

**GREENER EALING LIMITED (“GEL”)
MINUTES OF THE BOARD OF DIRECTORS’ MEETING
HELD AT 13:00 HOURS ON THURSDAY 7th APRIL 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
	Lucy Taylor	Shareholder Representative, LBE	LT
	Darren Henaghan	Interim Director of Housing, LBE	DH
	Chuhr Nijjar	Senior Contracts Lawyer, LBE	CN
	Lizzie Purewal	Bridgehouse Company Secretaries (minutes)	BHCS

1. Apologies for Absence

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

MB welcomed Darren Henaghan, Interim Director of Housing to the meeting, DH would be replacing Dipti Patel.

2. Declarations of Interest

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

3. Minutes of the Board – 3rd and 18th February 2022

- 3.1** The minutes of the Board meeting on 3rd February 2022 were **approved** with no changes.

The Board **noted** the approved minutes from the meeting on 18th February 2022, to approve the Annual Report and Finance Statements (year-ended 31 March 2021).

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 13.2 (3rd February 2022) – update provided under minute: 9.2.5: Lease refinancing proposal – **carried forward**.

5. Corporate Governance

5.1 Anti-Bribery (Gifts and Hospitality)

- 5.1.1** KOL advised that a review of the Anti-Bribery (Gifts and Hospitality) policy had been undertaken, with no suggested changes required. A meal at a networking event had been received from a contractor.

- 5.1.2** The Board **approved** the hospitality from the contractor.

5.2 Freedom of Information Update

- 5.2.1** The Board **noted** that no FOI requests had been made to Greener Ealing over the past 12 months.

Strategy, Project & Operations**6.1 Managing Director's report**

6.2 KOL provided an overview of the Managing Director's report, and the following points were discussed:

- 6.3**
- KOL commented that Pay award was a key issue that had been under review over the last few months. The 2021 pay award had been concluded in October/November 2021. Discussions had already commenced with GMB regional officials regarding the 2022 pay award and it was hoped that this would be concluded earlier this time. It was expected that this would be a difficult pay round with high levels of inflation impacting the cost of living. The CPI had risen to 6.2% in February and there was currently a budget provision of 2.5% for any uplift. GEL would therefore need to be more imaginative to address the increasing gap between pay and the costs staff were facing.
- 6.4**
- A wide range of options were being considered, including the removal of task and finish in the collection service. The GMB was understanding of this and had responded positively to finding a solution. A lot of overtime was being currently being paid in core hours, which was not acceptable and was resulting in huge costs in those areas. Consolidating some of the plus payments and overtime was being explored.
- 6.5**
- The GMB had identified several issues including sick pay variations across the contract and ongoing grading issues complained of by members within the Grounds Maintenance teams. The contract went out to the market in 1995 and had been through several iterations with various contractors, resulting in a range of sick pay arrangements and the GMB were looking for some levelling up and fairness. GEL had agreed to review the contract in response to these requests, however it had been stressed that any changes would need to be deliverable and affordable and could not jeopardise contract performance. GEL's preference would be for a 2-year deal with an initial payment and a second stage payment being made on the back of efficiencies and cash available, rather than a speculative payment that could potentially leave GEL in a difficult financial position in the future.
- 6.6**
- KR questioned what assumptions had been made in relation to the business plan and the impact of inflation on pay. KOL confirmed that a 2.5% pay award had been allowed for within the business plan. A list had been circulated ahead of the meeting, which identified some areas for optimisation, and consideration would be given to whether any benefit achieved from the optimisation should be put back into additional pay.
- 6.7**
- AR commented that overtime had been significantly high at the start of the contract and questioned whether this had now reduced, or if still to be addressed, was this relevant to specific areas. KOL commented that street cleansing had overtime included in its current working arrangements and it was thought that this could be redistributed by creating new jobs. KOL confirmed that overtime had been reduced over the past year, however a lot was still being undertaken. It was thought that one way of addressing GEL's aspirations of attracting more women into the business, could be achieved by carving jobs up to make them more family friendly, allowing work to be undertaken in the middle of the day. KOL commented that collections was an area with high overtime. This had increased because of the HGV driver shortage but was also being used to deal with any short fall in service delivery daily, with overtime being paid within core time, which was not acceptable. Loosing that element of cost would be a big gain.

