



GREENER EALING LIMITED

MEETING OF THE BOARD OF DIRECTORS

WILL BE HELD AT 13:00 ON THURSDAY 24th NOVEMBER 2022, BY MS TEAMS

AGENDA

Item No.	Agenda Title	Lead	Action	Paper/Verbal
1.	Apologies for Absence	MB	Information	
2.	Declarations of Interest (in respect of items on the agenda)	MB	Information	
3.	Minutes of the meeting held on 15th September 2022	MB	Approval	(3)
4.	Matters Arising	MB	Information	
	<ul style="list-style-type: none"> Darren Heneghan appointed as new Shareholder Representative NED appointment update 	DH		
4.1	The following circular resolutions of the Board were made on 28 th September 2022:	MB	Information	(4.1)
	<ul style="list-style-type: none"> Approval of the proposed 2022/23 Pay Award. Noting that implementation was subject to the GMB consulting with and receiving the approval of their members. 			
4.2	Action Log	MB	Information	(4.2)
Strategy, Project & Operations				
5.	GEL Service and Business Development	DH	Information	(5)
6.	Managing Director's Report	KOL	Information	(6)
7.	Combined Performance Report including HSEQ and Transport	KOL	Information	(7)
8.	Risk Management Report	KP	Information	(8)
9.	Finance Update	KP	Information	(9)



Board Forward Plan

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|-----|--|--------|-------------|------|
| 10. | Board Forward Plan | KOL/LP | Information | (10) |
| 11. | Any Other Business | MB | Information | |
| 12. | Date of next meeting: 16 th February 2023 | | Information | |

Present:	Mike Boulton	MB	Chair and Director
	Alison Reynolds	AR	Director
	Kieran Read	KR	Director
Attendees:	Kevin O'Leary	KOL	Interim Managing Director, GEL
	Bill Gilmour	BG	Head of HR and Comms, GEL
	Katarina Pohancenikova	KP	Head of Finance, GEL
	Earl McKenzie	EM	Assistant Director Street Scene, GEL
	Helen Harris	HH	Director of Legal and Democratic Services, LBE
	Darren Henaghan	DH	Shareholder Representative, LBE
	Lizzie Purewal	LP	Waterstone/Bridgehouse Company Secretaries (minutes)

Apologies:

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

GREENER EALING LIMITED (THE 'COMPANY')

**WRITTEN RESOLUTION OF THE DIRECTORS OF
GREENER EALING LTD, PURSUANT TO THE ARTICLES OF ASSOCIATION**

GREENER EALING LTD - 2022/23 PAY AWARD

Pursuant to the authority given by the Company's Articles of Association, and following consideration of the details of the proposed 2022/23 pay award (agreed in principle, by Greener Ealing Ltd. Management and representatives from the GMB union) we, the undersigned, being all the directors for the time being of the Company entitled to receive notice of a meeting and who would be eligible to vote on the following business if proposed at a meeting of directors, hereby RESOLVE:

- (i) To approve the proposed 2022/23 Pay Award, as per the attached cover report.
- (ii) To note that implementation is subject to the GMB consulting with and receiving the approval of their members.

Signed
MIKE BOULT
DIRECTOR
Date:

Signed
ALISON REYNOLDS
DIRECTOR
Date:

Signed
KIERAN READ
DIRECTOR
Date:

Report Title	GEL 2022/23 Pay Award		
Meeting	Greener Ealing Board Written Resolution Supporting Paper		
Date	26 th September 2022		4.1
Type of Report	For decision		
Author	Kevin O'Leary/Bill Gilmour can be contacted on gilmourw@greenerrealg.co.uk		
Background	<p>To note that the 2022/23 pay award for GEL staff has been agreed, in principle, with the GMB, subject to consultations with their members (which will begin with effect from 3rd October). The GMB has indicated that the proposal is acceptable and will be recommended to their membership.</p> <p>If agreed, the pay award will be paid in November payroll.</p> <p>This agreement is outside of the GEL budget provision and therefore requires a Board decision.</p> <p>This has been a difficult agreement to secure given the funding constraints and the overall economic position. The Council has agreed a contribution and has obliged Greener Ealing to consider in year efficiency savings to fund the award. There are significant risks that will need to be managed or may need to be revisited with the Council but overall, we believe that this package of measures is broadly affordable and is a reasonable deal in the context of the extreme cost of living pressures that staff are experiencing.</p> <p>The Board is asked to approve the proposals set out below for the 2022/23 pay award.</p>		

This paper sets out the proposals for the 2022/23 pay award.

1. A flat rate uplift in pay of £2,000 for all employees, which will be backdated to 1st April 2022. This effectively means a 96p an hour uplift per person per hour worked.

Position	Grade	Current Hourly Rate	Increase	New Hourly Rate
Operative	1	11.00	0.96	11.96
Semi-Skilled	2	11.48	0.96	12.44
Non-HGV	3	12.24	0.96	13.20
HGV	4	13.52	0.96	14.48
Team Leader	5	14.45	0.96	15.41
Supervisor	6	15.46	0.96	16.42

2. Those staff on 38-hour contracts will receive a compensatory one-off lump sum payment of £100.00 to recognise the difference in hours worked. This protects the integrity of the new grading structure.
3. A one-off payment of £250 per employee.
4. The existing retention payment for HGV drivers (equivalent to £1 per hour for 40 hours) will be increased by 56p per hour from 1st October 2022. This means the HGV driver rate is effectively £16ph, which we believe is competitive.
5. All employees will receive at least GEL's standard sick pay entitlements, where their current (TUPE transfer contract) terms and conditions are inferior.
6. Recognition of pay anomalies with GM Teams affecting nine staff.

Financial Implications

This has been a very difficult package to put together against a budgetary provision of 2.5%. The proposed uplift represents an average increase of 7.5%.

The table below summarises cost and impacts going forward.

Table 1

22/23 GEL PAY AWARD FINANCIAL IMPLICATIONS			
DESCRIPTION	COMMENTS	PAY AWARD £2,000	ONE-OFF £250
Gross Salary	350 employees	700,000	87,500
Gross Salary	OT	127,841	-
Gross Salary	GM Anomalies	35,919	-
Agency	Agency staff - parity rate	91,385	-
On Costs	NI/Pension/Apprenticeship	175,197	18,518
Council Funding	Budgeted 2.5%	(359,000)	-
Council Funding	Available funding from the Council	(340,000)	-
In Year Efficiency	In year saving - Garden Waste/Trade Waste/Task & Finish	(133,903)	-
In Year Opportunities/Control	External Contracts	(77,000)	-
In Year Opportunities/Control	Costs Control Measures	(63,000)	-
In Year Opportunities/Control	General O/T	(90,500)	-
In Year Opportunities/Control	Training (Internal)	(49,000)	-
EXTRA COSTS		17,939	106,018

The GEL latest forecast suggests that there are opportunities to improve financial performance from the budgeted position based on the first half of the year trading forecast. This together with funding from the Council, delivery of 6 months' efficiencies for 22/23 and further in year cost controls will contribute to the funding gap.

