

**GREENER EALING LIMITED (“GEL”)
MINUTES OF THE BOARD OF DIRECTORS’ MEETING
HELD AT 13:00 HOURS ON THURSDAY 18th NOVEMBER 2021 BY MS TEAMS**

Present:	Mike Boulton Alison Reynolds	Chair and Director Director	MB AR
In attendance:	Kevin O’Leary Bill Gilmour Katarina Pohancenikova Earl McKenzie Lucy Taylor Jamie Hope Jo Steel	Interim Managing Director, GEL Head of HR and Comms, GEL Head of Finance, GEL Assistant Director Street Services, LBE Executive Director of Place, LBE – Shareholder representative Collections Manager, GEL Bridgehouse Company Secretaries (minutes)	KOL BG KP EM LT JH BHCS

1. Apologies for Absence

- 1.1** MB welcomed those present and advised that apologies had been received from Kieran Read.

2. Declarations of Interest

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

3. Minutes of the last meeting – 16th September 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. HR Update

5.1 Staff Survey

- 5.1.1** The Board noted the summary results from the second staff survey circulated with the Board pack prior to the meeting. It noted the following outcomes:

- An increase of 8% in the response rate for 2020;
- 70% of respondents agreed strongly or partly that the work allocated to them was reasonable (down from 80% in 2020);
- 79% were happy with the hours they worked (down from 86% in 2020).
- 62% felt valued in their role (down from 69% in 2020).
- 66% felt proud to work for GEL and 63% would recommend it as a good place to work.

- 5.1.2** Despite some reduction in ratings, the team were pleased with the overall high scores, especially after what had been a very challenging year.

It was encouraging that staff had noted that pay, quality of equipment and morale were the three most improved things under GEL notwithstanding that there would always be room for improvement.

5.1.3 The survey showed increased levels of stress or anxiety, which was unsurprising given the challenging year where the pandemic and driver shortages had all played a part. As a result of this particular result, BG and his team had met with the Council's Occupational Health Team and it had been agreed to refresh the internal communications on the Employee Assistance Programme, to ensure that staff were aware of this support. It had also been made clear that the HR team were available to offer support to all employees experiencing work related stress and anxiety.

5.1.4 Overall, BG had been happy with the feedback with the results enabling GEL to prioritise areas for improvement over the coming year.

5.1.5 AR asked whether there were particular teams or work areas that had suffered the increased stress and anxiety or whether it had increased across the board. BG advised he would analyse this part of the data and report back. **BG**

5.1.6 MB commented that although there was some disappointment in the score reductions, the results were positive overall. He asked whether the survey allowed for individual comments. BG advised that some comments had been received and he would work through these, as he had last year, and report back to the Board any key observations or patterns identified. **BG**

5.2 Working ex-offenders reintegration project

5.2.1 Jamie provided an overview of the proposal and highlighted the following:

- The project would involve working with Novus Charity Creating Foundations for Change by offering meaningful employment to ex-offenders within Ealing.
- One of the charity's objects was to try to reduce the high rates of reoffending, by supporting ex-offenders to find meaningful employment. Presently, only 17% find employment within one year of release.
- The proposed project would provide an opportunity for GEL to make a positive change and potentially enable a positive ripple effect by offering structured opportunities to carefully selected ex-offenders.
- The project would sit well within GEL's values and ethos.
- Offering employment and apprenticeships opportunities through the pilot programme could also help GEL with current labour shortages.

5.2.2 How the pilot would work:

- Novus would identify candidates according to criteria stipulated by GEL. For risk purposes, all those with sexual offence convictions would be excluded from the candidate pool. There would also be an effective interview process in place.
- Fixed term contracts of three months would be awarded to successful candidates, to ensure that the placement was the right fit for all parties.
- On successful completion of the fixed term, permanent contracts could be awarded.

- Cost of the programme would be covered by existing approved budgets and opportunities for possible government support funding were also being investigated.

5.2.3 Following the presentation, the Board was asked to approve the pilot scheme, with the intention for JH to present to the Board in six months' time to provide an update on progress.