- 6.8 • MB commented that GEL had negotiated a very good deal in 2021 and the trade unions were likely to negotiate harder this time around. MB was aware of two competitors facing pay demands of c. 10%. KOL confirmed that discussions would continue with the trade unions and management would revert to the Board before making any offer.
- 6.9 • Gunnersbury Park Contract Award – weekly mobilisation meetings were taking place.
- 6.10 • Grounds Maintenance Software – PSS had been appointed to implement a new digital system over the coming weeks.
- 6.11 • Elderly and Disabled Persons Gardening Contract – although initially anticipated to start on 1st April, final confirmation was still to be received from Ealing Council. LT and DH to follow Lisa Kunudy in Estate Services **[ACTION]**. **[LT/DH]**
- 6.12 • Business Plan 22/23 Objectives 1-9 – a detailed action plan for each of the nine business objectives was being developed. Going forward this would be shared with the Board at each meeting to provide updates, to provide the Board with greater oversight over key activities and a greater level transparency
- 6.13 • Communication and Marketing – Wise Bird Marketing had been appointed to help prioritise activities to targeted work to help continue to raise GEL’s profile and GEL’s growth agenda. KR commented that the Council had a partner protocol in place and would follow up with the Comms team to ensure Wise Bird was aware of the Council’s expectations **[ACTION]**. **[KR]**
- 6.14 • GEL had been unsuccessful in winning an LGC Award in the Environmental Services Category. Efforts would continue with other up-and-coming appropriate awards.
- 7. Consolidated Performance Report including HSEQ & Transport**
- 7.1 KOL provided an overview of the report, and the following points were discussed:
- 7.2 • There had been good performance across the contract, there had been a slight increase in VOR (daily average) in February, that had since come back under control. There had been 6 Assisted Missed Collections in February, it was hoped that advances in the Whitespace alerts would help bring this down to target of zero.
- 7.3 • Granular information was being collated on the CO2 reduction targets for 2022.
- 7.4 • Work was underway on BSI audits, with inspections due to commence from 26th April.
- 7.5 • Transport – ‘red’ diesel usage had been reduced and a trial for hydrated vegetable oil would be carried out, which would also benefit CO2 reductions.
- 7.6 • MB questioned whether the positive results within GEL’s overall dashboard was in line with the Council’s view of GEL’s level of service delivery. AR commented that there had been a 50% reduction in calls to the Environment Contact Centre. A weekly meeting between the Council and GEL management was held to discuss customer contact and complaints. The Council recognised the positive impact GEL had had.
- 7.7 • Asked by AR whether the same people were regularly affected by the Assisted Missed Collections, KOL confirmed that these were different each time. It tended to be food collections that were missed, with smaller bins when the teams were rushing. It was hoped that the introduction of Whitespace would resolve this issue.
- 7.8 • DH sought clarification on GEL’s relationship with West London Waste, in relation to the recycle rate at the depot recycling site. DH suggested that the HWRC Recycling Rate of 54.12% seemed low. KOL recognised that the rate was very low and needed to be reset, he confirmed that this was currently under discussion and would likely be raised to between 65-70%.

