

**GREENER EALING LIMITED (“GEL”)
MINUTES OF THE BOARD OF DIRECTORS MEETING
HELD AT 14:00 HOURS ON 22 OCTOBER 2020 BY MS TEAMS / CONFERENCE CALL**

Present:	Mike Boulton	Chair and Director	MB
	Alison Reynolds	Director	AR
	Kieran Read	Director	KR
In attendance:	Kevin O’Leary	Interim Managing Director, GEL	KOL
	Helen Harris	Director of Legal and Democratic Services, LBE	HH
	Chuhr Nijjar	Senior Contracts Lawyer, LBE	CNi
	Bill Gilmour	Human Resources Manager, GEL	WG
	Gary Alderson	Shareholder Representative, LBE	GA
	Katarina Pohancenikova	Head of Finance, GEL	KP
	Dipti Patel	Director of Place Delivery, LBE	DP
	Lizzie Purewal	Bridgehouse Company Secretaries (minutes)	BCS

1. Apologies for Absence

1.1 There were none.

2. Declarations of Interest

2.1 There were no conflicts of interest in regard to items on the agenda.

3. Minutes of the last meeting – 13 August 2020

3.1 The minutes of the last meeting, 13 August 2020, were **approved** as a correct record of the meeting to be signed by the Chair.

3.2 KOL commented that papers expected for the October meeting, for the operational services’ review (referenced in minute 9.6) and the report on short-term work on marketing and communications (referenced in minute 9.8) had been deferred to the December meeting.

4. Matters arising from the previous Board meeting

4.1 The Board discussed and **noted** the summary update of matters arising from the previous Board meeting, included in the meeting pack.

4.1.1 2020.06/12.2 – Draft business plan – **IN PROGRESS**: Details on the loan rate and an update on State Aid position were awaited from the Council.

4.1.2 2020.04/6.1 – Whistleblowing Policy – **CLOSED**: HH had agreed to be the nominee for any whistleblowing incidents.

4.1.3 2020.02/11.1 – Memorandum of Understanding – **IN PROGRESS**: KOL had discussed with GA and EMcK. It had been suggested that the service agreement be used as a basis for dealing with any disputes. Further discussion was required.

Governance

5. HR Update

5.1 Final 2020 Pay Award

5.1.1 WG introduced the paper and the following points were discussed:

- 5.1.2 • Following the TUPE transfer from Amey to GEL a wide disparity of pay rates had been identified. Following the application of the London Living Wage by Amey, at the time of transfer, 43 different pay rates remained within the workforce.
- 5.1.4 • Several meetings had taken place with the GMB union to try to address these long-standing anomalies. A pay banding system was agreed to introduce a more transparent and fair system. It was acknowledged that some differentials were necessary to recognise and reward the additional skills/experience required for different jobs.
- 5.1.5 • Formal confirmation of the GMB union ballot had been received, accepting the new Pay Grade banding system.
- 5.1.6 • For individuals receiving (through TUPE arrangements etc) hourly rates above the banding rates proposed, where applicable, it was proposed their salary would be ring-fenced. They would receive a compensatory sum, equivalent to a 2% pay rise on salary prior to 2020.
- 5.1.7 • The HWRC operates over 7 days, with the employee's shift pattern including weekends. It was suggested that this group should be awarded a 2% pay raise for 2020, with a further review deferred until 2021 to allow for additional evaluation.
- 5.1.8 • KP commented that the additional costs to increase the payrate would be £75k, which would be offset by savings taken from the reduction of one refuse collection team on schools/bring sites. There would be a small shortfall of £15k, a one-off payment, to be absorbed from existing budgets.
- 5.1.9 • GA queried whether staff on a protected pay rate, higher than London living wage and receiving the 2.5% cash allocation, would forever receive that protection. WG confirmed the intention was that as the London Living Wage increased, applicable staff would be harmonised into the banded grade system. They would also not necessarily receive the 2.5% pay uplift within the GEL Business plan.
- 5.1.10 • GA and MB commended the team for rationalising the very complicated grading and hourly rate structure, whilst managing complicated GMB negotiations and getting a positive ballot result from the workforce.
- 5.1.11 • KR commented that there were currently relatively modest cost pressures arising from standardising and improving the previous operations. Overtime these additional costs could become considerably more. KR suggested that it was necessary to discuss the collective impact of these additional costs. MB confirmed that going forward a financial section was required for inclusion in all reports going forward.

