



B U S I N E S S

OVERVIEW



People you can trust

All our profits go to Oxford City Council for reinvestment back into public service.

Oxford Direct Services is established as part of Oxford City Council



2012

www.oxford.gov.uk



Its main purpose: to serve the community's needs. Occasionally we would also provide commercial services

Consolidation



2018



Oxford Direct Services becomes a LATCo, owned by the council. More services are now offered commercially

Teckal
Providing services for the council

Trading
Providing services for businesses



Our approach to what we do

Our wide range of services are provided by certified staff who genuinely care about our part of the world. The vast majority live in the area and take great pride in their work.

They have a wealth of experience and receive regular operational, technical and safety training to ensure they have the skills to deliver a first-class service.

ODS CARES



TO MAKE OUR PART
OF THE WORLD A
GREAT PLACE TO

**LIVE, WORK AND
VISIT**



What we can offer

We are a one-stop shop. Partnering with us will save you time, money and the hassle of managing multiple suppliers.



Commercial Recycling & Waste Management Services



Building Repairs & Property Maintenance Services



Environmental Cleansing Services



General Civil Engineering Services



Landscaping, Grounds Maintenance & Tree Services



Commercial Motor Transport Services



Pest Control Services



Services for Residents



ODS in numbers

We exceed budget expectations year on year.



Gas servicing (for Oxford City Council's housing stock) for the past 9 consecutive years

100%



Over 700 employees

#1 in the UK for street cleanliness (APSE)

England winner for Loo of the Year



The only electric Taxi certified maintainer outside London

1,800
COMMERCIAL
WASTE
CUSTOMERS



RECYCLING
53% RATE

Awarded Recycling and Waste Innovation (APSE)

£1.6m

2018/19 profit forecast



Awarded Best Performer in the UK for Transport Operations and Vehicle Maintenance (APSE)



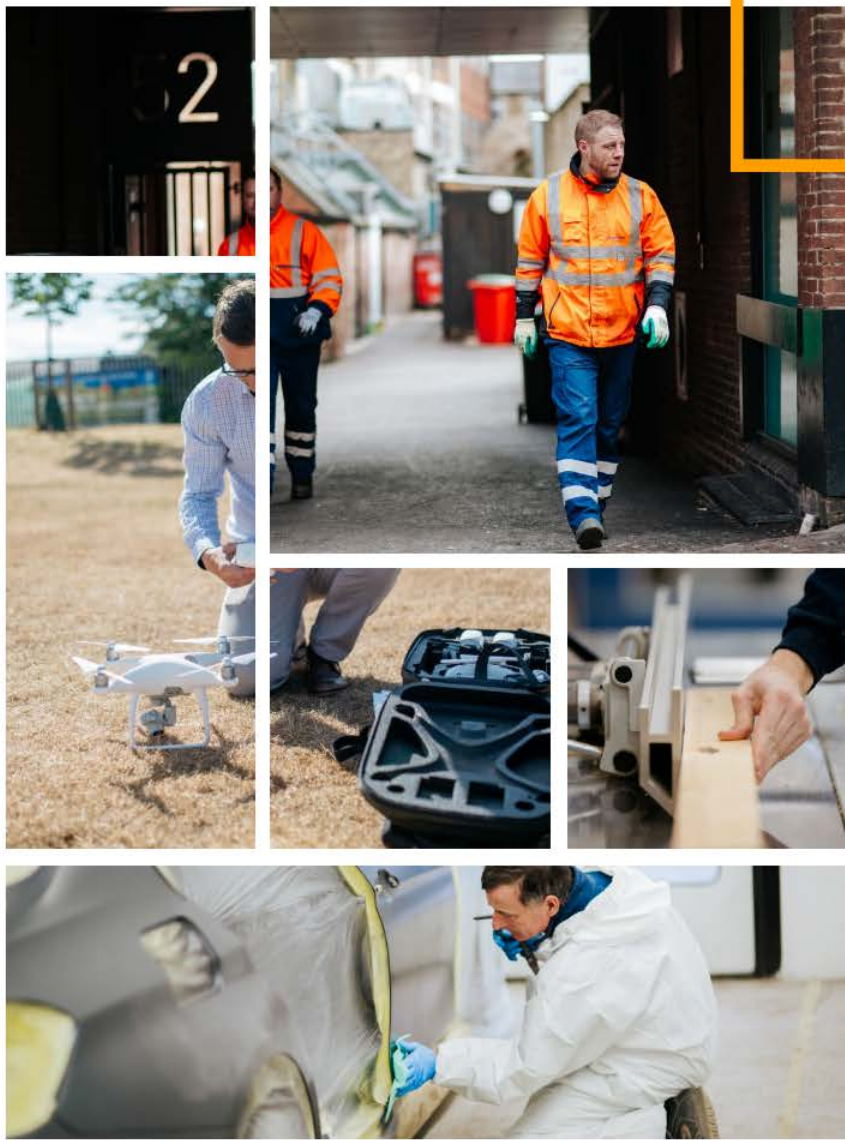
A two-way relationship

The City Council is our sole shareholder. How our governance is set up defines our relationship:

- Contractual
- Memorandum
- Business case, four year plan

Our mutual vows:

- if we can do the work, we get it
- we help each other grow
- we provide the right services in a way that is appropriate and tailored to our partner
- light touch



The aftermath

Even though the separation and creation of a second entity was decided with the best interests of all parties in mind, that does not warrant the absence of tension forming.

For both to coexist, we need to amicably manage our differences by reaffirming again and again in our internal comms why our decision was the best course of action.

Thank You!

Simon Howick
Managing Director
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07711 038622





Commercialism in Property Estate

January 2019

Oster Milambo MRICS

Head of Asset Management




BUCKINGHAMSHIRE

- County in South East
- c528k residents
- Served by 5 Councils
- Unitary Council for Bucks




Commercialism in LA Property Mgmt.?

- Building New or 'sweating' Retained property portfolios to generate a profit in order to increase revenue budgets.

 - **Drivers for increased Commercial activity in LA**
 1. Change in LA asset management approach
ongoing revenue away from disposals, OPE
 2. Reduction in Govnt. funding since 2010.
40% spending cuts since 2010
- *Bucks & Dorset first to lose all Revenue Support Grant funding
- 

BCC Commercial Approach

From 2014 – 2016

- I. New Property Asset Management Plan (PAMP)
 - II. Re-organisation of Property Services
 - III. Corporate Landlord Model
 - IV. Buying Investment Commercial Properties
- 

BCC Commercial Approach

PAMP delivered:

- **An Asset Register** “you can’t manage what you can’t measure” – **(The LASR)**


An investigation into the Council’s land and buildings at asset level to understand how they are performing and can be changed to best support the council’s needs

- Corporate landlord model – centralised property mgmt.
 - ‘Sweat’ the assets and Disposal as last resort.
- 

