in late 2022. This reflects ODSTL's continued commitment to ensuring all compliance obligations are met as well as following industry best practice to reduce the environmental impact ODSTL has on its communities and ensuring quality services are provided to all customers.



Results and Dividends

The company made a profit after tax of **£287,767** for the period. This has been included within reserves, which now stand at £583,335 (2021: £295,568). A decision on the final dividend is deferred until after the FY22 accounts are approved by the board.

Employee Involvement

Whilst most 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 three employees 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 channels as well as more structured briefings.

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.



Profit after tax
£287,767

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.

Going Concern

Whilst the Covid-19 pandemic has somewhat subsided the wider economic climate has been, and is continuing to be, severely impacted by the Ukraine conflict 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 has prepared detailed budgets. These factor in the revised circumstances and an assessment of potential impacts the changed macro-economics might have on the company's operations and financials.

We have assumed no significant structural changes to the business will be needed as a consequence of these revised circumstances and that the business will not materially be affected by the ongoing war in Ukraine.

As of 31 March 2022, the balance sheet reflects a net asset position of £0.6m and the liquidity of ODSTL remains healthy with a cash balance of £5.2m. Further, whilst we are confident of our liquidity position, given the uncertain external 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.

As of 31 March 2022, the balance sheet reflects a net asset position of £0.6m and the liquidity of ODSTL remains healthy with a cash balance of £5.2m.

Directors' Responsibilities Statement

For the period ended 31 March 2022

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 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

13 DECEMBER 2023

Summary of accounts



Oxford Direct Services Trading Limited Statement of Comprehensive Income

For the period ended 31 March 2022

	2021/22	2020/21
	£	£
Revenue	9,701,758	2,710,820
Cost of Sales	6,646,801	1,809,222
Gross Profit	3,054,957	901,598
Administrative Expenses	2,690,947	651,899
Operating Profit	364,010	249,699
Investment Income	-	1,904
Interest Payable to Group Undertakings	8,742	19,311
Profit Before Taxation	355,268	232,292
Tax on Profit	67,501	44,135
Profit and Total Comprehensive Income and Expenditure	287,767	188,157

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

Oxford Direct Services Trading Limited Statement of Financial Position

As of 31 March 2022

	2021/22	2020/21
	£	£
Short Term Debtors	3,385,687	784,266
Cash and Cash Equivalents	5,197,414	288,479
Contract Assets	385,173	-
Current Assets	8,968,274	1,072,745
Short Term Creditors	(8,352,741)	(776,442)
Current Liabilities	(8,352,741)	(776,442)
Long Term Creditors	(1,466)	(735)
Provisions	(30,732)	-
Long Term Liabilities	(32,198)	(735)
Net Assets	583,335	295,568
Called up Share Capital	1	1
Retained Earnings	583,334	295,567
Equity	583,335	295,568

Summary of accounts

Continued...

Oxford Direct Services Limited

Statement of changes in Equity

For the period ended 31 March 2022

	Share Capital	Retained earnings	Total
	£	£	£
Balance at 1 April 2020	1	107,410	107,411
Dividend Payments	-	-	-
Retained Profit and Total Comprehensive Income	-	188,157	188,157
Period ended 31 March 2021	1	295,567	295,568
Dividend Payments	-	-	-
Retained Profit and Total Comprehensive Income	-	287,767	287,767
Balance at 31 March 2022	1	583,334	583,335

Summary of accounts

Continued...

Oxford Direct Services Trading Limited

Statement of Cashflows

For the period ended 31 March 2022

	2021/22	2020/21
	£	£
Profit and Total Comprehensive Income and Expenditure	287,767	188,157
Adjustments for:		
Decrease / (Increase) in Trade Receivables	(2,986,594)	(438,951)
Decrease) / Increase in Trade and Long Term Payables	7,607,762	(338,543)
Interest Expense	-	19,281
Investment Income	-	(8,500)
Net Cash Flows from Operating Activity	4,908,935	(578,556)
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)
Dividend Payments	-	-
Total Cash Flows from Financing Activities	-	(19,281)
Net Increase in Cash and Cash Equivalents	4,908,935	(589,337)
Cash and Cash Equivalents at the Beginning of the Reporting Period	288,479	877,816
Cash and Cash Equivalents at the End of the Reporting Period	5,197,414	288,479

Oxford Direct Services Trading Limited

Company Information

Directors Timothy Paul Sadler
Simon Howick
Gregor Budde (Appointed 6 January 2022)
Anne-Marie Scott (Appointed 6 January 2022)
Jane Susan Lubbock (Appointed 6 January 2022, Resigned 12 December 2022)
David Curtis (Appointed 13 December 2022)

Non Executive Directors Catherine Pridham
Michael Whitwell
Thomas Edward Hook (Appointed 29 June 2022)
Ian Wright (Appointed 22 April 2021, Resigned 15 October 2021)
Stephen Gabriel (Appointed 13 October 2021, Resigned 29 June 2022)

Secretary Lindsay David Cane

Registered Office

Cowley Marsh Depot
Marsh Road
Oxford
England
OX4 2HH

Auditor

Mazars LLP
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

Business Addresses

Marsh Road Depot
Marsh Road
Oxford
England
OX4 2HH

Horspath Road Depot
Horspath Road
Oxford
England
OX4 2RH

Company Registration Number 10719214
(England and Wales)

Incorporation Date - 10 April 2017



**Oxford Direct Services
Trading Limited**

Company Registration No. 10719214
(England and Wales)

**We are here to build a new kind of business,
a better business, a business that's good for everyone.**

01865 335400

enquiries@odsgroup.co.uk

www.odsgroup.co.uk

ODS | Horspath Road | Oxford OX4 2RH

Oxford Direct Services Trading Limited

Company Registration No. 10719214 (England and Wales)

