

**GREENER EALING LIMITED (“GEL”)
MINUTES OF THE BOARD OF DIRECTORS’ MEETING
HELD AT 13:00 HOURS ON THURSDAY 3rd FEBRUARY 2022 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
	Helen Harris	Director of Legal and Democratic Services, LBE (attended from item 5)	HH
	Lizzie Purewal	Bridgehouse Company Secretaries (minutes)	BHCS

1. Apologies for Absence

- 1.1** MB welcomed those present, apologies for absence had been received from Lucy Taylor and Earl McKenzie.

2. Declarations of Interest

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

3. Minutes of the last meeting – 18th November 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.

Action 15.1 (16th September 2021) – the status of the AGM would be discussed further in a separate meeting following the Board meeting.

5. HR Update

5.1 Children and Vulnerable Adults Provisions

- 5.1.1** BG provided an overview of the paper: ‘Children and Vulnerable Adults Provisions’. The need for these provisions had been highlighted during the recent tender process for additional works (Gunnersbury Park). Prior to employment by GEL, grounds maintenance staff had been required to undergo DBS checks, which was considered standard industry practice. GEL recognised the need to put measures in place to ensure the safety and wellbeing of children and vulnerable adults. Existing grounds maintenance staff would undergo a DBS check and going forward a DBS check would be required as part of the recruitment process. Any matters of concern involving for example, homeless or vulnerable adults or children would be referred to the specialist teams within the Council. Frontline teams would be made aware of this obligation. Should any allegations be made concerning any GEL employees in relation to these provisions, the matter would be investigated in line with the Company’s Disciplinary procedure.

- 5.1.2** The Board reviewed and **approved** the Children and Vulnerable Adults Provisions.

5.2 Cycle to work scheme

5.2.1 BG provided an overview of the paper: 'GEL – Cycle to work scheme'. Several operatives enquired whether a cycle to work scheme was included as an employee benefit. The scheme would be inexpensive to operate, providing a loan to employees for bicycles and cycling accessories, whilst spreading the cost over a 12-month period and saving money through a tax break.

5.2.2 The Board reviewed and **approved** the Cycle to work scheme.

6 Corporate Governance

6.1 Review of Whistleblowing Policies

6.1.1 KOL provided an overview of the paper: 'Annual review of Whistleblowing Policy'. The policy had been reviewed and no recommended policy changes were required at this time. There had been no reports of whistleblowing in the last 12 months.

6.1.2 HH questioned whether everyone who might want to make use of the policy was aware of it. AR commented that it was important that employees felt comfortable to use the policy. KOL confirmed that the policy had previously been publicised and agreed to publicise it again to make it known to employees that the policy existed **[ACTION]**. **[KOL]**

6.1.3 The Board noted and **approved** the Annual Review of the Whistleblowing Policy.

7. Strategy, Project & Operations

7.1 Managing Director's report

7.1.1 KOL provided an overview of the paper: 'Managing Director's report', commenting that Christmas working and catch up had gone well and all priority services had continued during the period.

7.1.2 The three year Grounds Maintenance tender for Gunnersbury Park CIC had been successful, representing circa £250k worth of work. Whilst GEL had not been cheapest option, the quality of the submission was very good, including added value in relation to innovations on electric equipment, options for sustainable treatments for green waste and a customer focus. Discussions were due to commence with Gunnersbury Park CIC on 8th February.

7.1.3 Discussions had been successful with Ealing's Housing Department regarding their Elderly and Disabled Persons Gardening Contract, with formal notification expected to be received from the Council in the coming days.

7.1.4 GEL would be entering the LGC Awards with an application in the Environmental Services Category.

7.1.5 The directors extended their congratulation for the good work that had been undertaken within the busy Christmas period.

