

**GREENER EALING LIMITED (“GEL”)
MINUTES OF THE BOARD OF DIRECTORS’ MEETING
HELD AT 13:00 HOURS ON THURSDAY 16th SEPTEMBER 2021 BY MS TEAMS**

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
	Bill Gilmour	Head of HR and Comms, GEL	BG
	Katarina Pohancenikova	Head of Finance, GEL	KP
	Earl McKenzie	Assistant Director Street Services, LBE	EM
	Lucy Taylor	Executive Director of Place, LBE – Shareholder representative	LT
	Jamie Hope	Collections Manager, GEL (Observing)	JH
	Jo Steel	Bridgehouse Company Secretaries (minutes)	BHCS

1. Apologies for Absence

1.1 MB welcomed those present, and there were no apologies for absence.

2. Declarations of Interest

2.1 There were no conflicts of interest regarding items on the agenda.

3. Minutes of the last meeting – 1st July 2021

3.1 The minutes of the last meeting were **approved** with no changes.

4. Matters arising and Actions from the previous Board meeting

4.1 The Board discussed and **noted** the summary update of matters arising from the previous Board meeting. There were no outstanding items that were not on the agenda.

Governance

5. Register of Directors’ Interests

5.1 The Directors reviewed and **approved** the Register of Directors’ Interests, noting that there were no new interests to be authorised by the Board.

6. HR Update

6.1 Induction Policy

6.1.1 BG introduced the policy and advised that the policy would facilitate consistent onboarding of new staff members and provision of information as well as enabling sufficient monitoring of performance in initial months.

6.1.2 AR asked how comprehensive training was for new starters on customer service skills and dealing with members of public. BG advised that the induction included detailed training on the company’s vision and values which included training on customer service. KOL added that there was also a specific company objective on revamping and improving interactions with customers, so this was also picked up in wider business plan.

KR asked whether some training was mandatory before a new starter started the job. BG confirmed that some training elements needed to be undertaken before staff were placed on the frontline, with other elements ongoing through the first few months.

6.1.3 The Induction policy was reviewed and **approved** by the Board.

6.2 Probation Policy

6.2.1 Subject to a minor amendment raised by BG (“review meetings taking place at following intervals” replaced with “monthly review meetings”), the draft Probation policy was reviewed and **approved** by the Board.

6.3 Sickness Policy

6.3.1 BG introduced the changes suggested to the policy previously approved in March 2020. The changes would allow GEL to recover sick pay in cases where workers were able to claim compensation from third parties for injuries.

The suggested changes to the Sickness Policy were **approved** by the Board.

7. Workforce Profile – Equalities and Monitoring Report

7.1 BG presented the latest monitoring report. The Board noted that:

- Better data was now available and showed better diversity levels than previous reports.
- There had been a slight increase in female representation, from a relatively low base.
- There had been no increase in the number of female HGV drivers with one having since left the company and another joining.
- Of females currently working for GEL, 50% were office based, and 50% in operations, of whom most were on Grade 1 payment.
- The workforce remained predominantly of white origin. There had been low turnover in staff with many long serving staff members with over 5 years’ service. There was better diversity amongst office-based staff in the company.
- Longer term objectives included actions to seek to increase ethnic diversity.
- Three individuals had been hired through the Government’s “Kickstart” scheme.
- KOL commented that although progress was slow, there had been some improvements albeit from a relatively low base point. GEL would continue to work towards its goals and would explore ideas on how to improve the company’s diversity amongst staff.

The Board **noted** the monitoring report.

Strategy, Project and Operations

8. Managing Director’s report

8.1 KOL presented his report commenting that it had been a challenging period, given the HGV driver and other essential worker shortages. A full review of the contract and delivery would soon be underway by the Council as per the condition within the Cabinet Report that

agreed the GEL business plan. GEL had provided the Council with information on the absorbed costs and efficiencies made by GEL to date, as part of the review.

In parallel, KOL would start a review of the services contract with EM.

- 8.1.2** *Pay award* - An initial meeting with the union was disappointing with only one steward in attendance. GEL had finally seen the GMB contract which would be a starting point for discussions. A further meeting was scheduled for 23rd September which would hopefully be better attended.