5.2.4 The Board discussed the programme and made the following comments and observations:

- The Board agreed that this was a very interesting initiative that would sit well within the company's values.
- Resourcing – the Board commented that the individuals placed under the programme would likely require significant support and asked how this would be managed and whether there was sufficient resource available to ensure its success.
- JH confirmed that mentoring and buddying would be provided, with JH himself mentoring the first group of candidates. He was confident that this could be managed within existing time and cost constraints.
- LT asked whether the programme could prioritise opportunities for local residents. JH confirmed that this had been included within the criteria, setting a preference for local residents as this often helped with reliability. Although candidates from outside the borough would not be excluded, Novus had been asked to prioritise anyone who was from or living in LBE.
- LT further commented that the Council's Employment and Skills service may be able to support with sign posting to available grants and sources of income for the programme. JH agreed to speak with them.
- EM reiterated that it was a fantastic initiative but the key to success would be ensuring sufficient support for the candidates. He asked whether the structure and management of the programme had been developed. JH advised that the framework for supporting the individuals had not been put in place but was in progress. He reiterated how important it was to ensure that the support was in place both short and long term in order for it to be successful.
- JS suggested that JH speak with Novus about whether they could provide any management materials, documents or resources to help with support once candidates had been placed.
- JH confirmed that initially he hoped to place five candidates; three in waste management and two in street cleansing, ensuring that these vacancies were within budget. MB cautioned against starting with five, as from experience, the support required was often underestimated. It was agreed, therefore, to start with three candidates.

JH

5.2.5 The Board **approved** the pilot programme. KOL thanked JH for all his hard work on the initiative, which had initially been considered in response to the HGV driver shortage. The Board would look forward to an update in due course.

Strategy, Project and Operations

6. Managing Director's report

- 6.1 Progress remained slow in some outstanding management matters such as the ongoing Council review into GEL's first year. Dialogue was ongoing but there had yet to be meaningful discussion around numbers. It was hoped that meetings would be set up with Council colleagues in the coming weeks.
- 6.2 **Services Agreement Review**
Reasonable progress had been made with positive meetings held regarding the Household Waste Recycling Centre service specification and the Street Cleansing Service specification. Meetings were scheduled for Street Cleansing (part two), Waste Collections with Grounds Maintenance and Housing. Important commercial matters regarding annual price uplift and the budget setting had not yet been discussed.
- 6.3 **HGV driver shortage**
There had been a slight abatement in shortage with two new recruits, but it remained a significant challenge to the business. Following agreement from the Council to fund the hourly uplift (which would be paid in arrears in April 2022), it was hoped this would assist with retention of current drivers.
- 6.4 **Elderly and Disabled Persons Gardening Contract**
It was looking likely that this small out of scope contract would be awarded to GEL by the Council's Housing Department.
- 6.5 **Council's Companies Board (CoCo)**
KOL had recently attended and presented ideas to the CoCo for considering GEL at the early stage in the Council's Procurement process. This approach was made in line with our agreed strategy to seek internal Ealing Council opportunities to support growth aspirations. The presentation was received positively and KOL had since had a positive meeting with the Director of Finance and the Head of Procurement to explore the idea more fully and hopefully move the matter forward.
- 6.6 The Board had questions and noted the report.
7. **Consolidated Performance Report – including HSEQ and Transport**
- 7.1 KOL highlighted the following:
- Good overall progress on performance.
 - **Collections** - performance was particularly encouraging given the well documented driver shortages.
 - **Street cleansing** – reasonable overall with increased positive performance in October, although there had been a reduction in the number of inspections due to client-side pressures. GEL would be assisting the Council will inspections going forward.
 - **Grounds Maintenance and Parks** – scores had improved but further work was required to bring them up to higher levels and meetings had been undertaken with client-side colleagues. The Parks Quality Indicator was new and would be subject to an urgent review over the winter period. It was recognised that there was a need for the KPI to reflect the general public and officer perception of Ealing's Parks, which was more positive than the current scores indicated. KOL acknowledged that for the first 15 months of the contract, the priority had been to improve performance of waste collections, and following much improvement in this area,

there would be greater focus on Grounds Maintenance and cemeteries going forward.