- 7.9
- DH sought clarification on GEL's transport strategy and overall strategy around carbon reduction, suggesting that climate change should be a key focus for GEL now that a good level of service was in place. KOL confirmed that the Board had approved GEL's Carbon Reduction Plan at the previous meeting. GEL had proposed a 7% reduction in CO2 for 2022 and a further 8% in 2023, inline with the Council's overall strategy. KOL undertook to share this plan with DH **[ACTION]**. **[KOL]**
- 7.10
- LT commented that the Council submitted a quarterly performance report to Cabinet, which had identified a decrease in the recycling rate over the past couple of years, which was initially thought to be a result of Covid, however there had been no improvement over the past 6 months and added focus was required to increase this rate. Joint working between GEL and the Council would be required to understand current customer behaviour and how to improve it. KOL recognised that a conversation was required between GEL and the client team regarding how contamination could be addressed. KOL suggested that 'door knocking' was an option that could produce results. DH referenced his previous experience of sending people into the community to communicate recycling requirements, which had produced results. DH commented that it was important to analyse waste flows to understand how waste could be dealt with so that customers could be asked to present their waste in a way that it could be better recycled. DH would follow up with Earl McKenzie to arrange for the Waste Watch team to knock on doors in areas of high risk **[ACTION]**. **[DH]**
8. **GEL Risk Management – Risk Register**
- 8.1 MB observed that the register now reflected the real risks on the business. MB requested that a risk on pay review be added to the register **[ACTION]**. **[KP]**
- 8.2 The Board **noted** the risk register.
9. **Finance Update – February 2022**
- 9.1 **Management plan to close the gap of £389k**
- 9.1.1 KP presented the financial results, highlighting the following:
- 9.1.2
- The overall draft financial position to 28th February 2022 was a surplus after tax of (£372k) against a budget of £133k. Key variances related to (1) a favourable turnover variance of (£910k) because of non-contractual work, (2) an adverse staffing costs variance of £424k, (3) adverse operating costs variance of (£75k) and (4) a positive funding costs variance of (£181k).
- 9.1.3
- The full year forecast had been updated and was currently showing a profit before tax of £520k against an originally budgeted loss of £84k.
- 9.1.4
- The original budget/forecast assumed a loan drawdown. Loan drawdown was linked to the capital start-up costs with the Council and as this was one of the outstanding items to be finalised, GEL had not yet drawdown on any loans in this financial year.
- 9.1.5
- At the time of preparing the half year forecast, Covid-19 cases had been rising sharply and GEL had built in overtime to cover for sickness absences. GEL had not been hit as originally anticipated and had not needed to incur additional overtime and agency cover.

KR sought clarification in the assumptions that had been made regarding potential fuel costs increases and questioned whether this would become a material risk if costs remained at the current increased level. KP commented that the business plan for 22/23

had assumed an increase in fuel costs between 7-10%, with the understanding that if the costs increased beyond 10% GEL would ask the Council for a contribution to these costs. KP commented that this also applied to insurance costs, should these increase above 10% in the year. Asked by KR whether the Council had agreed to this position, LT confirmed that the Council had recognised that there might be significant inflationary increases over the next year and the position would be discussed once this occurred. MB commented that it seemed to be an agreed position that there was a shared ownership of the problem.

9.1.6 The Board **noted** the overall draft financial position to 28th February 2022.

9.2 Lease refinancing proposal

9.2.1 KP presented an overview of the company lease refinancing analysis for the five options considered for the Vehicle and Plant Lease Refinancing proposal, and the following was discussed:

9.2.2 • GEL had been looking to extending the leases on the vehicles and machinery from 5 to 7 years.

9.2.3 • GEL management proposed to agree the option: 'RCVs 7 Years + Non RCV vehicles Year 6/7 Extension + Year 6/7 New Plant', which would result in an overall saving of £1.875m over the future 5 years. This option would allow GEL to purchase the vehicles after year 7. It was thought this timing would provide more choice in moving to an alternative fuel fleet especially for the non RCV vehicles in year 6/7 and would provide the most flexibility when reprocurring the fleet to run the full 5 years with option to extend if needed. Finance companies were reluctant to agree to longer terms than current 7 years, but it was expected that the lifetime for some of the vehicles and plant might be stretched further than 7 years with additional future savings in years 8 to 10.