As per the GEL management understanding, any delays to efficiency implementation will be subject to further discussion with the Council.

This pay for 22/23 award has financial implications for future years and GEL will be expecting this to be reflected in future budget discussions.

The Council has already agreed to the ongoing funding of the original £1 per hour HGV payment this was agreed in the 22/23 Business Plan/Cabinet Report.

The Increase HGV market supplement top up of 56p implemented from 1st October 2022 will create an in-year pressure and will require additional funding of £43k. This is reflected in the Overall position as set out in Table 2 below.

Table 2

The table below shows an overall financial impact of the proposed pay award based on August full year forecast. This shows a small loss of £46k. Every effort would be made to reduce this including further discussion with the Council.

Financial Impact	£
GEL Aug'22 FY Forecast	(120,879)
Pay Award extra costs £2,000	17,939
One-off payment £250	106,018
HGV market supplement top-up	43,290
NET LOSS BEFORE TAX	<u>46,368</u>

Kevin O'Leary
Interim Managing Director

26th September 2022

GREENER EALING LTD - ACTION LIST – 24 th November 2022					
Minute Ref	Action items arising from minutes	Officer	Due By	Comments	Status
Actions arising from 15 th September 2022					
	THERE WERE NONE				

(KO) Kevin O’Leary

(MB) Mike Boulton

(AR) Alison Reynolds

(KR) Kieran Reid

(LT) Lucy Taylor

(HH) Helen Harris

(KP) Katarina Pohancenikova

(BHCS) Lizzie Purewal

(WG) Bill Gilmour

(DH) Darren Henaghan

(EMc) Earl McKenzie

Housing and Environment

November 2022

Greener Ealing Service and Business Development

Greener Ealing (GEL) is a local authority trading company (LATCO), wholly owned by the Council. GEL has been in operation from July 2020, employing approximately 350 staff delivering Waste and Recycling collections, Street Cleansing, Grounds Maintenance and Burials services for the Council

The decision to establish GEL as a LATCO was taken following the consideration of a detailed options appraisal which looked at provision of relevant services via an outsourced, in house or LATCO operation. This included cost comparison with the incumbent contractor, market analysis and benchmarking. After evaluation, the establishment of GEL was considered to be the most advantageous option for the Council.

The previous contract under AMEY was underpriced and even with a commercial margin, were losing upwards of £4m pa. Costs associated with the GEL operation represent true industry unit costs for provision of relevant services, as evaluated in the delivery options appraisal. No additional resources have been provided to GEL to meet the requirements of an unchanged specification. However, through modernisation, service optimisation work, culture change and improved support for staff, GEL core contract performance is impressive and by far exceeding AMEY levels. This is demonstrated in the table below.

Indicator	Target	Avg Scores (Aug - Jun)	Avg Scores (Apr - Oct) current performance	Improvement vs Amey
Contractor		Amey 19/20	GEL 22/23	Y/N
Missed Rectification %	100% within 24 Hours	73%	100%	Y
Right First Time %	-	99.84%	99.97%	Y
Assisted Missed Collections	Zero	30	8	Y
Missed per 100k by Service				
Refuse	< 100	263	48	Y
Recycling	< 100	284	41	Y
Food	< 100	114	49	Y
Garden	< 100	578	40	Y
Streets A&B Inspection %	85%	67%	94.12%	Y
Flytip Clearance	95%	96%	98%	Y
Bulky Waste Service	100%	94%	99%	Y
Customer Complaints	-	170	33	Y

Since contract start, GEL has operated within the costs forecasted in the Cabinet approved annual business plan, whilst concurrently meeting Council savings and efficiency requirements. However there have been unbudgeted/unforeseen pressures (COVID/HGV driver pay supplement) which have been supported by the Council.

So what next for Greener Ealing Limited?

The areas for discussion fall into three areas

- 1) A series of gradual improvements in working methods and other opportunities that reduce cost, maintain or enhance customer experience and promote environmental outcomes;
- 2) Creating a commercial offer that compliments the core purpose of Greener Ealing and potentially provides an income stream and increases local employment opportunities.
- 3) A pathway of complementary service transfers to the Greener Ealing LATCO model.

Managed growth & Commercialisation

GEL was established by the Council with the initial aim of understanding true service costs, testing the realistic expectations of the services specification, modernisation and incremental improvement in core service delivery (and ensuring that the Council maintained a controlling interest in the strategic direction of relevant universal services).

The creation of a LATCO provides commercial opportunities for company growth and diversification. Whilst this was not explicitly stated as an objective or priority at the outset, there is now a fairly urgent need to focus on business growth. This is in the context of the cost-of-living crisis and significant pressure on local government finances. There is little scope, without significant service change or reduction, for the GEL contract to make year on year contributions to Council savings requirements in the traditional sense. However, there is scope to further modernise and develop services that can then be traded successfully, bringing dividends to the shareholder (Council) and providing investment opportunities.

As services are modernised and increasingly optimised, there is the opportunity to transfer selected mainstream council services into the LATCO model. Contracts can be awarded by the Council directly to a 'controlled company' without the need for competitive tendering under **Regulation 12 of the Public Contract Regulations 2015** (Teckal exemption). As GEL is 100% owned by the Council and more than 80% of GEL activities are carried out for the Council and there is no direct private capital participation in the company, this satisfies the 'controlled company' test.

The transfer of Council services to GEL the potential to positively impact on GEL sustainability and on wider Council services efficiency objectives. The Council has identified a number of services deemed suitable for possible transfer to GEL. These are either underperforming/inefficient in-house services, or where contract terms are coming to an end.

Initial services in scope

- **Graffiti removal.** The Council has already taken the decision to award this contract to GEL. The current arrangement ends in June 2023.
- **Arboriculture**
- **Parking Services** (enforcement and back office), an options appraisal is attached to this report that recommends the acceptance in principle of transfer to GEL, subject to contract and further detailed consideration).
- **Caretaking** (estates services/routine communal areas repairs)
- **Fleet Management/Maintenance.** The GEL fleet is significantly larger than the Council's, with a critical responsive maintenance requirement. There is no reason why this cannot be absorbed, and efficiencies delivered as an add on to existing contractual arrangements.

Based on the success of GEL performance to date, there is a high level of confidence in the ability of the company to absorb/integrate relatively low value contracts such as graffiti removal. However, in order to transfer larger value, more complex and sensitive services eg Parking/Caretaking, there is a need to carry out a capacity review of GEL to ensure there is sufficient management resilience to take these on and develop the commercial capacity to ensure that GEL can be attractive to the market. This review should also look at management structure, the make up of the Board and decision making structure.