8. Carbon Reduction Plan

8.1 KOL provided an overview of the paper: 'Carbon Reduction Plan'. The plan was based on the London Borough of Ealing (LBE) Climate and Ecological Strategy, - for GEL this primarily focused on reducing the local tail pipe emissions of the operational vehicles and transport employed to deliver the scope of Environmental services to LBE. The plan was to achieve a reduction of 15% of GEL's annual measured CO2 and associated PM10 emissions over a 24month period. GEL would use the baseline tonnage for the full year from January 2021 to December 2021 and had proposed a carbon reduction target for 2022 of 7% of emissions

for 2021. KOL talked through the planned approach to reach the Council's overall target, set out in the paper.

- 8.2** Business travel and commuting would also be considered, with work due to take place regarding the modes of transport taken by employees to work. Work was also due to be undertaken with suppliers and their commitment to carbon reduction.
- 8.3** Asked by AR if the workforce and suppliers had bought into the green agenda, KOL confirmed that they had overall. Discussions were underway with the suppliers of PPE and uniforms, regarding an arrangement to request that where possible old kit be returned and recycled when new replacements were required. Employees were aware of various green initiatives and, in the collection service employees were required to monitor the content of bins and report any contaminated bins. Vehicle idling was now being monitored, which had brought about a reduction in idling, that had been maintained throughout the winter months. To maintain the dialogue on this green initiative all efforts would be publicised to employees.
- 8.4** ML commented that a target of 7% carbon reduction was a challenging target to meet and commended the team for putting the necessary technology in place to be able to monitor and further encourage this reduction.
- 8.5** The Board noted and **approved** the Carbon Reduction Plan.
- 9. Review of Progress against 2021/22 Business Plan**
- 9.1** KOL provided an overview of the paper: 'Review of Progress against 2021/22 Business Plan'. Overall, it had been a good year with positive progress being made in some difficult circumstances. Strategic objectives A and B were expected to be achieved:
- A - To deliver contracted services in line with the Service Agreement including the specification and key performance indicators.
- B - To deliver contracted services within the agreed budget for 21/22.
- 9.2** The Workforce Strategy had been a success and BG had been asked to refresh the strategy to bring in some new ideas. The customer agenda had been successful, with complaints for January down to 15, compared with more than 400 complaints in certain months prior to GEL taking over.
- 9.3** Good progress had been made against objective C: To prepare Greener Ealing for future growth. Work had been undertaken in relation to planning and optimisations. The HGV driver shortage had impacted the ability to make changes without regular staff onboard.
- 9.4** It had been hoped that the HSEQ Quality Assurance accreditations would be achieved by year end, however it was likely that these would now be in place by April/May 2022. The Freight Operators Recognition Scheme was expected to be in place by the end of the next financial year.
- 9.5** Data Analysis, Performance Management and Going Digital had progressed and focus on these areas would be increased going forward.
- 9.6** The next stage would be to seek business to business opportunities in the local area.