KOL/WG/
KP

- 5.1.12 Following consideration, the Board:
 - **noted** the proposed new Pay Grade banding system, which had received the backing of the GMB; and
 - **approved** the new Pay Agreement, on the basis of the details set out in the report.

5.2 Local Government Pension Scheme (LGPS) – Eligible Members as a result of TUPE Transfer

- 5.2.1 WG introduced the paper and reminded the Board that they had previously discussed the proposed re-admission of a number of ex London Borough of Ealing (LBE) employees into the London Borough Pension Fund. The following points were discussed:

- 5.2.2 • It was expected that around 15 ex LBE employees would be eligible to transfer into the local government pension scheme again. Following receipt of the ELI information from Amey, it was discovered that there were an additional 18 transferring employees who were not previously in the pension scheme, but still had protected rights to join the LGPS. Following identification of the individuals, checks were made to ensure they had continuous service and that they were interested in joining the scheme. In line with the provisions of The Local Government Pension Scheme Regulations 2013, Schedule 2, Part 3, 25 staff would be readmitted to the scheme.

- 5.2.3**
- KP commented that the original budget assumed for 15 people at a cost of circa £85k per annum. Following the increase to 25 staff, the costs of employer contributions had risen by £91k from the original budget agreed by the GEL Board. This was a cost pressure GEL had not previously been aware of when the original budget was set. GEL will seek to recover the additional LGPS employer costs from the Council.
- 5.2.4** Following consideration, the Board **noted**:
- the numbers of transferred employees, readmitted to the LGPS via the LBE pension scheme;
 - the ongoing costs of the employer contributions to fund this; and
 - that GEL will seek to recover these additional LGPS employer costs from the LBE.
- 5.3 GEL Apprenticeship Scheme**
- 5.3.1** WG introduced the paper and commented that further to previous Board discussions, the intention was to introduce an apprenticeship scheme at GEL, to upskill the workforce. Given the regular shortage of HGV drivers the aim was to “grow” our own and provide a career pathway.
- 5.3.2** Several meetings had taken place with external training providers. As well as discussions with the LBE’s Apprenticeship team. External trainers had met with employees that had expressed an interest in upskilling or joining the apprenticeship scheme.
- 5.3.3** 15 expressions of interest had been received, for apprenticeships ranging from HGV, WAMITAB, Grounds maintenance and Supervisory. It was hoped these would start by November.
- 5.3.4** MB queried whether GEL was contributing to the apprenticeship levy. WG confirmed GEL was contributing and might be able to recover some of the costs of this. GEL was also exploring the possibility of accessing LBE’s levy money to possibly offer a higher number of apprenticeships than funding was currently available for.
- 5.3.5** The Board **noted** the progress made to date and awaited a progress update at the December Board.
- 6. Equalities & Diversity Policy**
- 6.1** KOL presented the paper and the following points were discussed:
- 6.1.1**
- Advice had been received from the Council’s legal team stating that GEL was subject to the additional requirements and the policy was drafted in line with these legal requirements.
- 6.1.2**
- Bill Gilmour, Head of HR was suggested for nomination as lead officer to manage the Equalities and Diversity matters within the company.
- 6.1.3**
- The Board considered the draft equality objectives outlined in the paper:
- 6.1.4**
1. An accurate base line of equalities information was required. The information that was inherited was not complete. Work would be undertaken with supervisors and employees to determine an accurate base line of information on the workforce profile.
- 6.1.5**
2. Increasing the number of female HGV drivers employed on the contract had been identified as a potential target. Currently there was only one female driver on contract.
- 6.1.6**
3. Increasing female employees across the currently male dominated workforce.
- 6.1.7**
- Targets would need to be realistic, with the ability to make inroads on.
- 6.1.8**
- Job carving would be considered as well as part time opportunities. With entry level positions in grounds maintenance and cleansing roles possibly providing a flexible route into work, to fit in with an individuals’ personal circumstances.
- 6.1.9**
- AR suggested that considerable thought would be required to make the current male dominated working environment attractive to a more diverse group, wanting to pursue a career with GEL. KOL commented that creative thinking was required to attractive more