9.2.4 • At the last Board meeting management was asked to work on an action plan to close the estimated full year loss of £389k for financial year 22/23. A prudent approach had been used to set the next year budget as it was felt this was the safest approach in the current financial, political and market situation. Different options had been considered. It had been assumed that the 22/23 budget gap could be reduced by:

- £333k Fleet Lease Refinancing
- £62k Service Optimisation/Efficiency
- £51k HGV Drivers Issue Overtime

9.2.5 • GEL management was waiting for Council representatives to resolve outstanding issues and agree on costs recoverability:

- Start-up costs treatment – CN commented that TLT had advised that state aid rules did apply to the start-up costs. Further clarification was being sought from TLT on elements of that advice. Part of the advice had been for the Council to employ a commercial advisor to advise on the arrangements, the mitigations that had been put in place, and the accounting treatment of the start-up costs. A response was awaited from TLT, and the Council Finance team was leading on this. A meeting had been scheduled between Legal and GEL management to provide an update.
- Heads of Terms (Premises lease agreement) – concerns had been highlighted to the Council Property team and a response was awaited.
- Appointment of external auditors for financial year 21/22 – a process was underway to review bids and a recommendation would be made to the Shareholder Representative in the next couple of days. The same auditors would need to be used for other Council owned companies.

- 9.2.6** • The Company corporation tax return for financial year 20/21 had been submitted.
- 9.2.7** Asked by AR whether the Council Finance Team had been engaged on the lease financing recommendations, KP confirmed that they had been consulted.
- 9.2.8** Following due consideration, the Board **noted** and **approved** option: 'RCVs 7 Years + Non RCV vehicles Year 6/7 Extension + Year 6/7 New Plants £11,401,332' of the lease financing proposal.
- 9.2.9** AR questioned whether adequate assurance had been provided by the potential external auditors that GEL would not be in the same position as the previous audit. AR commented that Council intervention had been helpful in the previous audit, which would not be available if GEL did not use the same auditors as the Council. KP commented that reasonable proposals had been received from four audit firms. Two of the firms had scored very closely in terms of delivering the audit in the summer and signing the accounts by the end of September 2022, allowing a 3-month buffer ahead of the Companies House filing deadline in December. The Council Finance team had been consulted and had confirmed GEL should proceed on this basis.
- 9.2.10** KR highlighted that one of the challenges of the previous audit had been the external auditor's assumptions that an extension would be granted. KR commented that given GEL's track record of late filing it was unlikely that an extension would be granted going forward. KR requested assurance that the replacement external auditor had been made fully aware of the history of the situation and the need to engage early to avoid any risk of filing late. KP confirmed that the timing for filing the audit had been discussed with the audit firms and both had provided assurance that they were currently on track with their workload and would start the process in good time, so that GEL would not face the same situation in this financial year.
- 9.2.11** MB commented that the newly appointed GEL external auditor would still be required to reach a consensus with the Council auditor. GEL would not therefore have complete control of completing the audit. KP commented that the GEL external auditor would still need to provide information and details to the Council auditor, details regarding this were yet to be received from Deloitte. The potential auditors had confirmed they had a list of information they were required to provide; they already undertook work for Council owned companies, and they did not foresee this would be an issue.
- 9.2.12** KP commented that Deloitte had also stated they would not be able to deliver the audit for the Council owned companies which was why GEL had explored the appointment of a new external auditor. KP confirmed that references had been provided for both external audit firms, both of which were highly recommended.
- 10. Board Forward Plan**
- 10.1** The Board **noted** the plan, which had no changes
- 11. Any Other Business**
- 11.1** There was none.
- 12. Date of next meeting: currently scheduled 30th June 2022**

12.1 MB commented that he was not available to attend the meeting on 30th June and asked that either an alternative Chair be appointed, or the meeting be delayed to the following week **[ACTION]**.

[KOL]

12.2 There being no other business, MB thanked those present and closed the meeting at 13:51.

Signed



[Mike Boulton \(Jul 14, 2022 09:54 GMT+1\)](#)

Date Jul 14, 2022

Chair of the Board






2022 04 07_GEL Board minutes_to be signed

Final Audit Report

2022-07-14

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