The options appraisal that supported the creation of the LATCO was carried out by Eunomia Research & Consulting, Eunomia have been commissioned to carry out a review of GEL capacity along the lines stated above.

OPTIONS PAPER – Parking enforcement contract

Purpose of this paper:

To set out the options available to members when deciding whether to extend the existing parking enforcement contract or provide the services covered by this contract through other means, and to recommend a preferred option to members based on the consideration of investigating officers.

1. Recommendations

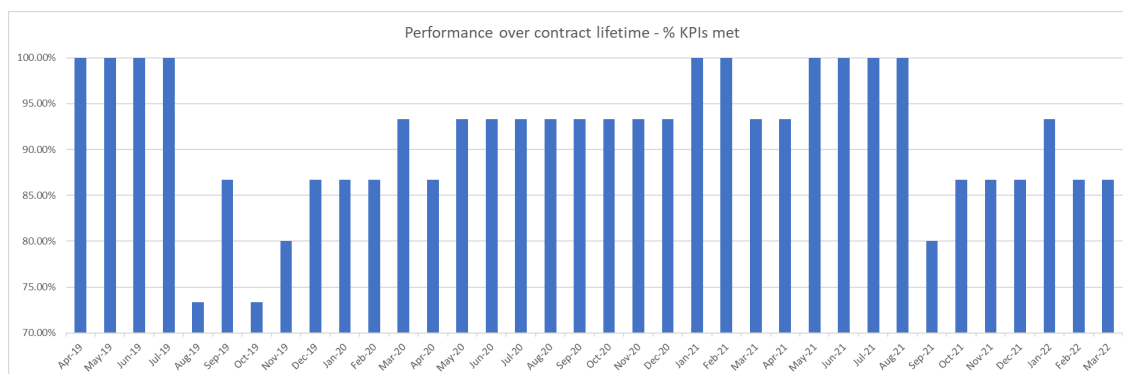
It is recommended that Cabinet:

- 1.1. Note the advantages, disadvantages and risks associated with each of the options presented in this paper.
- 1.2. Instruct officers to proceed in principle with the options to offer the parking enforcement contract to GEL with delegated authority to the Director of Housing & Environment to agree the final scope and associated services.
- 1.3. Consider the redeployment of some Ealing staff to GEL to undertake back office functions.

2. Background

- 2.1. In Ealing, parking enforcement services are delivered through a contract with a third party.
- 2.2. This contract with Serco UK. It came into effect on the 1 April 2019 and expires on the 31 March 2024. The contract may be extended (see option 1) for up to 5 years.
- 2.3. Serco's contract performance over this period has been steady since commencing in 2019 in terms of meeting contractual KPIs and service credit deductions. There are, however, a number of officer performance issues which have not been effectively dealt with during this time, resulting in poorer service (fewer streets being visited, fewer Penalty Charge Notices (PCNs) issued, and additional contractor management resource being wasted by Council officers).
- 2.4. Operationally, Serco have not been able to adequately demonstrate that they have regularly reviewed the coverage of restricted areas of the borough by their Civil Enforcement Officers (CEOs) resulting in a number of non-compliance issues being identified. This in turn has led to complaints being received by those inconvenienced by prohibited parking activity. There also appears to be a lack of senior management support to on street officers which is driving non-compliance and underperformance

issues within the workforce. It is the view of officers that the current middle management structure at Serco is not fit for purpose and would need to change in order to ensure best value is being provided to the Council and ultimately, compliance is rising in all areas of the borough.



- 2.5. The Parking Services Management Team comprises 4 individuals (a head of service and 3 team managers). Together with the Director for Parking, Highways and Transport they share over 70 years of experience in the industry from which they have drawn when compiling this report.
- 2.6. Together the project team identified several options worthy of consideration for the provision of these services:
- 2.6.1. Extend the existing contract until March 2029
 - 2.6.2. Undertake a procurement exercise to source a private company
 - 2.6.3. Provide parking services through an in-house team
 - 2.6.4. Provide parking services through a Local Authority Trading Company (LATCO)
- 2.7. In preparing this report officers had access to historical and current data, including that from both Ealing and other boroughs including Barnet, Brent, Camden Greenwich and Hounslow. This benchmarking activity offered limited useful insight as the data (such as PCNs issued per hour or total PCNs issued) was very specific to the individual borough. What represents strong performance in one borough may not do so for another due to reasons specific to the borough such as the level of parking demand or the density of parking and traffic restrictions. Comparisons from one borough to the next therefore offer limited value despite the general trends and principles that may be observed.
- 2.8. Data from London Councils shows the options used by authorities across London to provide parking enforcement services:

Option used to provide parking enforcement services	No. of local authorities in London
Outsourced to private company	26
In-house	8
LATCO	0
Grand Total*	34

(*London Boroughs inclusive of City of London and London Councils)

- 2.9. The Council has recently set up a LATCO: Greener Ealing Limited (GEL). To better understand the merits and challenges presented by delivering services through a LATCO, officers spoke to the management of GEL and to colleagues who oversee the Council's contractual relationship with GEL (LATCO's do require contract management in a similar way to private sector providers).
- 2.10. In this paper the costs of providing parking enforcement services in different ways have been compared. The inherent advantages and disadvantages/risks have then been discussed for each option.

3. Basis for Comparison

- 3.1. This report considers the advantages and disadvantages of the options listed in 2.6 in the following terms:
- 3.1.1. The ability of each option to deliver Ealing's strategic aims
 - 3.1.2. Commercial considerations
 - 3.1.3. Operational considerations
 - 3.1.4. Financial considerations

4. Strategic Comparison

- 4.1. Ealing is subject to significant increases in population and housing density. The increasingly urban nature of the borough, with notable regeneration in areas around Park Royal and Southall. These changes have resulted in investment in public transport (such as The Elizabeth Line station improvements and cycling infrastructure). However, whilst car ownership per capita is decreasing, the total number of cars in the borough continues to rise. This is because the population is growing faster than the rate of car ownership decreases. Consequently, the need to manage parking demand in Ealing has never been higher and continues to develop in areas that have previously been uncontrolled.
- 4.2. Given the changing environment in which parking enforcement services are to be delivered, it is difficult to precisely predict what changes will be needed over the next 10 years and beyond. It is necessary these services are provided with significant on-going flexibility built in to accommodate the changing needs of the borough. Historically, large service providers have failed to meet the Council's expectations in this regard, usually requiring time consuming contract amendments when changes to staffing levels or other significant amendments are required.
- 4.3. Ealing Council remains committed to ensuring its employees and contractors earn the London Living Wage and to increase the number of apprenticeships for young people to improve the economic well-being of the borough. To support this, it has adopted a policy requiring the application of London Living Wage to be considered on all service delivery decisions. In line with that policy, all options are modelled to include the application of the London Living Wage.

