

Oxford Direct Services Limited

Managing Director's Statement

For the Period Ended 31 March 2021

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 Covid 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.
- 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 & 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 department which will see a change in operating model for the coming year as we prepare to scale up our property repairs and maintenance service.
- But central to all this are the unsung heroes. Our fleet operation, 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
ODS Limited

Oxford Direct Services Limited

Strategic Report

For the Period Ended 31 March 2021

Key Performance Indicators

The Board monitors the progress of ODS by reference to a set of key performance indicators (KPI) as set out in table 1 below.

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 Covid 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.

From a health & 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 Covid 19 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 Covid-19.

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For the Period Ended 31 March 2021

	2020/21	2019/20
Financial	£	£
Revenue	57,315,546	61,064,065
Profit after Tax	612,926	1,069,735
Shareholder Return	-	-
Cash	-	(740,412)
Engagement		
Customer Satisfaction	4.2 / 5.0	4.6 / 5.0
H&S		
Safety Improvement Notices	49	43
Workplace & Activity Inspections	6,008	4,095
Last 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%

Section 172 Statement

The Directors have 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".

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Strategic Report

For the Period Ended 31 March 2021

Streamlined Energy & 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:

https://www.oxford.gov.uk/downloads/download/651/greenhouse_gas_ghg_emissions_report

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.

	FY22	FY21	Δ
Intensity Ratio - tCO ₂ e per annual turnover £m	36.88	37.49	-1.6%
tCO ₂ e	2,114	2,442	-13.5%
Renewable Energy Generation v Consumption	31.8%	28.2%	3.6ppt

General summary CO ₂ /CO ₂ e emissions 2020/21				Summary by Scope of emissions		
Emissions source	Units	tCO ₂	tCO ₂ e	Scope 1	tCO ₂	tCO ₂ e
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%	Total	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>