INVESTMENT PORTFOLIO



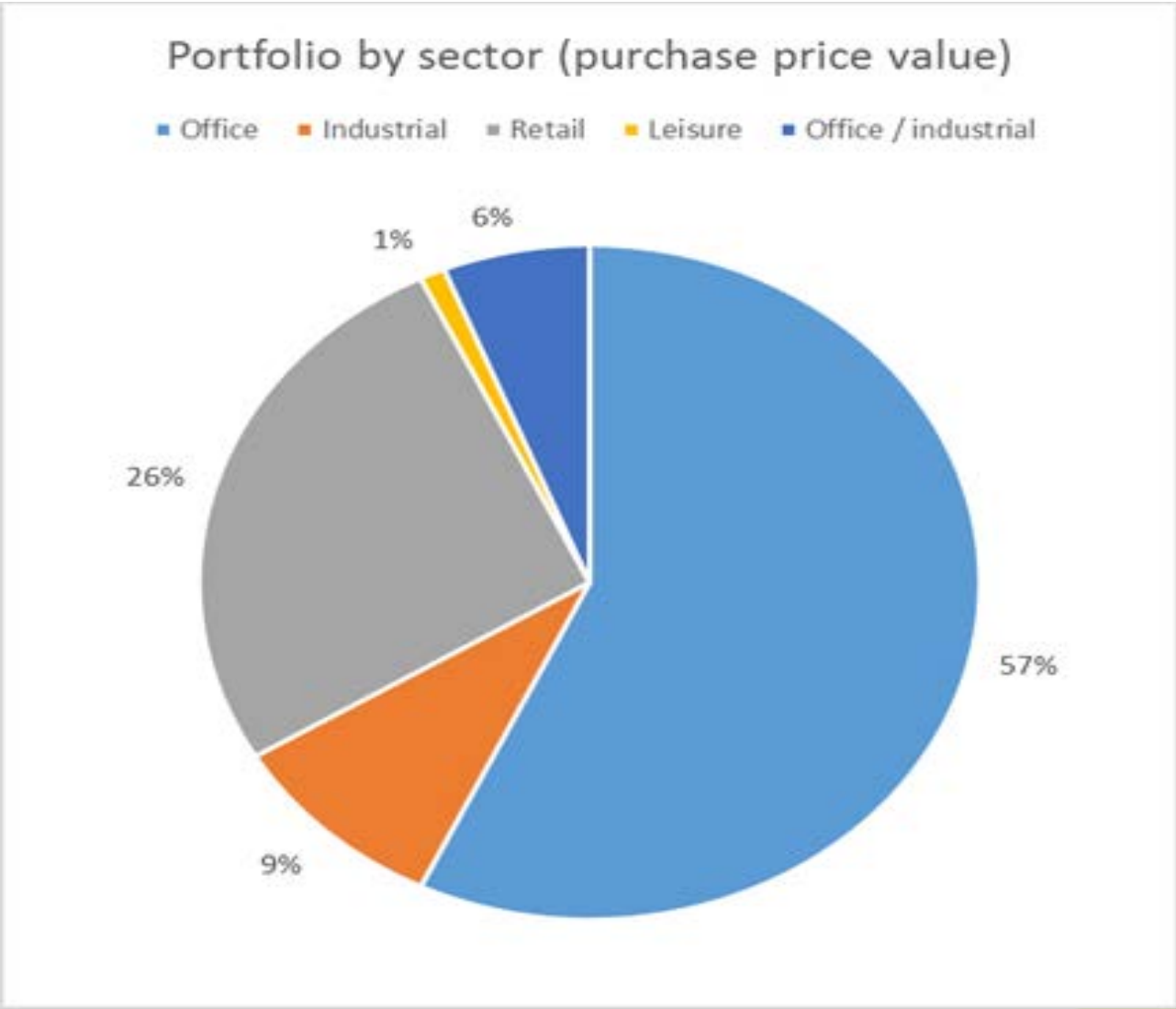
INVESTMENT CRITERIA/STRATEGY

- Lot size range **£5 - £30m**. Exceptions can be made for **high value strategic purchases**.
 - Target rate of return is a **net initial yield of 6.00%** after the deduction of purchaser's costs.
 - Only **strong covenant Tenants** and/or strong **parent company guarantee** to be considered.
 - Lease length to be generally **5 years or greater**.
 - **All sectors** of the commercial property market to be considered and a mix of sectors to create a **balanced** portfolio.
 - A preference for purchases to be in locations within but not limited to the Bucks County.
- 

LEGAL JUSTIFICATION

- Local Govnt. Act 2003
 - Section 1 – provides general power to borrow
 - Section 12 – provides general power to invest
- DCLG 2010 guidance recommends LA to prepare annual investment strategy (issued under s15 of 2003 Act).
- Local Govnt. Act 1972
 - Section 120 – power for acquisition of land by agreement inside or outside area.
- Localism Act 2011
 - Section 1 – General Power of Competence – blanket approval to do reasonable investment “a shift from can’t do” to “can do”.
 - **Restrictions** – anything done for “commercial purposes” must be done “through a company” – company within meaning of s.1(1) Companies Act 2006

BCC INVESTMENT PROPERTIES



OUR LATEST ACQUISITION

Assumed Purchase Price (000)	Purchaser's Costs (000)	Borrowing Costs p.a. (000)	Mgmt. Costs	Income per annum (000)	NIY %	Sinking Fund
£43,012	£2,922	£1,750	£41,708	£2,876	6.25	£143,822
£44,898	£3,044	£1,825	£41,708	£2,876	6.00	£143,822

- Bought at @ 6.25% NIY and net income of **£1.084m pa.**
- WAULT is 7.7 years

RESULTS OF BCC COMMERCIAL APPROACH

- Paradigm shift in asset management.
 - Reduced waste – surplus properties / centralised mgmt.
 - Increased revenue & capital receipts (**c£26m receipts**).
 - 2014 – income from corporate portfolio was **c£750k** pa
 - 2018 – income is at **c£10.3m** (£9.3m gross income from investment properties).
 - **6.43%** blended yield
 - WAULT across portfolio is **7.88 years**
 - Active asset management
- 



Active Asset Management

- Annual Business Plan to set strategy
- Key initiatives quantified and prioritised
- Lease event management
- Leasing and void management
- Overseeing revenue and capital projects
- Market intelligence
- Tenant engagement
- Ad-hoc investment advisory



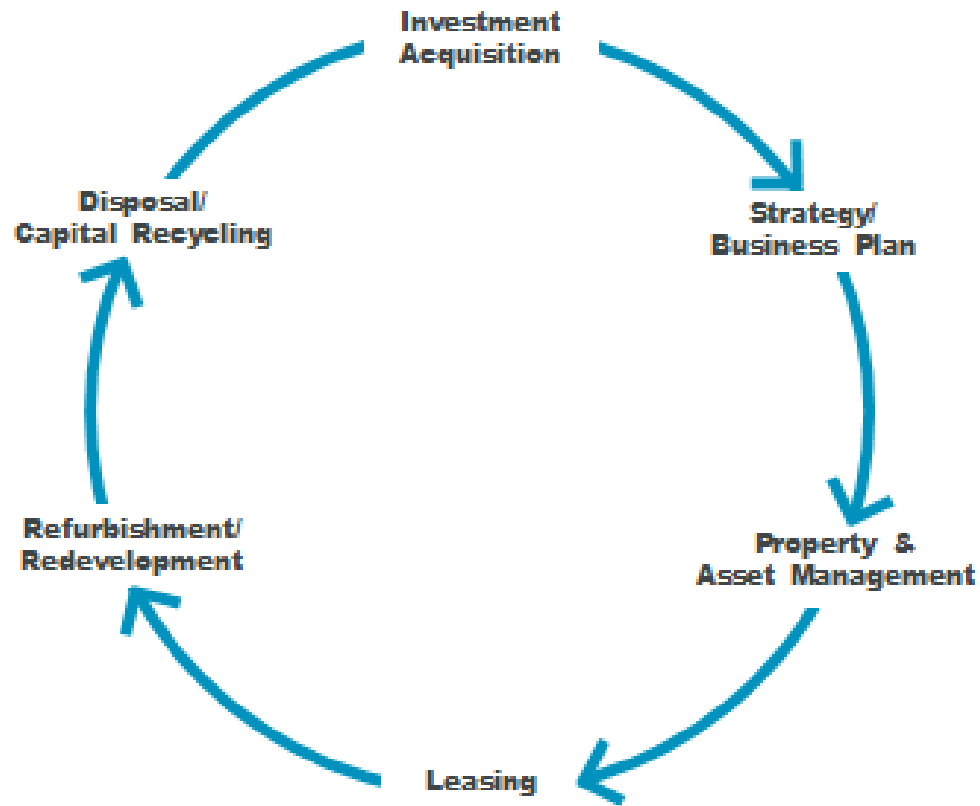
Key Issues (Active Management via CJ)

