

**GREENER EALING LIMITED (“GEL”)
MINUTES OF THE BOARD OF DIRECTORS’ MEETING
HELD AT 13:00 HOURS ON THURSDAY 15th SEPTEMBER 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
	Lucy Taylor	Shareholder Representative, LBE	LT
	Bill Gilmour	Head of HR and Comms, GEL	BG
	Katarina Pohancenikova	Head of Finance, GEL	KP
	Darren Henaghan	Interim Director of Housing, LBE	DH
	Mark Bradley	Beever and Struthers (External Audit) (attended for minute 3)	MB
	George Shillam	Beever and Struthers (External Audit) (attended for minute 3)	GS
	Lizzie Purewal	Bridgehouse Company Secretaries (minutes)	BHCS

1. Apologies for Absence

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

2. Declarations of Interest

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

3. Annual Report and Financial Statements (Year-ended 31 March 2022)

- 3.1** The Board reviewed the Annual Report and Financial Statements for the year ended 31 March 2022.

It was noted that:

- The audit process had been smooth and professional.
- GS commented that the audit of the financial statements of Greener Ealing was substantially complete. No audit adjustments had been identified and no control weaknesses had been identified or recommendations made. The key audit issues included: (1) Macroeconomic Conditions – a Letter of Support had been provided by LBE for the next 12 months and the latest business plan and cashflow forecasts had been reviewed which showed that performance was in line with the short to medium term objectives agreed with the Council for 2022/23. (2) Finance Leases - The assets, liabilities and finance costs had been correctly accounted for and disclosed in the financial statements, and the disclosures complied with IFRS 16. (3) Defined Benefit Pension Scheme – the key assumptions regarding discount rates, pension increase rates and salary increase rates had been reviewed and the asset split for the Company’s share of the scheme assets against the total asset split of the pension schemes had been compared with no significant variances found. (4) Fraud Risk, Revenue Recognition and management Override had been reviewed with no issues or concerns identified.

- 3.2** The Board **approved** the annual report and financial statements for the financial year ending 31 March 2021 and **authorised** Mike Boulton to sign the annual report and financial statements on behalf of the Board of directors of the Company

3.3 The Board **approved** the letter of representation to the auditors and **authorised** Mike Boulton to sign the letter of representation on behalf of the board of directors of the Company.

4. **Minutes of the Board – 6th July 2022**

4.1 The minutes of the Board meeting on 6th July 2022 were **approved** with no changes.

5. **Matters arising and Actions from the previous Board meeting**

5.1 The Board discussed and **noted** the summary update of matters arising from previous Board meetings, all of which were complete.

6. **Corporate Governance**

6.1 **Equality and Diversity Policy – annual review**

6.1.1 BG provided an update on the specific equality objectives agreed at the February Board:

6.1.2

- The baseline equalities information on the workforce profile was accurate and update to date.

6.1.3

- To increase the numbers of female HGV drivers employed on the contract – during the past 18 months there had been a shortage of HGV drivers across the industry in general. GEL had struggled to retain existing HGV drivers due to financial rewards available elsewhere and it had been difficult to attract new HGV drivers (male or female). HGV training had been offered to the existing workforce, this had been a long process and had resulted in several new HGV drivers, although none of them were female, due to existing female staff not holding a driving licence.

6.1.4

- AR questioned whether consideration had been given to offering people the opportunity to learn to drive as part of a career path, to attract people into the service. AR commented that whilst there might be an initial cost, in the long run if staff passed their driving test and progressed to be a HGV driver, provided they stayed within the workforce, this could create a saving in the long-term. BG confirmed that this option would be considered. To date GEL had not been successful in attracting female HGV drivers and therefore any potential options would be considered.

6.1.5

- DH commented that the Passenger Transport Fleet had several female drivers and women involved in the service in general. DH suggested that thought was required regarding what was making driving a refuse HGV unattractive to women. Services provided to employees need to be welcoming to women and rest facilities such as the showers and toilets should be improved. KOL acknowledged that the rest facilities needed to be improved and confirmed that discussions had taken place regarding potential Council funding for these improvements.

6.1.6

- BG recognised that there were higher numbers of female bus drivers, commenting that this involved the driver sitting separately behind a screen. Consideration was being given to whether installing a screen for drivers within the HGV cab was a potential option.

6.1.7

- GEL had attended several job fairs over the summer to attract more female staff and frontline staff in general.

6.1.8 The Board **noted** that a light touch review of the Equality and Diversity policy had been undertaken and no changes were required.

6.1.9 The Board **noted** progress towards the specific equalities objectives contained in Appendix B to the Equalities and Diversity Policy and **agreed** to the equalities objectives for 2022/23.