An initial pay increase of 1% had been made and subsequently rejected. Further offers had not yet been made, and GEL was in discussion with the Council's Director of HR.

- 8.1.3** *Gunnersbury Park Grounds Maintenance Contract* – The community interest company had approached GEL to ask if it would be interested in this interim job following inefficiencies from the previously selected contractor, prior to tendering for the full-term contract in March 2022. The interim contract was priced at £100k and GEL started work on 11 September, with KP leading on finalising the commercial terms.

The Board **noted** this first significant piece of non-Ealing Council related work for the company.

- 8.1.4** *Collection route optimisation project* – had been affected by the overall operating circumstances so progress had been slower than hoped, however, there had been reasonable improvements in the circumstances.

- 8.1.5** *Staff*– the staff survey had been launched and the team looked forward to receiving the results and reviewing progress against the Workforce Strategy. Results would be presented to the Board in November.

Training – a training facilitator had resigned, citing a long commute as a factor, steps were being taken to find a suitable replacement.

- 8.1.6** *Reputational concerns/Budget overspend* - KR asked whether the Board should be concerned about potential reputational damage to GEL from within the Council, with both overspending in environmental services and customer service showing as red. He commented that these factors would presumably play into the efficiency/delivery review being conducted by the Council.

KOL and EM advised that it needed to be made clear to the Council that the overspend was not a case of GEL overspending but was as a result of the budget provided by Council not being sufficient to meet the business plan as agreed by Cabinet. This needed to be properly articulated and would be addressed in the review. KOL had provided the absorbed costs and efficiencies made by GEL and EM was putting this together with the outlook of year one and to date, highlighting GEL's performance, opportunities, and the ability of GEL to assist the Council in meeting its responsibilities. EM added that this would be looked at separately from the Council's inhouse FE1 Saving programme as local authority trading companies needed to be treated differently, as there were implications for tax treatment etc.

There was a lot of work to be done to ensure that the figures and review were accurate, and this would not be rushed to fit in with the FE1 programme. It would be end of October before the information was ready. At present there was a disconnect between the business plan and budget setting process. The service needed to be properly aligned and validated to ensure sufficient funding to meet the objectives set by Cabinet. The contract included the requirement for Council to inform GEL on the funding provision for the following year by end October.

9. Market Supplement for HGV Drivers

9.1 KOL presented the report for the Board to consider approving a temporary supplementary increase for HGV drivers (subject to Council funding).

The Chair began with praise for the management for being able to keep services running in a very difficult operational environment over the summer but conceded that, going forward, a decision would need to be made between paying drivers more resulting in an ongoing cost to the Council or a reduction in front line services.

KOL advised that the current hourly pay rate for GEL's HGV drivers was £13.25p.h. In the current market, with HGV drivers being in high demand, it was felt that a supplementary payment of £1 per hour on a retention basis, payable as a lump sum 6 months in arrears, would help retain and attract drivers. This would be paid for core hours and not used in any overtime calculations. It was felt that it could aid retention when grouped with other reasons drivers choose to work with GEL (Familiarity of job and workmates; local working; preferable work hours; identification with GEL ethos.)

It was noted that although the supplement would be given as a temporary measure, it was unlikely that it would be withdrawn in future due to market volatility and the risk of resignations.

The Board was asked to consider whether to approve the supplement.

9.2 AR asked whether KOL felt that a £1 increase would be enough to retain staff and, whether GEL should make it clear to the Council that some of the increased costs of paying a supplement could be offset by the reduction in recruitment and training costs.

KOL admitted that £1 was probably not enough to stem all staff losses, as despite GEL having a reputation as a good local employer, neighbouring Hillingdon was also a local employer, paying more providing temptation for some to move there. However, it could be enough to convince those to stay who wanted to work locally within Ealing and enjoyed working for GEL.

In terms of hidden costs of recruitment, KOL confirmed that it was very expensive to recruit HGV drivers as for every 4 or 5 taken on a training programme, 2 or 3 wouldn't make it so there would be cost savings if the supplementary increase encouraged drivers to stay.