- Service charge administration
 - Treasury management
 - Rent reviews
 - Lease renewals
 - Lease restructuring
 - Refurbishment

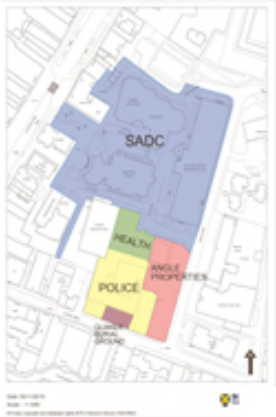
 - **CJ Specialist Knowledge – Investment Advisory**
 - Annual Business Plans
 - Identification and prioritisation of added value initiatives
 - Portfolio benchmarking and forecasting, quarterly reports.
 - Tenant engagement, Lease event management
 - Management of revenue and capital projects
 - Co-ordination of branding, marketing and leasing strategies
 - Market intelligence
 - Inspections
- 

Key Issues (Active Asset Management)

An Integrated Platform



APSE Commercialisation, Income Generation & Trading Advisory Group Establishing a Commercial & Development Department



Preliminary View 1

KIRBY COVE ARCHITECTS



Tuesday 22nd January 2019

**Richard Shwe, Deputy Chief Executive
(Commercial & Development)
St Albans City & District Council**



Six steps to building a sustainable commercial model – *achieving our goal*



Source: Civica/CIPFA, *The commercial imperative* (2016)

Adopting a set of guiding principles for the Council's commercial activity

These are the Commercial & Development department's five guiding principles:

1. Invest or develop, if for public good
2. Sweat the assets
3. Invest in maintenance (whole life costs)
4. Lead by example
5. Accept calculated risk



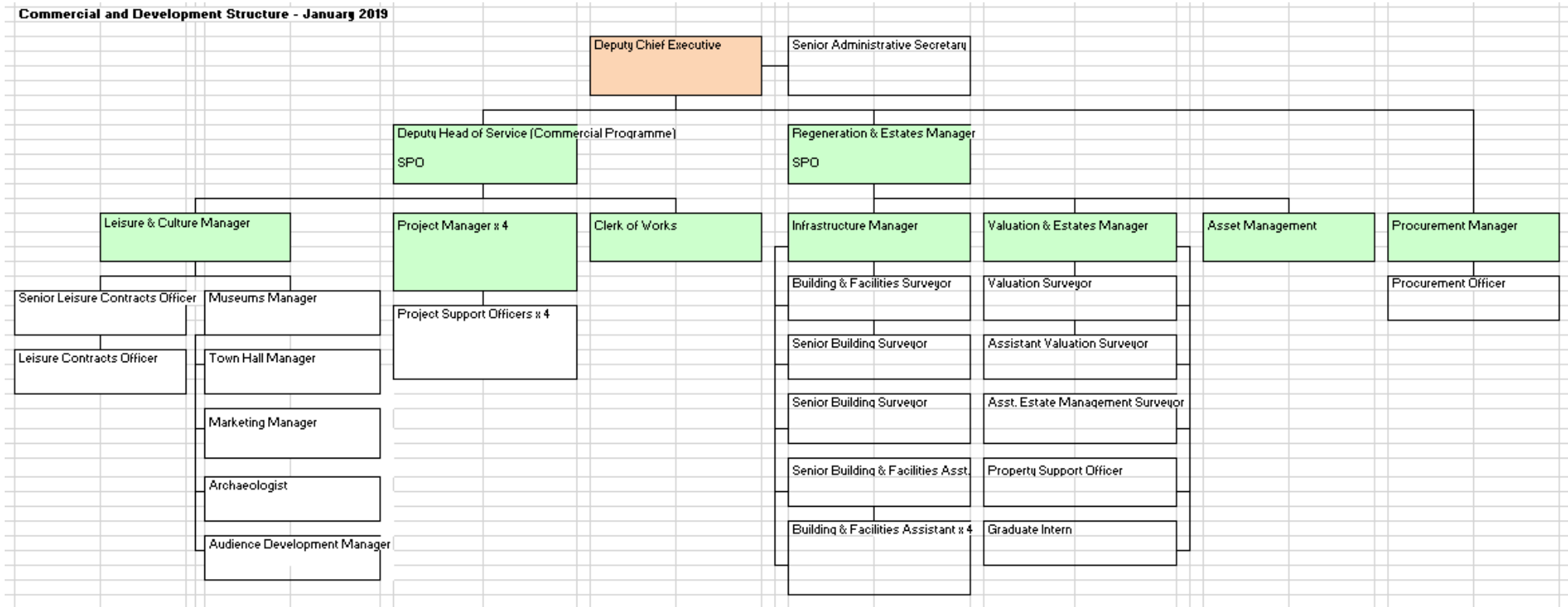
Summary – aims of the new department

- Opportunity to raise revenue, reduce costs and maximise commercial opportunities
- Target to deliver an extra £1m income/year by 2020
- Achieve this through 3 functions:
 - identifying commercial opportunities
 - major property developments
 - long term property maintenance strategies