- 4.4. Due to budget pressures and likely future reduction in support from Central Government, the Council will need to explore new ways of delivering services to improve efficiency and minimise costs. Officers felt that private sector operators retained an edge in this area as they benefit from a broad range of existing commercial relationships and partnerships with which neither an in house service, nor the LATCO could compare – though the experience and knowledge of the existing parking services team could go some way to ensuring that market developments would not pass Ealing by, through engagement with London Councils, the British Parking Association (BPA) and through research at industry events.
- 4.5. Ealing's Active Travel Charter is designed to encourage residents to have more control and involvement in their environment. Having learned lessons from previous projects, such as the introduction of Low Traffic Neighbourhoods, that have involved the use of parking and traffic enforcement, the Council is committed to strong engagement with residents prior to the introduction of new restrictions. Future providers of parking enforcement services in Ealing will need to support the Council deliver a service that is firm and fair, and responds with an appropriate degree of sensitivity to the public response to parking enforcement.
- 4.6. The delivery of parking enforcement services is a high-visibility area and there is a constant need for innovation to respond to the changing nature of the borough and the demands on the service. In house and LATCO models are expected to bring an improved degree of control over the service delivery, and to have values that better align with those of Ealing Council. This will put the Council in a better position to manage its relationship with residents and businesses.
- 4.7. In summary, both the in-house model and use of a LATCO would facilitate a greater degree of flexibility to change service provision and adapt to new requirements in the coming years. All providers have the capacity to deliver strongly on wages and apprenticeships, and officers felt that whilst the private sector had good scope to provide innovation (due to the established relationships companies such as Serco have within the Parking Industry with other leading suppliers) that the Council and LATCO management teams could also accomplish innovation. Officers noted that each year the BPA recognises local authorities who have provided innovative solutions to parking needs and with the experience within both GEL and Parking Services, that there was no reason to believe Ealing should not aspire to the same standard.
- 4.8. The in-house option would provide the most direct and immediate control whilst the LATCO would be controlled through Company governance arrangements and via a services contract, which whilst offering less control than an in-house team, would not require the negotiations and costs usually associated with delivering service changes when the Council is in contract with a private contractor.

Options comparison: Strategic	Extend Contract	New Procurement Exercise	Provide Service In-House	Service offered through LATCO
Flexibility of approach	Average	Average	Strong	Strong
Adherence to London Living Wage	Strong	Strong	Strong	Strong
Support for apprentices	Strong	Strong	Strong	Strong
Scope for innovation	Strong	Strong	Average	Strong
Scope to better support local relationships	Weak	Weak	Strong	Average

5. Commercial Case

- 5.1. The in-house and LATCO models of service delivery sees considerable operational, financial and employee risk adopted by the Council (either directly or indirectly). In the case of the in-house option the Council will be directly responsible for any service failures, staff/management disputes, or commercial risk related to future increase in operational costs or decrease in income from traded services. With a LATCO the risks will ultimately fall to the Council as shareholder and owner of the business. If the contract is awarded to a private sector company, these risks remain the responsibility of the service provider to resolve.
- 5.2. The Council would require either a new or extended contract with a private sector supplier, or a service level agreement with the LATCO and would require no such agreement at all for an in-house solution. Transparency of performance data and analysis would be necessary under all models, though officers acknowledge that greater scrutiny (resulting in duplication of effort) is required of private sector providers, than is required of a LATCO or an in-house solution. If a LATCO repeatedly failed to provide the services expected, the Council (as sole shareholder) would have powers to remove and recruit new directors of the company, change the governance arrangements of the company, and step in. Similar freedom to affect organisational change would not be within the gift of officers managing a private sector company, and could not be guaranteed.
- 5.3. As cost-saving alternatives are progressively used up, revenue generation is becoming a more crucial factor for the service as future cost reductions are no longer sufficient to balance budgets in the near term. The capacity to earn income to offset the expense of supplying front-line services by offering services to paying third parties is

one potential benefit of these services being provided either directly by the Council or through a LATCO.

- 5.4. If successful in delivery of parking enforcement services within Ealing, the LATCO option would potentially be able to develop increased commercial activity by offering parking enforcement to local landowners and even other neighbouring authorities. An in-house solution could not do this as it is not possible for CEOs working for a Council to enforce parking restrictions outside of the borough, limiting the growth potential of an in-house provider to enforcement of private land within Ealing (see Sections 32 and 33 of Part IV of the Road Traffic Regulation Act 1984). Commercial growth could lead to expansion challenges such as difficulty finding suitably skilled staff to work on new contracts and procurement of new equipment. Growth is likely to require a commercial culture to be instilled into LATCO. The profits from trading benefit the shareholder, the Council.
- 5.5. Provision of parking enforcement services to other organisations whilst using a private sector contractor is considered difficult. There would exist a potential conflict of interest were Ealing to compete in a tender exercise with its own contractor. A contractor would have a duty to both Ealing and to its own shareholders to increase value – and in this instance those duties are not readily compatible.

Options comparison: Commercial	Extend Contract	New Procurement Exercise	Provide Service In-House	Service offered through LATCO
Adoption of risk	Strong	Strong	Weak	Weak
Reporting/Scrutiny	Weak	Weak	Strong	Average
Ability to instigate organisational change	Weak	Weak	Strong	Strong
Potential for commercial development	Weak	Weak	Average	Strong

6. Operational Considerations

- 6.1. Parking enforcement services are subject to significant operational variations with demand varying seasonally, at different times of the week/month and at different times of day. Parking Services made 256,243 streets visits and issued 274,000 PCNs in 2021/22. The need for operational agility would require the Council to establish different internal governance arrangements for an in-house service which will allow streamlined and quick decision making on operational and financial issues. By contrast the LATCO already has suitable governance in place that allows it to respond to

variations in resource demand whilst still maintaining suitable oversight of the business. Examples considered in the design of GEL include:

- 6.1.1. Drafting the Company constitution documents (i.e. the Memorandum and Articles of Association) in a way that provides appropriate control to the Council as Shareholder on certain specific 'reserved' matters whilst at the same time ensuring that the Company is responsible for day-to-day operational control.
- 6.1.2. The recruitment of suitably skilled company directors who will manage the business on a daily basis.
- 6.1.3. A clearly specified and defined services contract between the Council and the LAC.
- 6.1.4. Oversight via the Council's company governance structures.
- 6.1.5. The avoidance of any conflict of interest through clear separation of roles and responsibilities.
- 6.2. Members of the Parking Services management team have experience in managing an in-house parking enforcement service. Their specialisations also lie in other areas and would require additional training, change of job descriptions or the introduction of new staff. This means that the in-house option would have to overcome various challenges including recruitment and possibly redundancies.
- 6.3. After a period of mismanagement issues, overall contract performance is now improved, though not yet meeting the expectations of the Operations Manager, who manages this contract on behalf of the Council. Officers remain concerned at the ability of Serco's current management team to deliver strong performance should the contract be renewed. However, it is acknowledged that private sector operators do have a large pool of talent and experience on which to draw when selecting contract managers. It is the opinion of officers that the disadvantage of the private sector operator with regards to skills acquisition lies with the ability to secure the exclusive resource of a talented staff across the medium and longer term. During the current contract, management resources have been used to assist other contracts to a degree that officers felt was detrimental to service delivery in Ealing.
- 6.4. The operational management resources and expertise required for both the in-house and the LATCO option would be similar. However, the latter would likely require more specialised leadership. For instance, a managing director would likely have additional management responsibilities, such as overseeing the provision of the Companies Acts.
- 6.5. The in house and LATCO options would enable officers to adopt a new approach to CEO on-street coverage. By focusing on the needs of Ealing's stakeholders, officers believe that improved management of the workforce will yield better outcomes for residents and local businesses by enabling the service to spend less time managing poor performance and more time responding to customer needs.