- 9.7 KR acknowledged that overall, the assessment had been positive. KR questioned whether GEL was in the position to document efficiencies delivered under objective 3. KR suggested that it would be useful to provide a set of figures and metrics that could be provided to LBE and when pitching for other business, to demonstrate GEL's ability to drive efficiency from contracts. KOL agreed to provide a list setting out the measures taken **[ACTION]**. **[KOL]**
- 9.5 MB commended the management team for the progress that had been made over the past 12 months. MB commented that KOL had been too modest in the paper and requested that the foreword be updated to read:
- Paragraph 3, line 4: ~~'This presented a unique set of circumstances that the team had to contend with.'~~ 'This presented a unique set of circumstances that the growing and flourishing management team expertly led by Kevin O'Leary (MD) had to contend with.'**[ACTION]** **[KOL]**
- 9.6 MB sought clarification on the 1% efficiency saving for 22/23 (£224k). KOL commented that the (£224k) had been updated to (£253k) as a figure imposed by the Council. The introduction of this efficiency saving did not present an issue because the numbers in the Business Plan included costs and so it was to be an income reduction of £224k and a cost reduction as well, with an adjustment on both sides. An income schedule would be prepared for the year which would recover NI one month in arrears and the HGV costs would be invoiced for separately. Other risk elements identified would continue to be monitored.
- 9.7 The Board **noted** the report.
- 10. GEL Business Plan 2022/23**
- 10.1 KOL provided an overview of the paper: 'GEL Business Plan 2022/23' which was a refresh of the previous year's plan. Further efficiencies would be sought, and focus would continue on efficiencies that had been stalled in 2021. The Communication Strategy would focus on marketing the GEL brand locally and within LBE to ensure GEL was one of the first options the LBE considered for services that meet GEL's skills and strengths. There was potential to monetise the GEL Training Academy with LBE and in other areas with businesses similar GEL.
- 10.2 Greening the business, growing the business and continuing to search for other opportunities would be the key focus for 2022/23. As well as bedding in the supporting infrastructure. It was thought that whilst GEL had been in operation for 18 months, the plan was still considered fit for purpose at the current time.
- 10.3 Discussions had been agreed with the Council's Senior Leadership Team and would be presented to elected members at the Councils Cabinet meeting on 9th February with a recommendation for approval. The report acknowledged the success of GEL to date, and it was anticipated that the Cabinet would agree the GEL Business Plan and that GEL's income expectations would be largely met. The budget had previously been misaligned and an area for concern throughout the 2021/22 financial year. At present, for 2022/23 GEL was forecasting a deficit position of £389k. Whilst this was challenging, a cautious approach had been adopted, highlighting the emerging pressures which might need to be recovered from the Council. KOL highlighted fuel, insurance, over time, and employee pay awards as potential risk areas, which added further pressures to be absorbed. It had previously been

understood that the Council would cover national insurance and the HGV market supplement. However, the Council had now stated that these pressures would be jointly managed by GEL and the Council, with a lot of the risk passed back to GEL. As a Council owned company GEL was obliged to endeavour to close the gap. KOL highlighted that this additional pressure would impose some major challenges for GEL. A management plan to close the gap of £389k or highlight the residual gap would be presented to the Board at the next meeting [ACTION].

[KOL]

10.4 MB commented that it was positive that the Council budget was now aligned. MB commented that in addition to the £389k deficit, the Council had requested a 1% efficiency saving for 22/23 which would widen the gap further. MB suggested that a £100k buffer was also required. The pay awards were expected to add further pressure, with the unions and workforce unlikely to accept a 2.5% pay award. MB suggested that whilst the budget was aligned there was the potential for a £1m shortfall and it was important to understand what could be managed through efficiencies versus what further action was required.

10.5 KR sought clarification on the alignment of the budget, questioning whether it was assumed that GEL would be successful if it performed to the business plan, making a loss of £389k, which the Council would cover. KOL commented that the alignment referred to the Council's provision to meet the 'Contractual Service Income – Scheduled Works', projected at (22,088) as listed in the forecast for the current year. Whereas unforeseen cost pressures such as national insurance and the HGV market supplement would be covered through the 'Other Income' projection of (716), which was not necessarily guaranteed and would be added to the deficit position of £389k. The intention was that GEL would manage those unforeseen cost pressures down to bring the account back into balance, however where it was not possible to manage these costs down, GEL would look to recover these unavoidable costs from the Council.

10.6 KR suggested further clarity on the commissioning arrangements with the Council was required. KOL commented that it had been expected that a clear understanding of the commissioning arrangements would be confirmed by October of the previous year, however, an update was provided by the Council on the day the papers were dispatched to the Cabinet. KOL welcomed support to highlight to the Council the need to provide more clarity at an earlier stage to provide more certainty in the planning process.

11. Consolidated Performance Report including HSEQ & Transport

11.1 KOL provided an overview of performance against internal and external KPIs over the last month. Overall performance had been strong in a difficult time. The HGV driver shortage was still a problem and further options were being considered on how to address the issue. An existing staff member had successfully completed their HGV training and would continue to gain experience in driving HGV vehicles before they would be considered for this role.