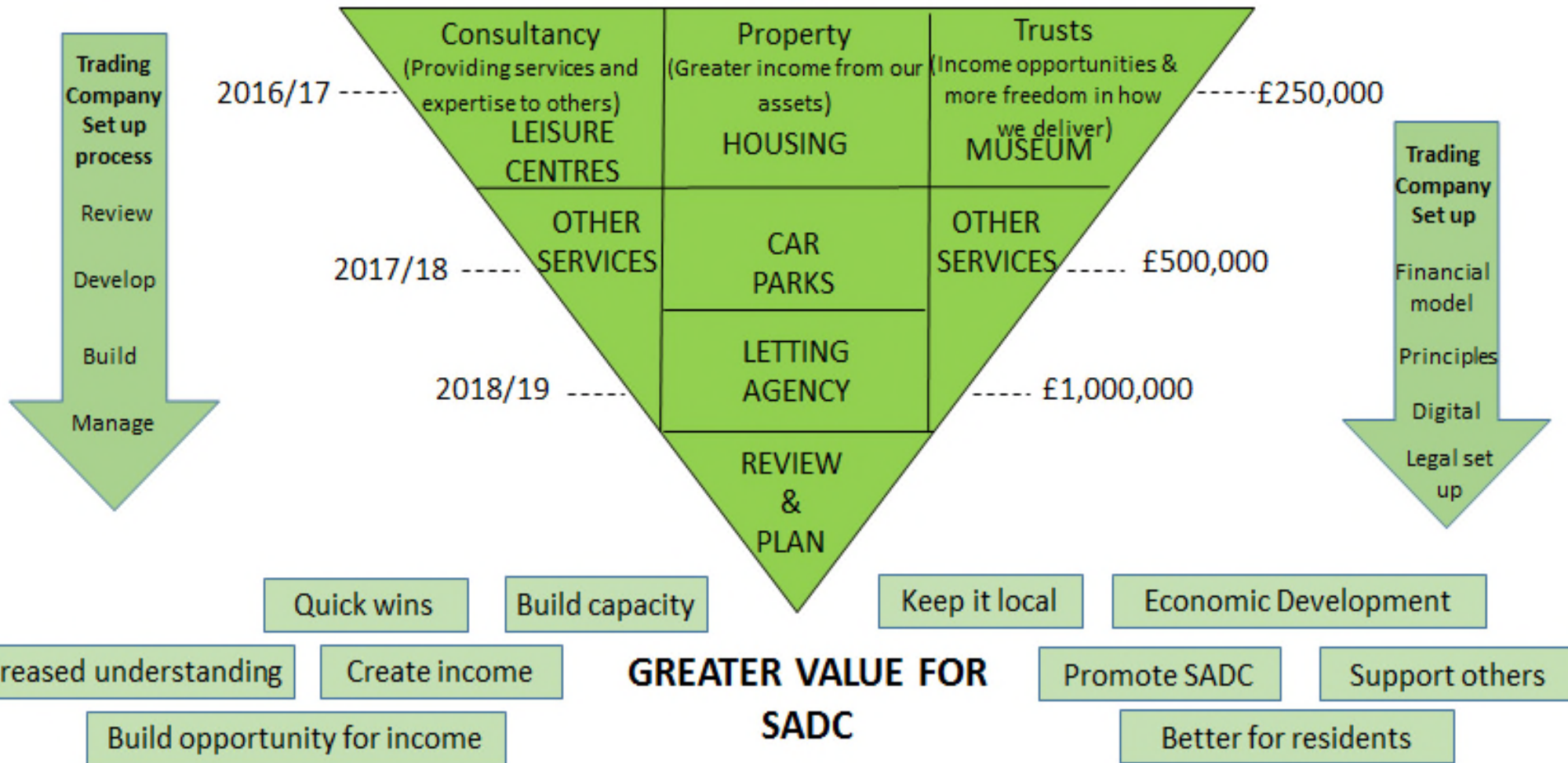
Structuring a commercial team

Commercial and Development Structure - January 2019



Commercial and Development work strands

SADC Staff – Volunteers – Partners – Contractors – Commercial Awareness



Using commercial management and development of the Council's property estate, to drive regeneration and create new revenue streams in 2018/2019.

Key projects include:

1. transformed St Albans old Town Hall into a new City Centre museum and gallery.
2. redeveloping the former Museum of St Albans site for housing that will be sold to help fund the new museum and art gallery project.
3. redeveloping the area around the Council offices .
4. rebuild council-owned leisure and cultural facilities in Harpenden.
5. building 25 affordable homes on five former garage sites in Batchwood.
6. building 20 affordable homes on two former garage sites in Sandridge.
7. developing various small sites for market rent housing.
8. establishing a business-friendly construction framework that will give local businesses the opportunity to work on Council development projects.

Identifying and delivering commercial development opportunities



Integrated Community Hub

Civic Centre Offices

(3 floors, + basement, + car park)

Purpose:

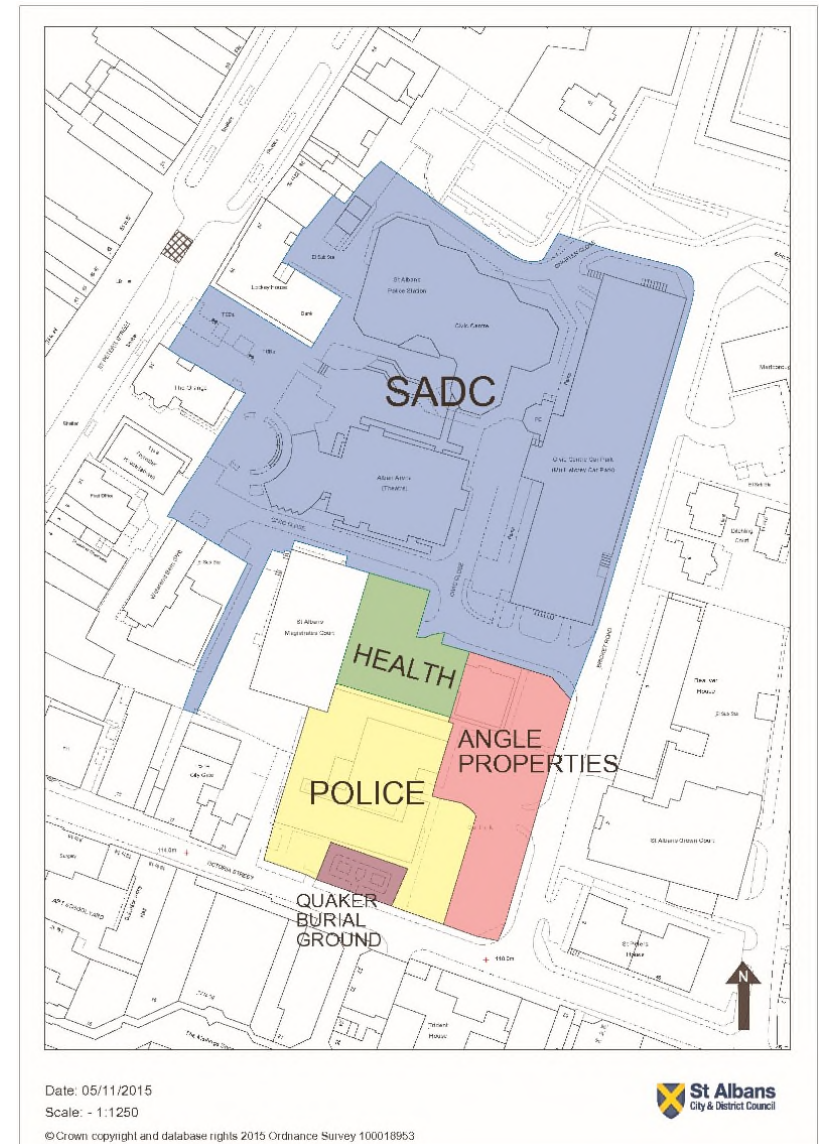
- free up space to introduce tenants
- create space for voluntary organisations
- free up financial resource to support Citizen Advice & Community Central (rent & sharing of building costs)
- improve service for vulnerable members of the public
- allow Police to relocate (& free up their building to south of Council)
- creating a new health centre inside the Council offices from Summer 2019



Building our City Centre Opportunity Site

Description

- Police/NHS/District Council / Private sector development (£60 million to £100million)
- Council offices and land to south of the City
- Undertaking soft testing: residential led, mixed development of residential and commercial offices



City Centre Opportunity Site

Purpose – deliver a public good:

- supplementary planning guidance
- sort out “blighted” block of land
- public realm
- affordable housing
- quality of build/design code
- lead by example
- balance public and private gains
(avoid public sector being disadvantaged)

Lessons:

- difficult to link up public sector (talking helps)
- insight into developers financial model (use of developer in negotiations)

Redevelop Former Museum of St Albans site / Town Hall Museum & Gallery

Purpose:

- deliver £'s towards a £7.75 million new museum and gallery in City centre
- control quality of development
- breathe life into old Town Hall
- Sell new housing at old museum site (circa. 10 units = £1m each = £10m)

Lessons:

- value of design charrette (Look! St Albans)
- insight into residential developers' model
- lead by example
- history of “no” to anything
- officer/public/Councillor board structure
- economic development potential of flagship building
- multiple sources of funding

Old Town Hall to St Albans Museum + Gallery



The building was tired and in need of restoration works.