diversity. Women already in the workforce could be used as role models. It was hoped that the apprenticeships would also help make inroads. The workforce strategy was for entry level roles to be a gateway to other opportunities, which was supported by the structure of the recently agreed pay arrangement. The aim was to develop a narrative that GEL would help people to improve and develop transferable skills.

- 6.1.10** • HH questioned whether information was available regarding the ethnicity of the workforce and whether there was an imbalance that needed to be addressed. WG commented that ethnicity information was currently available for approximately half of the workforce. MB commented that once an accurate baseline had been determined it would then be possible to consider whether there were any other disparities, which would inform whether new additional objectives were also required. Currently only gender information was reliably available. There were presently 15 females working across the organisation and a number of these were office based
- 6.1.11** • DP commented that there was an opportunity to learn from other organisations that had increased females in the workforce. TFL had run a successful campaign to increase the number of female bus drivers in a very male dominated environment.
- 6.1.12** • DP commented that the opportunity to acquire transferable skills would enable people to come into the sector and to develop a career.
- 6.1.13** • MB commented that from experience the introduction of part time working was often a good way to attract more diversity. Once people had joined the organisation and were happy in the environment, they could expand their hour base and / or job role.
- 6.1.14** • KR questioned whether diversity within the senior management team should also be considered. Noting that this was currently a key focus within LBE, where the senior leadership teams were substantially less diverse than the rest of the workforce. KOL confirmed that once the base line of equalities information was available this would be considered. **KOL**
- 6.1.15** • MB suggested that once base line had been established, the subsequent objectives should be written as SMART objectives, with definitive goals. KOL confirmed the objectives would be reviewed together with the results of the equalities information survey and further proposals on the objectives would be presented to the February Board meeting. **KOL**
- 6.1.16** The Board:
- **Approved** the policy, subject to the review of the updated objectives.
 - **Appointed** Bill Gilmour as lead officer to manage the Equalities and Diversity matters within the company.
- 7. Financial Regulations**
- 7.1** KP presented the paper and the following points were discussed:
- 7.1.1** • The Council's Internal Audit Team would be carrying out the Internal Audit work.
- 7.1.2** • MB sought clarification on column: Limits, within the Capital Expenditure in Appendix 1. MB suggested that stating 'No Limit' could be interpreted in different ways. KOL commented that the format followed that approved for other Council owned subsidiaries and that in each case 'No Limit' signified that irrelevant of the expenditure, Board approval was required for that spend.
- 7.1.3** • GA explained that the overall boundaries within the available budget, fell within the agreed annual business plan submitted to the Council for approval. Whereas the Articles of Association ('Articles') set out the delegations as to how the spend could be agreed or deviated from. It was requested that an introduction should be provided to link the Financial Regulations and the Articles together. **KP/KOL**
- 7.1.4** The Board **approved** the GEL Financial Regulations, subject to an introduction being included linking them to the Articles of Association.