6.2 Register of Directors' Interests – annual review

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

7. Strategy, Project & Operations

7.1 Managing Director's report & update on business objectives

7.1.1 KOL provided an overview of the Managing Director's report and the Key objectives action plan, the following points were discussed:

- 7.1.2
 - KOL provided an overview of the key highlights relating to the set out in the 2022/23 Business Plan, which were reviewed by the management team monthly.
- 7.1.3
 - BSI accreditation inspections took place during April, May and August, corrective action plans had been put in place where required and a further inspection was scheduled for 16th September and if necessary, a further inspection would take place on 30th September.
- 7.1.4
 - GEL had expressed an Interest in the Council Graffiti contract.
- 7.1.5
 - Pay award – the Council had now confirmed the funds that would be made available by the Council which has enabled GEL to formulate a potential offer. No formal offer has yet been made. The GMB had indicated in a meeting on 13th September, that no conditionality to the offer would be accepted and that it should be a straightforward uplift. A follow up meeting was scheduled on 22nd September, when GEL could either relax the position on conditionality, which would result in a management risk. To date no conditions had been tied into previous deals and savings and efficiencies had been achieved since the start of the contract. KOL suggested that the inclusion of conditions could become an impediment going forward, resulting in more trade unions involvement in day-to-day issues.
- 7.1.6
 - Removal of Task and Finish, this was thought to be an unsafe practice which potentially encouraged staff to cut corners, resulting in poorer service delivery. This would now be considered over the longer term and not included in any revised pay deal.
- 7.1.7
 - DH commented that the relationship between the Council as the client and GEL as the delivery agent was developing. DH recognised that the Council had tended to be too paternalistic at times and absent at other times, and finding the right balance was important. DH acknowledged that there has been a good stabilisation compared to service delivery provided by AMEY, complaints were now minimal in comparison. A review of the efficiencies GEL had made since taking on the contract had been undertaken.
- 7.1.8
 - DH recognised that resolving the pay issue might drag on, given the unions were likely to want to wait for the outcome of the national negotiations. Due to the current uncertainty in relation to inflation it was not expected that a 3-year pay deal could be agreed and a further review would therefore likely be required in 2023.
- 7.1.9
 - DH commented that the Council's financial position was particularly challenging, given the target and the limited timeline available to achieve this. Board and management support would be required to identify further efficiencies where possible, whilst also looking to grow the business. The Business Plan should include a route map to show the transfer of directly provided services into the GEL/LATCO framework at an appropriate pace.
- 7.1.10
 - DH was currently reviewing the PFI contract for highways maintenance and there was the potential for GEL to take on work for reactive highways maintenance.

- 7.1.11** • DH commented that the intention was for GEL to have a cost, plus incentive model as opposed to a fixed price model controlled by the Council. MB understood the need to progress to a medium-term alignment, however, raised concerns regarding the speed in which this could be achieved, given the workforce were currently voting with their feet and there was a danger that higher pay would be required to recruit people back into the service. DH acknowledged that it was important to strike the right balance.
- 7.1.12** • KR sought clarification on a realistic timescale to bring this year's pay negotiations to a satisfactory close. KOL commented that the preference would be finalise the negotiations as soon as possible. It was expected that further discussions would take place over the next week and at some point, GEL would be obliged to make an offer which would be accepted or rejected by the unions. It was not yet clear whether the workforce would take industrial action. If they did the impact would be rapid, and this was the approach that had been taken in several neighbouring boroughs. KR commented that if this did happen, or there were further staff shortages, it would not take long for issues to arise that required a considerable amount of time and effort to resolve. KOL commented that the aim was to conclude the pay negotiations as soon as possible. This could be within the next month, or the unions could delay until the outcome of the NJC position had been confirmed.
- 7.1.13** • Asked by KR what the Council's expectation of GEL was for the year ahead, KOL commented that initial discussions had taken place with the Housing Department and Parking. The Council was considering several options for parking, including in-house, LATCO or going out to market. KOL suggested that GEL as a LATCO was a strong option because it didn't come with financial burdens associated with the inhouse option, but it did come with financial risk. This was one of many examples of choices the Council would be making over the next couple of years. The GEL Board would need to evaluate any offers to ensure they were in GEL's best interest.
- 7.1.14** • DH was currently working on a list of the contracts due for renewal or that were inhouse and could potentially move across to a LATCO over the next 3-5 years. Discussions would take place to determine whether GEL was best placed to deliver the necessary service, if so, it would be necessary to demonstrate value could be achieved. A decision would be made on whether the contract would be tendered or if transferring to a LATCO, DH preferred to do this by a direct report. It would ultimately be GEL's decision on whether it was viable to accept the contract
- 7.1.15** The Board **noted** the Managing Directors Report and the Key objectives action plan.