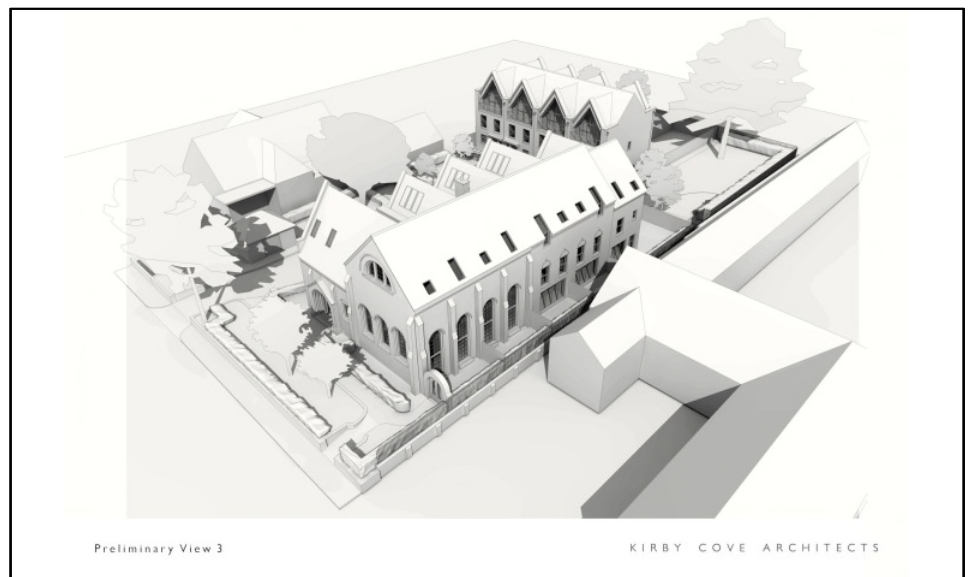
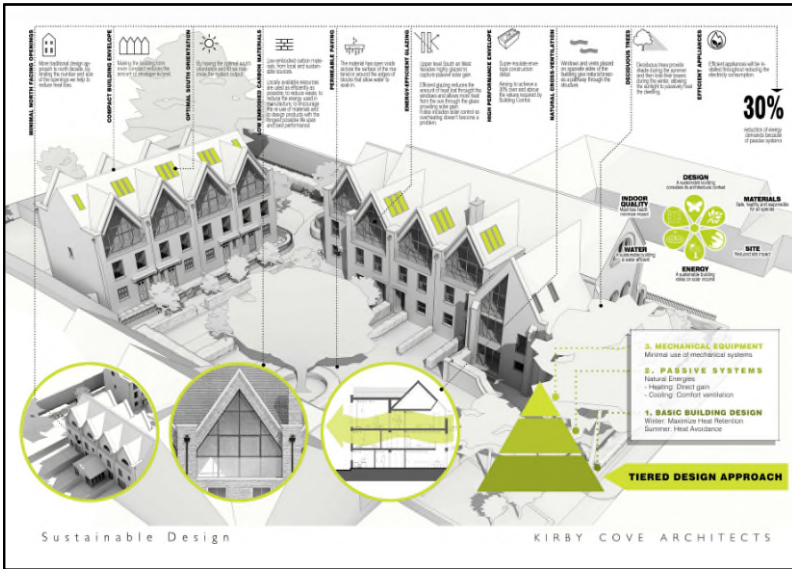
Image from Opening weekend (Elyse Marks)

The Museum and Gallery welcomed over 10,000 visitors in its opening weekend.

There have now been over 88,000 visitors in since opening in June 2018

Shop turnover have reached £21,000 in first 3 months compared with the old shop achieving £20,000 per annum

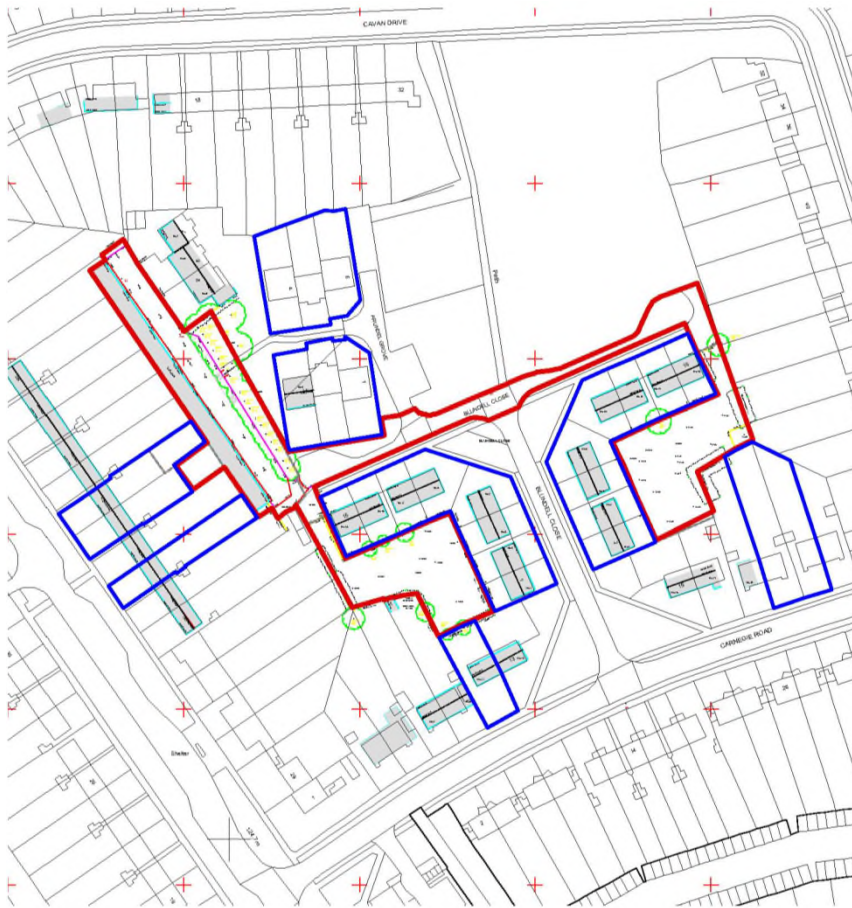
Redevelopment of Museum of St Albans site



Oak Tree Gardens, St Albans



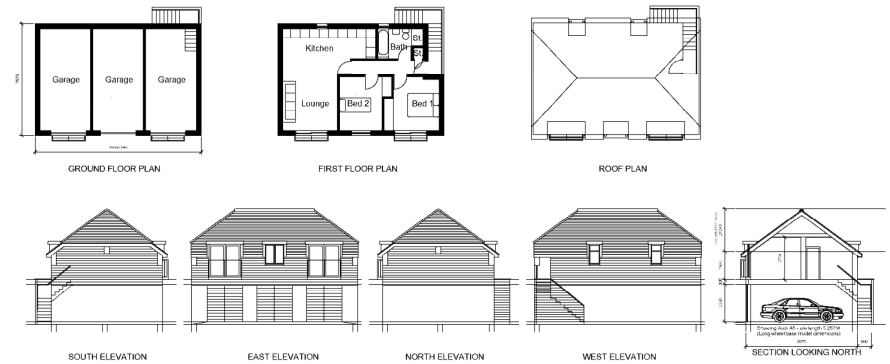
Batchwood Garages Redevelopment



2 STOREY FLATS - TYPE F2.2
(handed in some situations)



GARAGE BELOW & FLAT ABOVE - TYPE F2.1
(handed in some situations)



Batchwood Garage Site redevelopment, St Albans



December 2016



June 2018

St Leonard's Crescent, Sandridge



2016



November 2018

Langley Grove, Sandridge



2016



November 2018

Leyland Avenue, St Albans





Elevation A - Plots 3-4-5



Elevation C - Plots 3-4-5

Leyland Avenue
St Albans



Leyland Avenue
St Albans

0 5 10
Scale 1:200

Enhancing the commercial value of Leisure Centre stock



Building a new a 21st Century Leisure Centre

3 NEW LEISURE CENTRES IN 4 YEARS (£37 MILLION)

Purpose:

- upgrade poor facilities
- upgrade offering
- generate revenue/
reduce subsidy
- deliver quality buildings



Funding & affordability

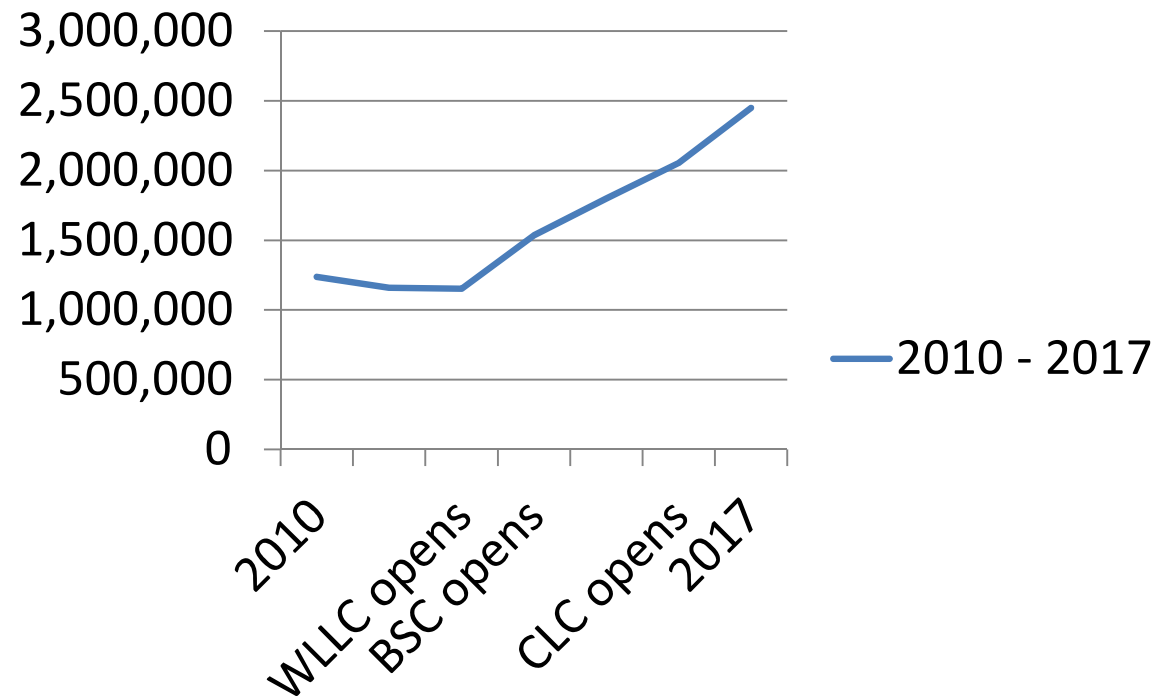
- **Closure of three leisure centres to enable the re-finance of the new build:**
 - Bricket Wood Sports Centre
 - London Colney Recreation Centre
 - Westminster Lodge Leisure Centre
- **Re-development / re-opening of two leisure facilities:**
 - Cotlandswick Open Space, London Colney – Developer led
 - Westminster Lodge, St Albans in 2007 circa £50M to build
- **Funding Proposal:**
 - Cotlandswick – Sec 106, Private Sector, other sources
- **Procurement Route:**
 - Cotlandswick – Developer led / Operator subject to development proposals
 - New Westminster Lodge - Design & Build, RIBA Stage E

Total St Albans Leisure Usage Tracker

97% increase in visits to Leisure Centres within St Albans as a result of investment in new facilities.

<https://www.stalbans.gov.uk/council-and-democracy/press-room/items/2017/September/2017-09-19-leisure-centre-visits-soar.aspx#0>

2010 - 2017



Key

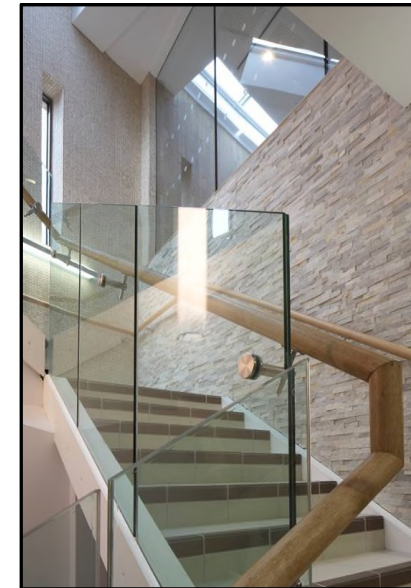
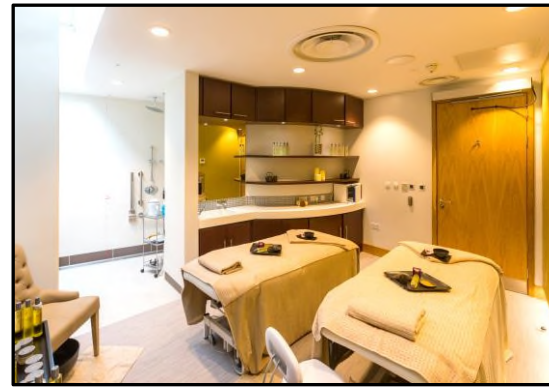
WLLC – Westminster Lodge Leisure Centre

BSC – Batchwood Sports Centre

CLC - Cotlandswick Leisure Centre (formerly Cotlandswick Recreation Centre)

97% increase in visits to Leisure Centres within St Albans as a result of investment in new facilities.

<https://www.stalbans.gov.uk/council-and-democracy/press-room/items/2017/September/2017-09-19-leisure-centre-visits-soar.aspx#0>



Expected Population Growth in St Albans

- Population of St Albans is increasing year on year
- Number of those participating in leisure activities is increasing
- Therefore increased demand for leisure facilities resulting in better facilities within the District.

Age Band	2012	2017	2022
15-24	14,100	13,100	13,600
25-34	17,200	18,200	18,600
35-44	22,600	22,700	23,300
45-54	20,900	22,200	22,000
55-64	15,400	16,300	18,600
65-74	11,600	13,100	13,100
75-84	7,800	7,900	9,300
85+	3,400	3,900	4,700

Data provided by Housing Provision on behalf of SADC

Lessons learned

- Demonstrate strategic need including supply and demand analysis
- Business case and detailed options appraisal is crucial
- Consider the impact of developments in neighbouring authorities
- Stakeholder and political support
- Community consultation (power of the internet)
- Changes in the local market during project development
- Site specific issues and sensitivities
- Planning and highways
- Continuity of service for users, can't please all sports clubs all the time.
- Competitive management operator and building contractor market.
- Key cost of construction – interplay of elemental costs, value engineering, watch savings hitting lifetime costs, watch over-specification,
- Procurement Value of frameworks
- Need to manage the cost of control of new build – “A good project manager is worth their weight in gold”

Harpenden Leisure Development Final Leisure Project

- This will complete the re-development of all the Council owned Leisure Facilities within the District in less than a decade.
- The existing structure was built in the late 1990s, prior to that the swimming pool facility was open air.
- <https://www.stalbans.gov.uk/council-and-democracy/press-room/items/2019/January/12-01-19-harpenden-centres-update.aspx>