Options comparison: Operational	Extend Contract	New Procurement Exercise	Provide Service In-House	Service offered through LATCO
Suitable governance	Strong	Strong	Average	Strong
Management of workforce	Average	Average	Average	Average

7. Financial Considerations

(Finance have not completed their review of this section)

7.1. This section focuses on the financial pros and cons of the different options listed in paragraph 3.1. It makes the following assumptions:

- 7.1.1. An In-House service is likely to be similar to the existing service.
- 7.1.2. Most staff with the current contractor will exercise their right to TUPE.
- 7.1.3. The staff under TUPE will also transfer to London Borough of Ealing terms and conditions (harmonisation) if offered this opportunity.
- 7.1.4. The Council can procure and operate systems and services at a similar rate to the private sector's charges to local authorities.
- 7.1.5. The Council continues to outsource the same secondary services Serco does, such as Cash Collection and Pay & Display maintenance.

7.2. The report considers four key cost areas related to the return of the current Parking enforcement operation (and its associated services), provided by Serco, back into the direct control of the Council, namely:

- 7.2.1. Mobilisation Costs
- 7.2.2. Staff Costs
- 7.2.3. Ongoing Costs
- 7.2.4. Indirect Costs

7.3. Mobilisation costs:

- 7.3.1. This section captures the costs incurred as part of the mobilisation of a new service. These are listed in the table below. The items are not an exhaustive list but provide the reader with an approximate value of changing supplier. Precise items and costs will be identified during mobilisation planning if the contract is not renewed.

Category	Description	Cost £
Premises	Legal and operational costs	£5,000.00
Premises	Alterations, building works, fixture & fittings	£20,000.00
Staff	All costs excluding redundancy	£30,000.00
Staff	Redundancy	£0.00
IT	Equipment purchase	£92,800.00
IT	Fit out	£10,000.00
Vehicles (some fitted with CCTV)	Capital purchase	£500,000.00
Tools & Equipment	Capital purchase	£41,400.00
Project Management	Additional staff to support mobilisation	£77,142.86
	TOTAL	£776,342.86

7.3.2. The costs are estimates, and the final rates (and schedule) would depend on the exact specification that the Council set out. The £776k cost for mobilisation identified below is analysed above.

7.3.3. Mobilisation would be a one-off cost.

7.4. Staff costs:

7.4.1. This section addresses the costs incurred by paying salaries to staff on an ongoing basis. It assumes that all services taken In-House by the Council will continue to operate on a similar scale and scope as is currently provided by Serco.

7.4.2. The key assumption underpinning this section is that the current contractor's staff transfer to the Council but then subsequently migrate from the private sector to Council Terms and Conditions (harmonisation).

7.4.3. Though the staff at the current contractor receive the London Living Wage, most contractor staff are paid substantially less than their public-sector equivalents and have much less favourable terms and conditions. Their transfer into the Council would be under TUPE, which means they would transfer with all their existing Terms and Conditions.

7.4.4. Nothing in TUPE prevents an employer from improving the transferred employees' terms and conditions, as the employee can voluntarily accept the more favourable amendments. The protection in TUPE is designed to work the other way around.

7.4.5. Were the Council not to undertake a harmonisation exercise proactively, it is highly likely the workforce and trade unions would quickly raise the matter. While the Council could potentially resist the claim in the short term, calls for harmonisation would likely be successful in the medium term, and for that reason, they are captured as costs from day 1 to provide complete transparency of cost risk.

7.4.6. In-House Increased contribution for LGPS Staff Pension Costs compared to LATCO have been included

7.4.7. Summary Increased Staff cost In-House

Taking the current service In-House would result in an additional annual staff cost of approximately £650k per annum (or £3.25m cumulatively over five years) as depicted by the staff breakdown table, below. It is estimated that staff costs would remain at their current levels were the contract to be awarded to a new third-party supplier or the LATCO. This forecast can only be known through a tender exercise or further investigation, including with HR support.

Service Area	Headcount	Est Contractor Costs	Est Council Costs	Variance
Enforcement	78	2,247,174	2,850,814	603,640
Support	3	101,581	126,545	24,964
Management	2	84,161	106,419	22,258
Totals		2,432,917	3,083,778	650,861

Table Notes

- Council Costs using the current Ealing Council Pay Scales including LGPS have been modelled in the above figures.
- No additional cost for increased sickness or special leave (such as bereavement or carer leave) has been included.
- Several additional leave categories exist within the Council (or carry more favourable terms).
The possibility of this additional leave slowly rolling across the operation exists. In particular, the maternity, paternity, adoption and special leave categories are more generous in their paid allowances (approximately twice as generous), with several of the Council's special leave categories (such as education) not existing in the existing contractual terms and conditions of the workforce at all.

7.4.8. The front-line and CEO roles have been graded cautiously at Scale 5. The management layer is a combination of logical assumptions made after examining similar roles within the current parking structure in Ealing Council and comparison boroughs.

7.4.9. The current Ealing Parking Service was observed to be high performing, and the management team is well-motivated and in tune with the latest trends and developments in the industry.

7.4.10. Those costs have been worked into a 5 -year table representing the minimum realistic period the service would be managed In-House before it could subsequently be re-tendered and transitioned back out to the private sector.

7.4.11. It should be noted that if the Council did decide to re-tender the services at any point in the future, its cost base would be unlikely to revert to its current level.

7.4.12. The staff who by then would be on Council terms and conditions would TUPE back out to the private sector on those terms. That staff cost base would drive far higher rates than the Council currently enjoys on all service elements with a staff component.

7.5. Ongoing costs:

7.5.1. The Ongoing Costs refer to monthly/annual costs that are paid by the Council to the supplier that are not related to staff costs.