- **Complaints** - had been impressively low for the month of October, reflecting the improvement to service standards.

7.2 The dashboard circulated in the Board pack contained some additional suggested performance indicators where there had been gaps until now and asked the Board to approve these.

The only gap remaining was a CO2 target for reduction. GEL was currently working to achieve ISO 14001 (Environmental Management standard) with the second stage inspection due between Jan-March 2022. It was hoped that a meaningful target could be approved at that time.

The Board **approved** the suggested performance indicators.

7.3 The Board discussed the performance dashboard and made the following comments and observations:

- EM asked whether a CO2 baseline could be provided taking account of where Amey had been at the close of their contract and the improvements made by GEL to date, as there had been considerable improvements in terms of reduced idling time etc. KOL advised that it should be possible to work out an approximate baseline and would ask Mick Aherne to provide using the vehicle types and mileage to provide an indicative figure. **KOL/MA**
- EM commented that in terms of general performance the Council was very pleased with GEL's performance in an extremely challenging operational environment. The Council was very happy with how the service was being delivered and had been impressed with GEL's reliability, responsiveness to failures, openness and transparency.
- AR added that from a Contact Centre standpoint, there had been a massive drop in contacts from the customers on waste management in particular, reflecting a much improved service. Some days there had been less than 200 calls per day which was unheard of.

7.4 The Board **noted** the report and thanked KOL and the team for their continued hard work.

8. Risk Management

8.1 The Board reviewed the new style Risk Register and Report. KP advised that the risk level had changed for some of the risks. The Board noted the following high-level (red) risks:

1. Agency staff usage
2. Overtime working
3. Sickness absence
4. Budget misalignment
5. Rising costs of Fuel
6. HGV Driver situation

Risks 4, 5, and 6, were discussed in detail:

8.2 Budget misalignment

- Budget misalignment in financial year 2021/22 had been estimated at £723k with a concern that this could rise to £1.5m in 2022/23. GEL continued to seek and discuss operational efficiencies with Council colleagues, but it was obvious that efficiencies alone would not be able to sufficiently reduce the gap.
- The only solutions therefore were an increased level of funding or a reduction in service going forward, which would need to be decided by the Council.
- MB advised that either way, a decision was needed urgently as with just four months left to the beginning of the next financial year, the budget and/or a reduction in service would take time to effectively plan. MB asked LT as Shareholder Representative for her comments.
- LT acknowledged that there had been a significant misalignment between the funding provided and the business plan proposed by GEL. EM was continuing to look at efficiencies and once that task was completed, LT would meet with Ross Brown (RB) to look at solutions. This would depend on how much of the gap remained following the efficiencies review. Decisions on increased funding or reduction to services would possibly require Council Member decision, timing for which would need to be factored in.
- There was also the option of exploring further funding and income opportunities through the CoCo Board.
- EM added that he hoped to complete the efficiencies review by 26th November, after which discussions would be arranged with LT and RB. It was acknowledged that a way forward needed to be agreed in the next few weeks to ensure enough time before the year end.

8.3 Increased Fuel Costs

- GEL's bulk fuel price had increased by 29% since the start of the contract in July 2020.
- From a budget perspective the 21/22 budget price per litre was £0.930 and the latest cost per litre was £1.175 per litre giving an 26% increase in cost.
- The 21/22 USLD fuel budget usage per week was 15,100 litres, and the actual average weekly USLD is 13,200 litres, which equated to a projected differential of some 1,900 litres.

Actions taken so far:

- Carbon reduction relating to vehicle excessive idling was delivering demonstratable savings, albeit relatively minor in value being achieved.
- Ongoing in-service optimisation of core operational services was being undertaken, with an expectation of reduced fuel usage in elements of the trade and garden waste collection activities.

8.3.1 The Board was asked to consider the strategy should the cost of fuel continue to increase, and the current contingency be used. Longer term options to be considered included the reduction in core service provision, operating at budget deficit for the provision of fuel/revised provision, significant change in collection methodology to support fewer operational vehicles or significant change in vehicle fuel technology, which could also require extensive depot infrastructure changes.