9.3 AR commented that there had been previous issues where London Local Authorities luring staff away from other authorities with better benefits packages, which resulted in a London-wide agreement to equalise pay and not seek to lure staff. Would this be something that could be considered in waste management. The chair commented that given the rates paid across London, this could result in Ealing/GEL having to pay even higher rates, there

was also the difficulty of competing with commercial companies who would not be bound by such arrangements.

KR commented that a decision would need to be made sooner rather than waiting for service levels to deteriorate further. He asked whether GEL needed to advise the Council what a reduction in service would look like, should more drivers be lost. KOL advised that the loss of just one vehicle, would impact thousands of residents which would have severe knock-on effects to resident satisfaction rates and complaints made to the Council etc.

- 9.4** It was considered whether the decision needed to be made after the outcome of the Council's review of GEL's contract and its own internal spending review, with EM advising that, unless it was considered an emergency situation, a decision would need to wait for the outcome of the reviews, as approval would create an ongoing financial commitment for the Council. He asked whether the cost could be absorbed in the meantime.

The potential cost could be £150k and so it was agreed that this was not a cost that could continue to be absorbed by GEL.

GEL felt that the situation was critical, and that the decision could not be delayed to the next financial year. With GEL unable to absorb the cost, and unable to continue to deliver the same services without some action being taken, it was agreed that the decision was not GEL's in isolation.

- 9.5** The reality was that, despite the ongoing contract and spending review, there was an in-year situation that needed to be dealt with. The money would be spent, either as a GEL trading loss (if additional costs were absorbed elsewhere in the budget), or as a reduction in services delivered, or as a cost of replacing drivers (which could also possibly lead to a reduction in services in the meantime), all of which would have an impact on the Council either financially or reputationally.

AR asked whether due to the extenuating circumstances, increased costs could be partly covered by the various Covid grants available to local authorities. EM agreed to investigate this option although noted that such grants could only apply to in-year costs and would not cover ongoing commitments.

EM

- 9.6** It was agreed that whether the decision was made as an emergency in-year decision, or waited for the outcome of the reviews, was a decision for the Council. GEL would need to advise the Council of the immediate implications for agreeing or delaying the approval of a supplement.

The GEL Board therefore **agreed** to the supplementary increase in principle, and delegated KOL to liaise with the Council on implications of inaction, funding approval and next steps.

KOL

10. Consolidated Performance Report – including HSEQ and Transport

- 10.1** KOL highlighted the following:

- Garden waste collection continued to be below target but was much improved on June and July targets. Improvement looked to continue in September.
- Street cleansing fell below target for the first time as a direct result from moving resource to prioritised collections. KOL had agreed additional resource to try to bring within target.

- Joint inspection of parks had improved to 61% from 31%, as the wet weather conditions resulted in fast growing grass but an ability to cut it.
- Complaints down to 48 for August, although it was thought that the holiday season contributed to the reduction as well as action taken to improve the service.
- Targets had not yet been agreed for those highlighted yellow and would be brought to the Board in November for approval.
- This would include for number of contaminated loads, which affects Council's overall recycling rates.

KOL

10.2 KOL highlighted recent concerns around Greenford transfer station in the last month where there were three instances of fires within the Dry Mixed Recycling, one leading to a serious disruption on the M25. There seemed to be a pattern of problems occurring every second Thursday. This most recent instance was due to an old laptop battery being included in the household recycling. Actions were being taken to change the way such waste was sorted. Discussions were in progress with the Council about other ongoing issues with Greenford transfer station.

10.3 KR queried why performance targets for recycling on GEL's target dashboard were not aligned with the Council's targets. GEL's performance showing green for 58.7%, whereas the Council's recycling target was showing red at 48% against a target of 58%.

KOL clarified that GEL did not report against the Council's indicator as the rates for household recycling were not sub-contracted to GEL. GEL reported on what it recovered from the recycling centre, not on the amount of recycling created by households. Improving recycling rates was a matter for the Council and not GEL, although GEL would of course assist with messaging if requested to do so. This was a frustration for GEL as some commentators on social media had used the Council's recycling rate reduction as an indicator that GEL was not fulfilling its obligations, which was not the case.