7.5.2. That leaves the critical additional cost in this instance as premises. As background, the current service is spread across three sites:

- 7.5.2.1. Whitby Road –Park Royal (commercially rented by Serco)
- 7.5.2.2. Herbert Road Car Park (owned by the Council)
- 7.5.2.3. Springbridge Road Car Park (owned by the Council)

7.5.3. The central part of the Ealing operation is delivered from Whitby Road, Park Royal, with the two smaller sites owned by the Council operating in a support capacity.

7.5.4. It would not be feasible to operate from just the two council sites, so any option to provide the service directly would involve the provision of premises that would need to be obtained from the commercial market or Council assets.

7.5.5. That site would house:

- 7.5.5.1. CEO Operational Depot
- 7.5.5.2. Support Services (Pay & Display Maintenance, Suspensions Team)
- 7.5.5.3. Administration
- 7.5.5.4. Management

7.5.6. In any event, irrespective of source, premises come at a cost (either paid to a landlord or opportunity cost if owned by the Council). However, Serco spreads those costs across several contracts/Councils, allowing the Council to pay the low rate of £60k per annum, whereas another service provider may not be able to do so.

7.5.7. To that end, an expected increase in accommodation of £140k annually has been modelled to cover all aspects of supply and ongoing premises servicing. This placeholder is identified as "Ongoing Costs". This allows for £100k per annum to cover the opportunity cost of leasing space at Greenford Depot and

£100k per annum to access an alternative car pound facility. There will need to be a requirement for a new procurement for the pound and removal service as there is currently no provision to bring this in-house and the new procurement will ensure that this service remains as is.

- 7.5.8. Typically, an option would be to approach the current supplier and consider occupancy of their premises already configured towards the service, thereby reducing mobilisation costs. In this instance, however, the contractor services several London boroughs from the location, and vacation of the site by the contractor would not be a foregone conclusion or straightforward matter.

7.6. Indirect costs – change in income:

- 7.6.1. While the objective of any parking operation is to ensure the efficient operation of the road network, a by-product of that activity, particularly in London, is a financial surplus from both Paid for Parking (Pay & Display / Cashless Parking) and the issuing of Penalty Charge Notices. In Ealing in 2021/22, these workstreams generated approximately £7.1m.
- 7.6.2. It is a well-accepted industry fact that without careful management, the CEO workforce in any Council, either In-House or outsourced, will not always be as productive as desired. In parking, non-productivity manifests as reduced compliance, leading to reduced "paid for parking" revenues and numbers of PCNs, all of which have a corresponding monetary value.
- 7.6.3. Without tight and robust management, it is quite possible that compliance across the borough will fall under any considered option. Without good quality operational managers that understand parking and the associated legislation and the workforce culture, there is a risk that performance will drop, and staff will be de-motivated. The current senior managers of Parking Services are sufficiently experienced to ensure good management of the workforce is maintained.
- 7.6.4. One of the more recent outsourcing exercises of an In-House workforce (London Borough of Hounslow) involved Ealing's current contractor Serco. In 2013, Hounslow, as part of a tri-borough contract that also involved Brent and Ealing, transitioned its In-House service to Serco. Before that point, the service had always been In-House and was considered "High Performing". The motivation for outsourcing was financial rather than operational.
- 7.6.5. Applying such scenarios to Ealing makes an assumption that an in-house management team at Ealing would perform similarly to the in-house provider of another borough and would be able to match the performance of an external provider.
- 7.6.6. For this exercise, a Low, Medium and High indirect cost model has been developed based on a drop in CEO performance as it relates to:

7.6.6.1. PCNs of 5%, -12% and -24%

7.6.6.2. Paid for Parking income of 5%, -5% and -15%

7.6.7. It is worth noting that these figures are below the performance difference seen in Greenwich and Hounslow / Serco cases for the scenario of highest risk. The low-end estimate of change in indirect costs is based on the parking management team complementing the skillset of the management team of a LATCO and exceeding current performance by 5%, and has been used for the estimate for the LATCO option.

Table showing variance in expected indirect costs via impact on income	2021/22 (£'000) (from PASB report and Parking Services 21-22 Accounts)	Low (£'000)	Medium (£'000)	High (£'000)
CEO PCN income	3,298	3,463	2,902	2,506
Off-street Pay & Display	1,380	1,449	1,311	1,173
On-street Pay & Display	2,418	2,539	2,297	2,055
Total	7,097	7,451	6,510	5,735
Variance (negative = fav)		(354)	587	1,362

7.7. Cost Summary:

7.7.1. Typically, an outsourced parking enforcement provider's profit margin would be in the region of 6% of their annual charges for their costs. On £2.4m contract cost this would amount to c£140k. By bringing the services in-house or through LATCO, this could be used to offset any ongoing extra property rent related rental cost to the extent that it is cost neutral through the use of any Council and LATCO owned sites which can be used and that would not have any other alternative use.

7.7.2. The **5-year cumulative variance both in ongoing costs** above the amount currently paid by Ealing Council to Serco under the terms of their existing contract and also in income against what is received from their service, using the annual figures noted before, is therefore estimated as follows:

Table showing variance in expected total costs/income	Extend Contract (£'000)	New Procurement Exercise (£'000)	Provide Service In-House (£'000)	Service offered through LATCO (£'000)
Mobilisation	0	776	776	776
Staff	0	0	3,254	0
Ongoing Costs	0	700	0	0
Indirect Costs (change in income)	0	0	0	(1,769)

Variance with contract extension (negative = fav)	0	1,476	4,030	(993)
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8. Summary of Options

8.1. Extend the existing contract until March 2029

8.1.1. The existing contract with Serco has various merits, including:

- 8.1.1.1. This is the fastest and simplest option to expedite requiring only the signing of a contract extension.
- 8.1.1.2. Since taking on the contract in April 2019, the existing provider has achieved an improvement in performance in some key metrics, particularly officer efficiency.

8.1.2. However, officers, having met management from Serco, remain concerned and have identified the following key risks and concerns:

- 8.1.2.1. Ongoing difficult industrial relations with the CEO workforce.
- 8.1.2.2. Officers felt that performance management of CEOs still has considerable scope for improvement. This is supported by stronger performance rates in other similar boroughs.

8.1.3. Officers felt that contract extension is a possible default option but that an attempt to negotiate additional value from Serco, including significant improvements to their managerial structure, should be attempted before a final decision can be reached.

8.2. Undertake a procurement exercise

8.2.1. Officers have met with various suppliers in the last few years and attended industry events to develop an understanding of how the open market has developed since the contract was signed. The Council remains a member of the BPA and officers regularly review industry journals such as Parking News and Parking Review to stay abreast of changes in the sector.

8.2.2. There have been no significant changes that would lead officers to think a procurement exercise would yield a bid that would provide better value for the Council than the existing terms offered by Serco, which remains one of the leading private sector providers of parking services in the UK.