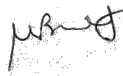
8. Combined Performance Report including HSEQ & Transport

- 8.1** KOL provided an overview of the report, and the following points were discussed:
- 8.2** • The HGV driver shortage had had an increasingly detrimental impact on the capacity to deliver the entire service over the summer period.
- 8.3** • The resurgence of Covid infections had impacted staff, albeit the sickness levels had remained good in July.
- 8.4** • Working during a period of unusually hot weather had required considerable staff effort and GEL managed to maintain a surprisingly high level of service quality and consistency.
- 8.5** • From August, GEL had been reporting a KPI indicator to show the daily impact of the HGV driver shortage. MB observed that 13 drivers had left in the last year and GEL had only been able to maintain the high level of service due to the ability and willingness of managers to drive. There would however become a tipping point where it would become unmanageable.

- 8.6
- DH commented that the Council has agreed the funding amount and it was for GEL to decide how to allocate that funding, it was possible for GEL to pay HGV drivers more if it was competitive in the market to do so. MB commented that if GEL agreed to increase HGV driver pay further, then this was a commitment that would need to be maintained for future years, which would make it more difficult to identify efficiency savings. DH commented that it was a decision for GEL and the Council would then look for GEL to get back to the resilience that had previously been in place.
- 8.7
- The Board **noted** the Consolidated Performance Report including HSEQ & Transport report.
- 9.
- GEL Risk Management Report**
- 9.1
- KOL highlighted the operational failure of food waste vehicles. On-going discussion had been taking place with the related parties and a meeting had been scheduled in early September. GEL was also taking separate legal advice and due to the procurement was structured the Council would need to assign the warranties for these vehicles to GEL. GEL was also seeking an independent fleet expert advice to support potential claims. MB commented that the issue with food waste vehicles in the industry was a well-known problem.
- 9.2
- The Board **noted** the risk register.
- 10.
- Finance Update – September 2022**
- 10.1
- KP presented the financial results, highlighting the following:
- 10.2
- The overall draft financial position to 31st July 2022 was a profit of £27k against a budgeted loss of £255k.
- 10.3
- There was a favourable variance of (£249k) turnover because of non-contractual work provided.
- 10.4
- The full year forecast had been updated and was currently showing a profit of £49k against the originally budgeted loss of £389k. The main factor contributing to the financial result improvement related to services efficiencies and further cost control measures on the services that should help to benefit in this year's financial results.
- 10.5
- Lease refinancing that extended from 5 to 7 years for 37 RCV vehicles had significantly contributed to the improvement of the current financial position with the full year saving estimated at c. £170k. As part of the lease term extension, the residual values for these 37 vehicles were reduced to 0% and as a result the end of contract damaged accrual had been released.
- 10.6
- The Company continued to face financial pressures, such as the Pay Award, Fuel prices and the HGV driver shortage, which might have a negative impact on the future financial performance.
- 10.7
- GEL had agreed with the Council that the revenue start-up costs of (£703k) would be absorbed by the Council.
- 10.8
- The Council had decided to charge capital start-up costs and transfer title to GEL, with GEL using the fixed capital loan facility to finance these costs.
- 10.9
- GEL had submitted PPE spend to the Council and the working capital loan facility would be used to finance the costs.
- 10.10
- Heads of Terms (Premises lease agreement) – a completion date had been set for end of September 2022.
- 10.11
- The current cash position was stable and there had been no draw down on any of the loan facilities.

- 10.12** KR sought clarification on the scale of the variance of the revenue start-up costs. KP commented that the forecast currently assumed zero interest on the start-up costs from November 2022, therefore anything in the budget between April and October showed as a favourable positive. If the invoice was received in the next couple of weeks GEL could draw-down from the loan from November 2022 and there shouldn't be any significant impact.
- 10.13** The Board **noted** the overall draft financial position to 31st July 2022.
- 11. Board Forward Plan**
- 11.1** The Board **noted** the plan, which had no changes
- 12. Any Other Business**
- 12.1** **Change to Shareholder representative**
MB thanked Lucy Taylor for the support she'd provided to GEL and wish her well in her new venture. LT commended GEL on significant progress that had been made in terms of performance and wished GEL well for the future. DH would step in as the Council shareholder representative in the interim until a more permanent solution was found.
- 13. Date of next meeting: 24th November 2022**
- 13.1** There being no other business, MB thanked those present and closed the meeting at 14.02.

Signed



Chair of the Board

Date Jan 20, 2023







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Final Audit Report

2023-01-20

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Status:	Signed
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2023-01-20 - 9:48:04 AM GMT- IP address: 88.104.99.56
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Signature Date: 2023-01-20 - 9:48:06 AM GMT - Time Source: server- IP address: 88.104.99.56
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