Harpenden Leisure & Cultural Centres Development

Existing swimming pool



Proposed combined leisure centre and swimming pool



Existing leisure centre



Proposed cultural centre



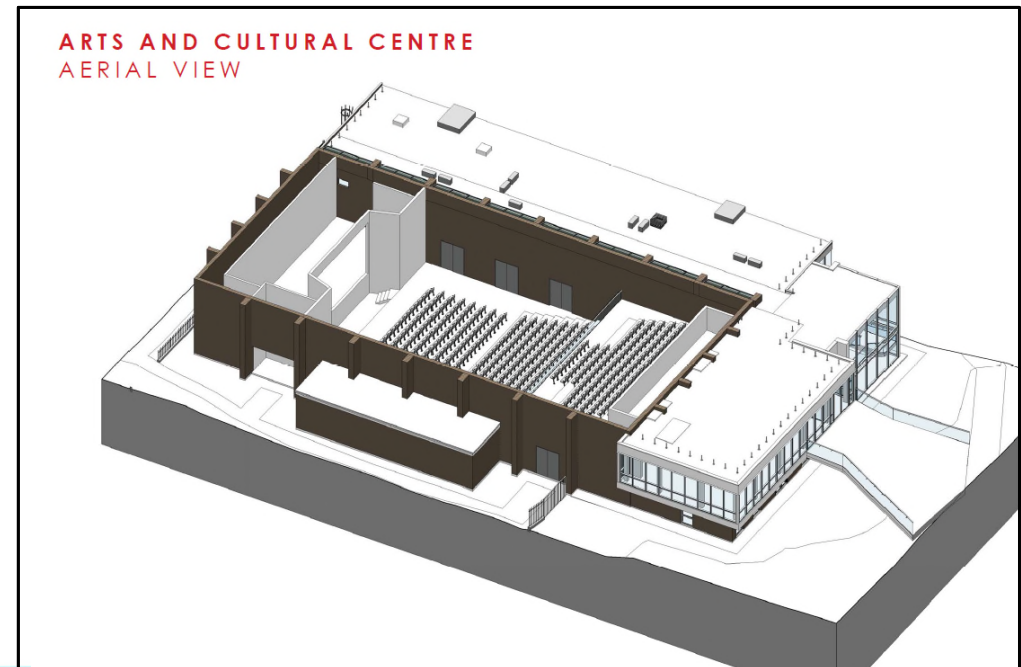
New Leisure Centre

- New 17mx10m Learner Pool with moveable floor
- Increase spectator viewing
- Larger wet change area with increased capacity
- Maintain Sports Hall provision
- New Steam/Sauna/relaxation
- New Cafeteria with 80 covers and a view to the park
- New external terrace
- New Fitness Suite with 160 workstations
- Two Multi-use studios of 140m²
- One Spin Studio of 65m²
- An expansion of the park entrance
- New Crèche
- New 100 space Car Park.



New Cultural Centre, Harpenden

- New theatre with a seating capacity of 511 seated, 610 standing
- Two Multi-use function rooms
- Dedicated Museum workshop and exhibition room
- Entrance at first floor level with views to the park
- Bar / Cafe facilities at first floor area to maximise views
- New accessible entrance
- Accessible stage area
- Significant increased crush bar capacity
- Green room and ancillary performance areas



Harpenden Leisure

Key milestone dates (indicative)

Planning committee date: October 2018

Secretary of State Approval AS Green Belt development:
December 2018

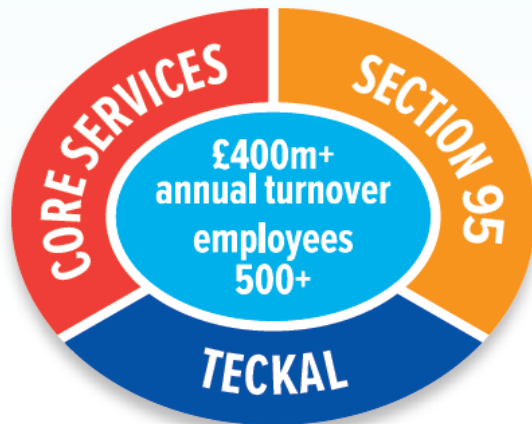
Construction begins: Spring 2019

Completion: Autumn 2021

Delivering through a Joint Venture model

Steve Wilson
Group Head of Collaboration & Development

Helen Archer – Lock
Director



EDUCATION SUPPLIES

- Stationery
- Furniture
- Office Equipment
- Art, Craft & Curriculum
- Exercise Books
- Catering
- Cleaning & Hygiene
- Healthcare & First Aid

ENERGY

- Energy Procurement
- Energy Management
- Energy Surveying
- Invoice Validation & Bureau Services
- LED Lighting
- Water Services

PROFESSIONAL SERVICES

- MFDs
- Interactive AV
- IT Hardware & Software
- Vehicle Leasing Services
- Projectors
- Video Conferencing
- Telephony
- Office Supplies
- Catering Services
- Cleaning Services
- Education IT Services
- Managed Services
- Bespoke Printing Services

RECRUITMENT

- Managed Services
- Consultancy
- Health & Social Care
- Education
- Executive & Management
- Media & Marketing
- Construction, Technical & Engineering
- Commercial & Support
- Interpreters & Translation

OPERATIONAL SERVICES

- Landscape Services
- Inspection Services
- Vehicle Engineering Services

PROCUREMENT SERVICES



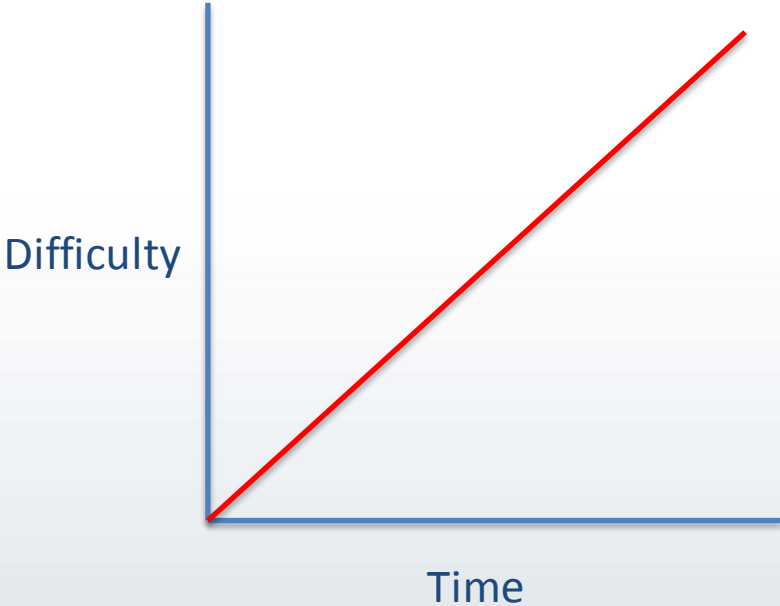
A Flexible Approach to a Diverse Market

A unique blend of control, flexibility and governance to build the right solution for your organisation.



Joint Ventures

Sharing Knowledge, Risk & Investment



Model	Benefits / Advantages	Risks / Disadvantages
In-house Teckal Managed Service	<ul style="list-style-type: none"> Control of the Managed Service provision through LBC Governance Increase quality of candidate through 'LBC owned' service (knowledge and understanding) Opportunity to integrate Managed Service provision into other business streams e.g. supporting permanent recruitment Opportunity for external trading through Teckal allowance Increase interaction with hiring manager community Additional candidate attraction through Social Values impact Additional flexibility to add further, related services to Managed Service provision e.g. DoLS Additional flexibility to change service offering to meet changing needs / outcomes Full cost savings through removal of outsourced Managed Service fee and some Supply chain mark-ups if direct fulfilment model is realised Ability to reinvest dividends into local Social Values based activity, to benefit the local residents within the Borough, to complement Luton's Investment Framework and Luton's employment and skills strategy. 	<ul style="list-style-type: none"> Full liability of initial set-up costs, with investment in Legal, IT, communications, property, candidate attraction methods, dedicated recruitment website and governance Investment and resources will be required to establish suitable HR policies, Service Level Agreements, Temporary Worker contracts and agency contracts. Full investment of legal advice to establish a compliant Teckal business within a competitive market place and reduce the risk of challenge. Limited / lack of internal personnel experienced in running a commercially viable managed service recruitment business Identification and on-boarding of experienced recruits to fulfil the Managed Service provision Identification and on-boarding of suitably skilled Account Managers with knowledge of successfully running a Managed Service provision including KPIs and P&L Full investment and on-going costs to maintain an in-house fulfilment team Market research activity and tender provision to purchase and integrated IT systems including: CRM database, Candidate Portal, Supply chain and vacancy management platform, candidate attraction tools and new / amended flexible pay/bill system to facilitate multiple payment schedules. Limited / lack of personnel to operate a recruitment specific sales / external trading recruitment business LBC / LATCo would have to undertake a full, OJEU compliant tender process to vet and select a compliant supply chain Stand-alone accountability for risk of failure and associated losses A reduction in LBC requirements could impact the long-term profitability of the in-house model. This will have to be managed through clear forecasting and P&L management

Joint Venture Vehicles

What are the Options?