Strategy, Project and Operations

8. GEL New Management Structure

8.1 KOL presented the paper, and the following points were discussed:

- 8.1.1 • The aim had been to address issues identified in the initial 3 months of operation. Amey's strong central support service had given resilience to the business locally. GEL had worked with the Council to build a service to replicate that support.
- 8.1.2 • KOL reminded the Board that differentials and temporary acting up positions in the current operation had previously been discussed and would be addressed.
- 8.1.3 • Admin support had been identified as a weak area. The data analyst provided for within the budget was now required so that GEL software could be used to its full capability to find efficiencies within the business.
- 8.1.4 • Additional support was required in the Finance Team to enable forward-looking focus.
- 8.1.5 • Compliance and HSEQ need to be strengthened to support operations with potential for revenue generation.
- 8.1.6 • It was suggested that the management of the Household Waste and Recycling Centre (HWRC) and the Transfer Centre be combined and managed in one location by one manager. In an effort to deal with contamination issues seen at the Transfer Station and to help with the overall maintenance management, parking control and H&S risks at Greenford depot. The most significant change proposed was the deletion of the Contract Manager role, which was considered to be an unnecessary role, given the addition of the MD role and additional local management support.
- 8.1.7 • The introduction of a team leader role in grounds maintenance and street cleansing was proposed, moving the street cleansing operation to the village-based approach previously employed by LBE. To give more local ownership and a focused set of operations to street cleansing, which was an area which has struggled in the past.
- 8.1.8 • WG would have oversight of the communications function, most of which was internally facing.
- 8.1.9 • KOL recognised that the additional hires would create some pressure on the budget and confirmed these had been built into the forecast. Efficiencies were being taken where possible, such as the reducing in overtime on the red route service and reducing the Saturday supervision from 2 people to 1 person. Efficiencies were expected as a result of the operational reviews being undertaken.
- 8.1.10 • There would be a period of consultation with the current Contract Manager and following this the planned changes would be implemented.
- 8.1.11 • GA commented that the proposal addressed several issues previously identified and provided a delayed, focused structure.
- 8.1.12 • DP commented that the transition to the team leader operational model would positively address concerns that had been received.
- 8.1.13 • KR offered his support with regards to the recruitment of a specialist for the data and performance analysis.

8.1.14 The Board **agreed**, in principle, to the proposed structure and instructed the MD to implement the changes and to submit a further report outlining the Business Case for additional resources for Education and Driver Training.

KOL

9. GEL – Proposed Key Performance Indicators (KPIs)

9.1 KOL presented the report, explaining that the proposal was a combination of key business indicators for GEL and the anticipated new KPIs arising from the service agreement discussions with LBE.

9.2 A number of conversations had taken place with LBE regarding completion of the Service Agreement indicators. The latest iteration would be reviewed at the next GEL and LBE Partnership Board. The

purpose of the indicators was to provide a quick glance understanding, as to whether the contract was working. Indicators such as: 'Customer Complaints' and 'Missed Collections' should provide LBE with confidence as to how the contract was being performed.

9.3 The Board **approved** the Greener Ealing – Key Performance Business Indicators and **noted** the draft Service Agreement (KPIs) that were still to be finalised with LBE.

10. Risk Register

10.1 The Board **noted** the Risk Register and the following points were discussed:

- 10.1.1** • The risks associated with the mobilisation of GEL were now closed and would be removed.
- 10.1.2** • GEL 0002 – Budgetary management and control – KR commented that care was required to ensure budget misalignment did not occur between GEL activities and LBE provisions. MB requested that the text be updated to reflect that the risk related to the risk of imbalance between GEL and LBE budgets. KOL/KP
- 10.1.3** • All risks continued to be monitored and updated, with KP coordinating required risk register meetings. Risk ownership would be reviewed following the implementation of the new management structure. KOL/KP