10.4 The Board **noted** the report.

11. Risk Management

11.1 The Chair highlighted some concerns around the risk register, including whether the register was truly reflecting and addressing underlying issues.

He wanted to ensure that the register could be used as a meaningful tool for the Board to review and monitor risk and it seemed that some risks, for example the current issues around HGV driver retention, were showing as medium whereas conversations today indicated a higher risk score.

JS added that the Board could explore an alternative risk approach where, instead of showing a risk assessed with no controls (in reality, very few risks were met with no controls) and an assessment of risk after controls were put in place (residual risk), risks were assessed as they were *currently* (with or without controls) and a target risk assessment with a target date (i.e. what the risk would be at a future point once additional mitigations were added). Her concern with the current approach was that it was not clear to the Board what the risk assessment was as of today.

It was agreed that KOL would further review the risk register and scoring mechanism to better reflect the residual risk. He added that discussion around the register and risks needed to be more prevalent in management discussions. **KOL**

12. Finance – update

12.1 KP highlighted the following:

- The overall draft financial position to 31 July was a surplus of £98k against a budgeted loss of £104k, largely due to positive variances in turnover, operating costs, and interest payments.
- The treatment of start-up costs continued to cause an issue with the finalising of the 2019/20 accounts. There was a concern over the revenue start-up costs of £730k which had been approved by Cabinet, but which the auditors advised should be treated as a capital contribution rather than a revenue cost. GEL had sort advice from Department of Business, Energy, and Industrial Strategy, but this was not forthcoming. However, it was believed that a solution to finalising the accounts had been found, with it likely that the revenue start-up costs would be absorbed by the Council (as there was no ability for it to recharge) and capital costs absorbed by GEL. The Board would be updated in due course.
- Fines for delayed filing of accounts and the delayed corporate tax return were being incurred because of the delay. JS added that although the fines were financially relatively small, there could be reputational impact and affect to credit score as a result of ongoing delayed accounts.
- 2020/21 accounts – the audit for the following accounts could not be conducted until an opening balance had been agreed (through finalising the 2019/20 accounts), although KP had been providing the required information for the next set of accounts to the auditors so some work could begin.
- There had been no further progress on finalising the lease agreement, but KOL continued to put pressure on the Ealing Property Team to resolve the matter. There was a concern that GEL would be subject to a space reduction due to the decant of Perceval House, which would create considerable problems given that GEL was already restricted on space.
- Loan finances – the Debenture had been signed and registered with Companies House, with the loan facility agreements now in place and ready to be drawn upon. GEL had not yet drawn down from the facility.
- The Board noted the company card credit card spend for June and July.

12.2 KR queried the current forecast noting that it was currently showing it to be as per budget, which seemed unlikely. KP advised that the forecast had not yet been updated due to the uncertainty around the opening balance for the year as well as the outstanding decision on HGV driver uplift. She hoped that the opening balance would be confirmed by the next meeting, as well as progress on the driver uplift, which would enable an accurate forecast to be presented to the next Board meeting.

13. Financial Regulations

13.1 The Board reviewed the changes made to the Financial Regulations following the changes recently approved to the scheme of delegation.

The Board **approved** the Financial Regulations.

14. Board Forward Plan

14.1 The Board **noted** the plan, which had no changes

15. Any Other Business

15.1 **AGM** – JS advised that an AGM to approve the 2020/21 accounts would usually take place in November in time for filing by 31 December. It was noted that this would be a difficult deadline to meet, as the finalising of the audit could not be undertaken until the opening balance was agreed as part of the 2019/20 audit. Instead, GEL would prepare for an AGM at some point in December, to ensure the accounts were filed on time. **BHCS**

14. Date of next meeting: 18 November 2021

14.1 There being no other business, MB thanked those present and closed the meeting at 14:30.

Signed 
Mike Boulton (Dec 1, 2021 17:05 GMT)
Chair of the Board

Date Dec 1, 2021

2021 09 16_GEL Board minutes_to be signed

Final Audit Report

2021-12-01

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