Considerations



Options



Joint Venture Vehicles

Finding a Partner

Purpose

Key Drivers

Desired Outcomes

Transparency

Buy-in

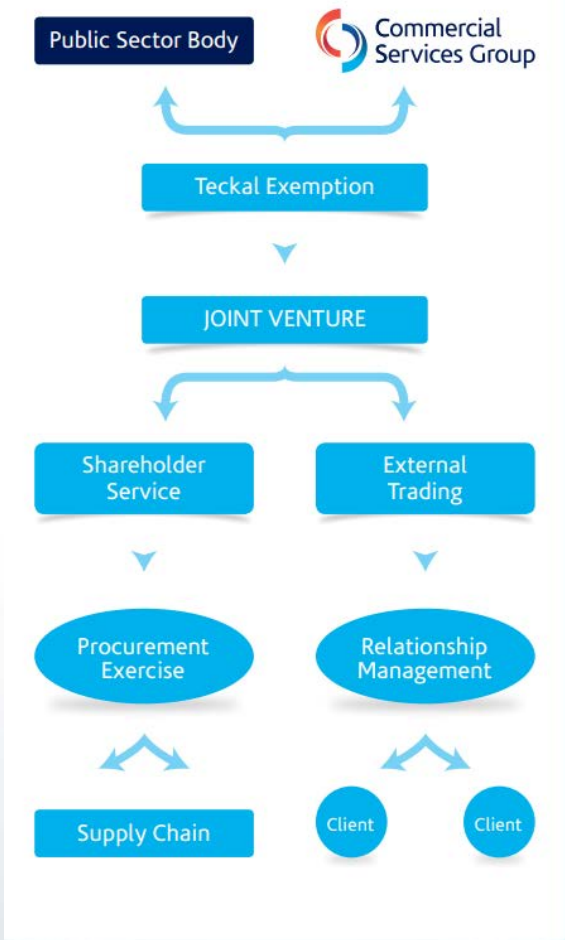
Negotiation

Partnership

Project
Plan

Collaborative Working Case Study

THE JOINT VENTURE MODEL



Home Politics HR Finance Transformation Health & Social Care

Mark Whitehead 21 September 2018

Counties launch joint venture to recruit temporary agency staff

Hampshire has joined forces with a company set up by Kent County Council to recruit temporary agency workers.

It says the joint venture will recruit staff in a wide range of roles across the authority to meet the growing demand for services, especially in social care.



Hampshire County Council
14,689 followers
1w

[+ Follow](#)

A new and innovative joint venture has been announced by the County Council to recruit temporary agency staff into a wide range of roles across the Authority to meet the growing demand for services, particularly in social care. ...see more

Hampshire County Council to launch new recruitment venture for temporary agency staff with Kent County Council
hants.gov.uk

Hampshire's leader Roy Perry said: *'By creating what is effectively our own in-house agency, drawing on the expertise of our partners in Kent who have a similar set-up locally, our aim is to attract and retain good temporary staff over a longer period.'*

'In doing so, we would hope that many will take the opportunity to convert to permanent employment with us, which we would welcome.'

'Through the launch of this agency, we will ensure a more cost effective solution to providing the good quality care Hampshire residents deserve.'

Collaborative Working Case Study

Finding a Partner

Evaluation Process	Commercial					
		Financial Feasibility				
		External Trading within Teckal				
		Section 95 External Opportunities				
		Risk Register templates				
		Project management (mobilisation planning)				
		Business Plans				
		Market Engagement [Supply Chain] Strategies				
		Sales & Marketing Plans				
		Joint Ventures/Partnership models				
		Procurement Advice				
		Market Intelligence including benchmarking				
		Capability and Capacity Assessments				
		Governance Advice				
		Insourcing Health check & scenario Planning				
	Due Diligence & Sensitivity Checking					

Mobilisation & Delivery	HR	Finance & Procurement	Legal	Systems / IT	Operations
	Employment Policies	Financial Modelling & Rate Card Development	Teckal Advice	Recruitment CRM System setup and configuration	Service Delivery Team Structure [specialist verticles]
	Employment Contracts (permanent and temporary staff)	Operational P&L, Balance Sheet & Cash Flow Statement build	Company Model Type (e.g. Company Limited by Shares)	Client Portal setup and configuration	Recruitment and Onboarding of Service Delivery Team
	TUPE Advice	HMRC Self-Assessment Registration	Company Incorporation	Agency Portal setup and configuration	Training Programmes / Induction
	Agency Workers Regulations Advice	Company Bank Account Set-Up	Shareholder Agreement and Articles of Association [or equivalent]	Online timesheeting including App	Performance standards and KPIs
	Umbrella Compliance	VAT Registration	Services Contract [including Service Level Agreements]	Website / Job Board Creation and Setup	Accreditations & Membership
	Umbrella Preferred Supplier List	Insurance	External trading opportunities and Business Plan	Systems integration (recruitment CRM, financial system, pay and bill system)	Compliance and Vetting Checks
	IR35 Advice	Financial System setup	ICO registration and advice	Suite of Management Information Reports	Temporary Worker Agreements / Contracts
	Pension administration	Financial Systems integration	Appointment of Internal and External Auditors	Market engagement tools (e.g. job sites)	Temporary Worker Handbooks
	Reward and Recognition Schemes	Pay and Bill setup and services	Taxation advice	IT infrastructure setup (access to systems)	Candidate Attraction Strategies
	HR & Organisational Development Strategies	Financial Reporting		IT Support (e.g. starters and leavers, service desk support)	Operational processes and workflows
	Career Pathways	Cashiering / Treasury / Transaction Processing		Online ordering process	Business Continuity
	Talent Acquisition (Permanent Staff) & supporting processes	Procurement - DPS setup and ongoing maintenance		Talent pool & automated compliance solution	Operational Risk Register
	Strategic and HR Organisational Support	Statutory reporting (large companies and for contracting authorities)		Systems training and ongoing support	Temporary Worker Mandatory Training
	Learning & Development	Accountancy			Temporary Worker Retention Programmes
	Payroll setup (permanent and temporary staff)	Financial Risk Management			Audit of Supply Chain
	Payroll support	Credit Control			Supply Chain Engagement and Management
	Annual Pay Review	Signing Authority Matrix			Novation of existing temporary workforce
	Employee Relations				Communications Plan
					Hiring Manager Engagement
				Company Policies	
				Company Branding	
				Marketing Strategies	

Collaborative Working Case Study



Mobilisation

Communications

Risk Management

Cabinet	Executive	Senior Stakeholders
Hiring Managers	Finance	Legal
Operations	Procurement	Supply Chain

Temporary Workforce