8.3.2 MB commented that externally, the main option was to enter a hedging arrangement on fuel price, but this was unlikely to be a viable option for GEL as in general, such an arrangement would lock GEL into a higher fuel price. Options were therefore extremely limited and would have to be managed through the budget process.

8.3.3 KOL advised that there was a possibility to manage the increase through the pricing mechanism in the service agreement which allowed for increases over a certain level to be absorbed by the Council through its own contingency budget. EM added that this had been highlighted as an emerging pressure within the ongoing contract review along with driver shortage and other inflationary pressures and would therefore be factored into the funding-gap discussions.

8.4 Shortage of HGV Drivers

- Actions taken to date to reduce the risk included: open market recruitment, internal training of existing staff, introduction of benefit package.
- It was acknowledged that the ongoing risk would be discussed in the same way as the increased fuel risk – that it would need to be addressed within the increased funding/reduced service options facing the Council.

8.5 The Board **approved** the risk register and was happy that the new style report focussed on the key risks and further improved effective discussion.

9. Finance – update

9.1 KP highlighted the following:

Current position and forecast

- At 31 October the draft net surplus showed a surplus against budgeted loss of £285k. The positive variance included additional revenue from contracts on grounds maintenance, street cleaning and kickstart funding.
- There had been a significant saving on budgeted interest payments as there had been non draw downs on loans in the in first seven months.
- Additional staffing, pension and subcontract costs were offset in revenue.
- Full year forecast had been updated to forecast the projected loss due to current cost pressures not originally known (increased fuel price, driver shortage etc)
- The next forecast to 31 December 2021 would reflect the increased control on cost spending and would be reported at the next meeting.

9.2 Draft budget 2022/23

- A prudent approach had been taken on costs and assumed that increased costs would be fully absorbed by GEL until confirmed by the Council. Increased costs included inflation at 2.5%, increased national insurance contributions, fuel and insurance price increases etc.

9.3 2019/20 Accounts

- The Council was seeking separate legal advice to check treatment of original revenue start-up costs to ensure no breach of State Aid rules.
- Provisional capital and stock start-up costs had been agreed along with the proposed treatment of such i.e. Council would invoice GEL, which would then draw down on the approved loan in order to pay the invoice.
- It was anticipated that the 2019/20 would be ready to approve and sign next week. The Board **delegated** the approval and signature of the 2019/20 accounts to MB.

9.4 Premises Lease

- The lease had still not been signed and remained under licence to occupy. The rent and service charges had been estimated at £1.2m
- AR commented that this had been going on for a long time and it was disappointing that no further progress had been made.
- KOL that the issues seemed to be around the complicated set of activities onsite, and that he had been advised three weeks prior that the lease was nearly ready but was not yet forthcoming. It had been a frustrating matter and any assistance from council colleagues to progress it would be appreciated.

9.5 2020/21 Accounts

- Audit was underway within initial testing completed and first draft submitted to auditors. GEL had been advised that there was a national shortage of auditors but had been assured that the accounts would be ready on time.
- Accounts needed to be filed by 31 December to ensure avoidance of another set being overdue. The proposed AGM date of 16th December would remain.

9.6

- **Credit card limit** – following the temporary increase in limit to £30k to pay for vehicle tax liabilities, this had been reduced back to £5k with direct debit arrangements set up for future vehicle tax liabilities.
- **Acton HWRC site closure** –EM was concerned about the suggestion of financial losses for GEL, given the reasons for closing the site. He did not think there should be any negative impact and would get some more background before picking up with KP outside of the meeting.

10. CSR Statement 2021

10.1 The Board reviewed the suggested Corporate Social Responsibility Statement for 2021 noting the actions taken and aspirations.

The Board **approved** the CSR Statement.

11. Board Forward Plan

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

12. Any Other Business

12.1 There was none.

13. Date of next meeting: 3rd February 2022

13.1 There being no other business, MB thanked those present and closed the meeting at 14:00.

Signed



Mike Boulton (Feb 8, 2022 14:54 GMT)

Chair of the Board

Date Feb 8, 2022

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Final Audit Report

2022-02-08

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