8.2.3. However, officers felt there are drawbacks to undertaking a procurement exercise:

- 8.2.3.1. A procurement exercise of this nature represents considerable cost, commitment of human resources and would take between 12 and 15 months. In the absence of significant benefits, this time could be better spent performance managing the existing contract.
- 8.2.3.2. Any procurement exercise runs the risk of being challenged by unsuccessful bidders. The extension of the existing contract does not bear such a risk.
- 8.2.3.3. Were a procurement exercise to result in the appointment of a new supplier, mobilisation costs would be incurred.
- 8.2.4. In summary, officers do not recommend this option because the benefits appear to be very limited whilst the risks and costs are significant.

8.3. Provide parking services through an in-house team

- 8.3.1. The benefits of adopting an in-house solution include a likely (but not necessary) improvement in terms for the parking enforcement workforce.
- 8.3.2. This option suffers from the Council's inability to provide cover in the event of service outage due to extenuating circumstances such as industrial action or a major incident at site. A private provider may be able to provide resource from other contracts.
- 8.3.3. In the view of officers, the additional costs identified in this document make this option untenable at a time when the Council is struggling to balance its budget.

8.4. Greener Ealing

- 8.4.1. Consideration has been given to the use of Greener Ealing Limited (GEL) to provide these services. GEL is a LATCO providing waste collection and graffiti removal services for Ealing Council.
- 8.4.2. This would be an innovative new solution, not currently used by any other borough according to data from London Councils. GEL is viewed by officers as a viable prospect, not least because of the successful way in which it improved the waste collection contract following a prolonged period of poor performance by a private company.
- 8.4.3. The following should be considered before awarding parking services work to GEL:

- 8.4.3.1. Staff that do come from the existing contract into GEL may remain employed on the same terms as they are at present. This would enable the borough to keep its expenditure low, though staff moving under TUPE may expect an improvement in terms and conditions due to GEL's affiliation with Ealing Council.
- 8.4.3.2. In their short history, GEL have demonstrated an ability to motivate a workforce and turn around performance of an underperforming contract. The waste services they provide represent a marked improvement on the services delivered by AMEY based on the measures of the Council's Street Services Team. Officers have been sufficiently impressed with the management of the company that they believe GEL has the capacity to improve on current performance by 5%.
- 8.4.4. Officers have met with the management of GEL and identified key risks:
- 8.4.4.1. GEL itself is immature, operating for only two years, and does not have Parking Management experience – however officers felt that this risk could be mitigated through support from the Council's experienced management team and acknowledged that GEL's capabilities managing a remote workforce (who face many similar challenges to that of the CEOs) would stand them in good stead.
- 8.4.4.2. The size and value of the parking contract could dominate the GEL agenda derailing other trading opportunities. Whilst this should be acknowledged as a risk for GEL, it should be noted that GEL management still would agree to undertake this Parking service contract.
- 8.4.4.3. GEL may not be able to provide cover in the event of service outage due to extenuating circumstances such as industrial action or a major incident at site. Whilst the existence of the car park satellite bases and a strong emergency plan may mitigate the latter risk to a degree, it is difficult to see a way in which the Council could insulate itself from the effects of a strike.
- 8.4.4.4. The Council would, in effect, be underwriting any errors and performance issues, as it covers any loss that GEL would make.
- 8.4.4.5. The GEL board have not yet agreed to accept this workload and have not yet fully scoped what is required. Time will be required for GEL to establish if parking enforcement services are a viable fit for the business model by which they operate.
- 8.4.5. Officer's view is that GEL should be considered a viable option and estimate it to represent a more £993k net benefit to Parking net income over 5 years against continuing with the current contract.

9. Abridged summary of options

- 9.1. It is the opinion of officers that awarding the parking enforcement contract directly to GEL should be explored for the reasons provided in the table below. Officers judged GEL to be optimal or close to optimal in each of the four bases of comparison listed in paragraph 3.1.
- 9.2. Despite strong qualitative findings, taking the service in house is deemed to be prohibitively expensive.

Options comparison: Operational	Extend Contract	New Procurement Exercise	Provide Service In-House	Service offered through LATCO
Strategic Considerations	Whilst both options offer some strong arguments, such as access to new innovative technologies		Both options offer strong arguments for consideration (particularly in the flexibility of service management that is possible). They fall short only in terms of ease of innovation and, in the case of LATCO, opportunity to build relationships at a local level.	
Commercial considerations	Whilst both options insulate the Council from risk, they also limit the scope the Council has to address poor performance management and negate the possibility of the Council generating an income.		Both options see the Council adopt considerable financial and reputational risk – but officers feel this is balanced by the greater control offered in the way the service is managed. In the case of the LATCO, there is also significant opportunity too, giving this option the edge over an in-house solution.	
Operational considerations	Whilst the governance of a private company can lend itself to delivery of parking services, officers have found in practice that the existing supplier (and the supplier pre-2019) has encountered staff management issues that have jeopardised the Council financially and reputationally.		The Council's governance does not lend itself to a way of working that enables the agile decision making needed for this contract	The greater accountability offered by GEL (compared to the private sector) is complemented by an agility enabled by their governance.
Financial considerations	Without the need to mobilise, this option is the 2 nd cheapest, and has been modelled at cost neutral to current budgets.	The option is the hardest to estimate as no tender exercise has yet been completed – so no costs are known for certain. A rough estimate suggests the Council can consider additional costs of £1.476m over 5 years	The most expensive option by far, driven largely by staff costs (assuming harmonisation is the approach taken when on-boarding TUPE'd staff. An estimated additional £4.346m is forecast over 5 years.	Use of the GEL LATCO offers the best return on investment – a saving of £993k across 5 years.

10. Next steps

- 10.1. GEL have requested time to model the implications of adopting parking enforcement. We hope the board will have time to meet and confirm their ability and interest in delivering the services identified in this report by December.
- 10.2. If members accept the recommendations made in this report, officers will initiate a detailed project plan to transfer responsibility of service provision from Serco to GEL on the 1st April 2024. The timeframes available are tight and short contract extension may be considered if the detail project plan suggests a longer mobilisation than the initial one laid out below is necessary.

Key Milestones	
Report to Cabinet	7th December 2022
Negotiations with current contractor on exit strategy	January 2023
New structure (management & support) specification complete	By March 2023
Tender specification for CCTV and removals service	By March 2023
Finalise capital purchases	By January 2024
TUPE process to commence	By February 2024
TUPE process to complete	By March 2024
New structure consultation with GEL	Before March 2024
Current contract with Serco ends	31st March 2024
New contract to be implemented	By April 2024

- 10.3. Officers note the risk that Serco staff may become demotivated by this decision and are prepared to incentivise the incumbent through contract penalties, offering references to other local authorities considering the use of Serco's services, and careful staff management.