11. Finance Update

11.1 KP presented the Finance Update and the following points were discussed:

- 11.1.1** • GEL net surplus for the first quarter showed an adverse variance of £165k. The main variance was a turnover of £227k resulting from non-contractual work requested by LBE. These costs had been partly offset by staffing costs and subcontractor costs. The main staffing costs adverse variance was mainly made up of Amey holiday approval for the period 1 March to 4 July. These costs had been assumed in the current GEL budget; however, negotiations were underway to recover this cost from LBE.
- 11.1.2** • Operational costs – the main variance related to short term hire due to Covid-19 costs. Most of the additional costs were offset by fuel savings, which were lower than expected.
- 11.1.3** • Savings on interest payable was circa £16k, due to borrowings being at the money market rate rather than the State Aid loan rate.
- 11.1.4** • Budget phasing for individual services was being finalised. The full year forecast had been reviewed and the 5-year forecast was underway.
- 11.1.5** • The Company financial results for year ending 30th June 2020 were currently being audited by Deloitte and expected completion date was November 2020. A draft would be presented at the December Board.
- 11.1.6** • A claim for Start-up costs had been submitted to LBE. A decision was awaited as to whether these costs would be absorbed by LBE or GEL. The financial figures had currently been prepared on the assumption that the Start-up costs would be absorbed by GEL.
- 11.1.7** • State aid implication – the original budget had assumed a 3.5% rate of interest charged at £52k. The LBE Treasury advisor had now proposed a rate at 7-10% above the reference rate. The current suggested rate was 8.5% above the 1-year Interbank Operating Rate, resulting in a rate of 8.8% and an additional annual interest charge of £35k for the remaining 4 months. The remaining 4 years of the 5-year plan would also need to be revised from 3.5% to 8.8% interest rate.
- 11.1.8** • Head lease rent and service charge was due to be received from LBE by 1 December 2020. LBE had advised that the service charge in rent was likely to be back dated to 5 July 2020, with payment required in one instalment.
- 11.1.9** • Covid-19 costs were £147k. LBE was due to confirm if these costs could be recovered from the central government or would need to be absorbed by LBE or GEL.

- 11.1.10 • Additional payroll costs included: £91K for the LGPS; £130k for additional Amey holiday approval for the period 1 March to 4 July; 2% salary increase; £16k for the 2 day induction for GEL staff; and £176k for 4 days additional leave agreed by Amey in April 2020.
- 11.1.11 • The loan agreement was pending LBE's final decision on covenants. The money market loans were due to expire at the end of October and beginning of November.
- 11.1.12 • GA provided an overview of the LBE's overall financial position. Covid-19 had substantially increased LBE's expenditure in response to the pandemic, as well as resulting in substantially reduced income from several areas. Several government grants had been received, however a £23m deficit was still forecast in the latest figures for this financial year. It was expected that the next financial year would also be similarly impacted.
- 11.1.13 • GA confirmed that LBE was seeking to avoid any discretionary spend, to try to put downward pressure on that budget gap. GEL would need to operate within this context. 2021 budget planning would be seeking to explore GEL savings and efficiencies. Prior to Covid-19 a financial framework for GEL had been formulated, including a list of items which were a financial risk that could not be quantified. £0.5m had been held in reserve as a contingency. LBE requested that GEL minimised those risks and found efficiency savings wherever possible. However, if necessary, the Council would be required to pick up the bill for the gap.
- 11.1.14 • GA commented that a LBE project reviewing how LBE could provide funding for a Council run company had been undertaken. Advice had been received stating that a new organisation with no equity and minimal assets would require a substantial rate to be lawful under State Aid. The approach taken for similar organisations was to minimise the amount and the time such loans were in operation.
- 11.1.15 • GA suggested considering if there were any sequencing of payments from LBE and sequencing of payments going out, that could further improve cashflow so that the amount and the timeframe of the loan could be minimised. MB commented that whilst he recognised the LBE's position, there were several big-ticket items still outstanding, which needed to be considered and the correct treatment administered, before the year end forecast could be determined. GEL was keen to work through the summary of outstanding issues quickly and was mindful that efficiencies should be sought where possible. KOL confirmed efficiencies were being reflected in the budget as they were identified. Although it was expected that efficiency savings would only make up part of the shortfall.
- 11.1.16 • KR confirmed he was well sighted from the Council on the financial challenges. From a GEL Board perspective, the organisation was currently exposed in terms of visibility to the year-end financials. KR questioned whether efficiencies found were being documented to provide an understanding of the net position and demonstrate GEL's contribution. KOL confirmed the efficiencies were being documented and deep dives were being undertaken into all aspects of the service. Originally it was planned that the achievable delivery programme would be presented at the beginning 1 April 2021. Given the current circumstances the proposal would be presented when available.
- 11.1.17 • MB commented that the inherited budget had been divided by 12 months and historically the sector always experienced more difficult performance in the second half of the year. Following better phasing of the budget, and despite the £165k deficit being greater than anticipated, it was a reasonable assumption. Once the big-ticket items had been addressed, the next phase would need to focus on forecasting to the year end and future years.
- 11.1.18 • AR commented that it was important to focus on performance management, the services provided, and contract management. Maintaining end to end focus and ensuring efficiencies were made in the right areas would reduce failures. Thus, reducing LBE expenditure to remedy failures.
- 11.1.19 The Board **noted** the overall financial position to the end of September and **approved**:

- The rollover of the GEL money market loans to the end of December 2020, when the loan agreement was expected to be signed off.
- GEL Managing Director: Kevin O'Leary as cheque signatory, for irregularly instances when a small amount of damages was owed to residents or there was no benefit in adding a new supplier.

12. Operations Update

12.1 KOL presented the paper, providing an overview of the service in August and September. KOL confirmed that significant changes to the report would be employed once the KPIs were in place. The Board **noted** the report.

13. Health, Safety, Environment and Quality (HSEQ) Report

13.1 The Board **noted** the HSEQ Report and the following points were discussed:

- 13.1.1 • The Alcumus, HSEQ Management System was now in place.
- 13.1.2 • The Quality Assurance Tracker was progressing.
- 13.1.3 • The Covid-19 continuity plan inherited from Amey, continued to be revised and would be discussed at the GEL/LBE Partnership board on 26th October.
- 13.1.4 • HSEQ Data for August and September showed that numbers were currently low, partly because the new reporting system was not yet being fully embedded, and several paper records were still to be input.
- 13.1.5 • KOL provided an update on the serious road traffic incident in September, noting the injuries sustained by the two employees and their current stage of recovery.
- 13.1.6 • MB commented that a near miss reporting system would also need to be implemented over the coming months.
- 13.1.7 • KOL confirmed that discussions had taken place with LBE's advisor to agree an audit plan and keep LBE's central team apprised of GEL's progress in this area.

14. Transport Report

14.1 The Board **noted** the Transport Report and the following points were discussed:

- 14.1.1 • Initiatives for improving driver behaviour were under consideration. A business case would be submitted to the Board for the introduction of some form of education and training resource, particularly for Driver and Health and Safety training. The aim was to reduce the number of accidents and demonstrate to insurers steps were being taken to abate this risk.
- 14.1.2 • MB sought clarification on the difference between open claims before settlement and the estimated cost of liability on reported accidents to date. KOL confirmed that the difference was expected to be recovered from third party claims and GEL's exposure was therefore anticipated at circa £30k.

15. Board Forward Plan

15.1 The Board **noted** the forward plan, and that it would be updated to reflect budget related discussions in this meeting.

KOL/BCS

15.2 KOL commented that an initial view of the draft business plan had previously been presented to the Board and discussed at the Board Away Day. An early view of the latest draft would be shared at the December meeting. Further discussion was possible in January, prior to submission to the Board for approval in February 2021.

16. Any Other Business

Company number: 12136927

Greener Ealing Minutes

16.1 Board Reports

LP asked the Board if the proposed standing agenda items were sufficient to provide them with the necessary overview of the business, following its change from mobilisation to operational. The Board confirmed reports currently provided were appropriate. MB commented that additional reports would be requested as and when required.

17. Date of next meeting – 17th December 2020

17.1 There being no other business, MB thanked those present for their contribution and hard work and closed the meeting at 15:30.

Signed

DocuSigned by:
Mike Boulton
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Chair of the Board

Date 24-Dec-2020 | 14:49 GMT