12. GEL Risk Management – Risk Register

12.1 MB referenced the risks currently listed as high. HH questioned whether it was correct that the risk level remained unchanged following risk mitigation. MB commented that the risk register should realistically reflect the risks facing the company and when previously reviewed, due to some risk issues falling outside of GEL's control it had not been possible to remove the residual risk, despite the mitigation employed and the rating had therefore remained as high.

12.2 MB suggested that the risk register be reviewed again once the management plan, to close the gap of £389k or highlight the residual gap, was available [ACTION].

[KOL]

12.3 The Board noted the risk register.

13. Finance Update – February 2022

13.1 KP provided an overview, noting the following points:

- The overall draft financial position to 31st December 2021 showed a surplus after tax of (£298k) against a budgeted loss of £122k.
- The main variances related to a favourable variance in turnover because of non-contractual work provided. This was partly offset by adverse staffing costs, additional works, and operating costs.
- Funding costs had had a positive variance of (£152k) due to no loan being drawn down in the 2021-22 financial year. GEL was continuing to manage cash flow without the need for any loans so far this year.
- The 2021/22 full year forecast had been updated to show a profit after tax of £334k against an original budgeted £84k loss. This improvement was the result in part of circumstances outside of GEL's control and it should not be concluded that there were ongoing underlying profits available in the contract.
- Management continued to use a prudent approach in setting the 22/23 budget.
- The statutory pressures such as the National Insurance increase and the HGV market supplement were included in the 22/23 figures, and it was hoped these could be recovered from the Council.
- Company tax advisors PWC had been instructed to outline the transfer pricing position and the implications if the return achieved by GEL was below the "arm's length" position. The outcome was that GEL should on average be making a profit of 2.9% for the position to be considered arm's length. There was a small risk that, under enquiry, HMRC could assert that the return was not arm's length which could result in a tax penalty. Whilst the practical risk was reasonably low because the transactions between the Council and GEL were UK-UK and the Council was not a tax paying body, the risk was slightly higher than if this was a transaction between two UK corporates for which an adjustment would have a net nil impact from a UK corporate tax perspective.
- No update had been received for the start-up costs treatment.
- Rent and services charges for 2021/22 – since writing the paper a draft head of terms had been received from the Council, with some significant changes since the original terms were drafted in June 2020. This was currently under review with external legal advisors.
- The Financial Accounts for financial year ending 30th June 2020 were filed with Companies House in December 2020. GEL Corporation tax return for the same financial year was filed with HMRC also in December 2020.
- The Financial Accounts for financial year ending 31st March 2021 were currently overdue and following communication from Companies House a separate meeting with the auditors would take place after the meeting to obtain commitment to finalise the audit in accordance with the necessary timescales.
- The cashflow position was stable. The loan drawdown was only expected to be used to finance the capital start-up costs.

13.2 HH agreed to follow up on the outstanding legal advice the Council was seeking from their legal team to ensure state aid rules were followed in relation to the start-up costs treatment **[ACTION]**.

[HH]

13.3 KR questioned whether the outstanding issues relating to the Revenue start-up costs were required to be resolved prior to the filing of GEL's financial accounts. KP commented that a letter had been received from the Council confirming that they would not yet proceed with the start-up costs treatment, and this would not affect the 2021 accounts. It was not currently clear how the Council would proceed. If the legal advice stated that the full amount should be drawdown this would affect the bottom line and the results would need to be adjusted. KOL commented that an in-principle agreement had been reached between GEL officers and Senior Finance Council officers. A final review from a subsidy control lawyer was currently awaited and once received it was expected that the matter could be dealt with quickly and there should be no impact going forward.

14. Board Forward Plan

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

15. Any Other Business

15.1 There was none.

16. Date of next meeting: 7th April 2022

16.1 There being no other business, MB thanked those present and closed the meeting at 13:56.

Signed



[Mike Boulton \(Apr 11, 2022 10:47 GMT+1\)](#)

Chair of the Board

Date Apr 11, 2022

Please sign GEL Board minutes from 3rd February 2022

Final Audit Report

2022-04-11

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