Report Title	Managing Directors Report		
Meeting	Greener Ealing Board Meeting		
Date	24 th November 2022	Agenda Number	6.
Type of Report	For noting		
Author	Kevin O'Leary – olearyk@greenerealing.co.uk		
Background	<p>This report provides a summary on overall progress over the last two months and highlights key issues.</p> <p>This has been another challenging period, but we have made significant progress in several areas.</p> <p>The Pay Award was agreed in October with an average uplift across the workforce of 7.8%.</p> <p>Our Quality Assurance Applications for ISO9001 Quality, 14001 Environment and 45001 Health and Safety have all been recommended for approval. This is a real achievement for Greener Ealing in a fairly short time.</p> <p>We have managed to sustain high-performance levels on the Ealing contract. We continue to face a difficult operational environment especially with the HGV Driver problems, still an issue but of a lesser order. This has been assisted by the increase in basic pay and additional bonus payment. We have been able to recruit additional drivers over the last month or so.</p> <p>Progress is being made on all Business Objectives. An outline work programme against the business plan objectives is attached to this report.</p> <p>The Board is asked to note the report.</p>		

Introduction

This report sets out the key issues that Greener Ealing has been addressing over the last few months and provides a brief update on other matters of interest.

Contract Performance

Overall performance on the contract remains good despite the increasing pressure on staff with the more detailed report on this agenda providing a full update.

Pay award - discussions with GMB

As reported above the 2022 pay award has now been agreed following meetings in September and agreed by the workforce and confirmed by the GMB on 7th October. The agreement is comprised of three elements:

- 1) A flat rate uplift in pay of £2000 for all employees backdated to 1st April 2022.

2) A one-off payment of £250 per employee.

3) The existing retention payment for HGV drivers (equivalent to £1 per hour) will be increased by 56 pence per hour from 1st October 2022. This means the HGV driver rate is effectively £16 per hour.

Business Plan 22/23 Objectives 1-9

As reported at the last Board meeting, we have now finalised action plans for all the objectives set out in the 2022/23 Business Plan. The latest version reviewed by the GEL Management Team on the 8th November is attached.

Highlights include:

Business Objective 1 – workforce strategy

- Revised Draft Workforce Strategy now available and being consulted upon – updated version to be agreed by the GEL Board.
- Female recruitment campaign launched together with HGV campaign.
- The Council has agreed to refurbish the showers and changing facilities at GF Depot. We are awaiting start date for the works.

Business Objective 2 - Customer comes first

- Managing complaints process improvements in hand
- Workforce Customer Care Training videos now complete – we have 7 including one highlighting the difficulties caused by any missed Assisted Collections.
- Other videos include advice on contamination, dealing with irate motorists, service delivery requests, chargeable services e.g at HWRC

Business Objective 3 – Operations

- Various optimisations in hand
- Weeding programme on schedule
- Roll out of Whitespace and PSS (gm) – slow progress but some positive movement

Business Objective 4 – HSEQ

- Accreditation now achieved – awaiting confirmation from BSI.
- Work to start to extend the scope of assurance to Grounds Maintenance and HWRC

Business Objective 5 – Data

- Collection of data – is good, further integration and analysis is now the challenge

Business Objective 6 -Communications

- Core comms working well
- Use of Instagram and LinkedIn helping to raise GEL profile
- Facebook account now established
- Good work with LagerCan
- Staff Survey in progress – closing date 25th November – high participation rate to date.
- We are considering applying for the LGC awards again this year.

Business Objective 7 -Going Digital

- Links to 5 above

Business Objective 8 – Greening GEL

- CO2 target compromised by extra vehicle usage due to HGV shortages
- Electric vehicle progress - slow

Business Objective 9 – Growth

- Trade waste on board weighing activated – in discussion with LBE about opportunities
- Major marketing exercise for autumn across all services
- Graffiti contract – the Council has now indicated that there will be a direct award of this work to GEL
- MD to attend a briefing of all Ealing Schools Bursars to advise on GEL capabilities
- Local Housing Associations to be targeted
- Council in active dialogue with GEL over new services (see separate paper on agenda).

Conclusions and way forward

Overall, a successful period with the pay award concluded and BSI approvals achieved..

The immediate work pressures now turn to the challenge of the budget process and agreeing this with the Council for 23/24 along with a new Business Plan that will need to be agreed in February 2023 by both this Board and the Council's Cabinet.

Kevin O'Leary
Interim Managing Director
16th November 2022

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STRATEGIC OBJECTIVE A

To deliver contracted services in line with the Ealing service contract, specification and key performance indicators.

STRATEGIC OBJECTIVE B

To deliver contracted services within the agreed financial targets.

STRATEGIC OBJECTIVE C

will position Greener Ealing to pursue commercial opportunities over the medium to long term.

KEY SUPPORTING OBJECTIVES

KO1	Workforce Strategy – a review and refresh for 22/23.
KO2	Customer comes first – ongoing work.
KO3	Operational Services – a continuing programme for change.
KO4	HSEQ – conclude the current work plan. Extend scope to GM and HWRC. Apply for Freight Operators recognition Scheme (FORS) Accreditation by March 2023.
KO5	Data Analysis and Performance management.
KO6	Communications Strategy – implementing action plan.
KO7	Going Digital – emphasis on Grounds Maintenance.
KO8	Greening Greener Ealing – implement CO2 action plan.
KO9	Going for Growth – a business development strategy.

Workforce Strategy – a review and refresh for 22/23.					
BUSINESS PLAN OBJECTIVE	TASK LEAD	SUPPORTED BY:	TARGET DATE	PROGRESS	ADDITIONAL NOTES
Fundamental review of workforce strategy	BG	Ops	30/10/22	In progress	1st draft sent to KOL - back with BG
Consultation with MTM and key stakeholders - Trade Union/Board etc	BG		30/07/22	In progress	To be sent to MTM
Female facilities review/upgrade - agree works programme with Facilities Mngmt/LBE	MI		01/03/23	In progress	Quote from Collin Holland sent to Darren Henaghan & Jessica Tamayao - go ahead - waiting on dates (MI)
Report Staff survey results to Board - (Feb 2023)	BG		06/02/23		
HGV Drivers - 3 recruitment campaigns Spring/Summer/Autumn/Winter	BG	JoS	TBC		JoS - Campaign
Review outcomes and actions following 2021 staff survey - report finding to a future Board meeting	BG		30/09/22	Not Started	
Skills audit - MTM discussion / Alcumus training and qualification records updated? Access for MTM?	SH		30/09/22	Not Started	
Celebration Calendar - Awareness Days	BG	JoS	01/10/22	Not Started	
Ealing Events Calendar	BG	JoS	01/10/22	Not Started	

Customer comes first – ongoing work reflecting our pursuit of excellence.					
BUSINESS PLAN OBJECTIVE	TASK LEAD	SUPPORTED BY:	TARGET DATE	PROGRESS	ADDITIONAL NOTES
Review and refresh induction to ensure all aspects of Customer Care are covered including identification of ALL GEL customers ie residents/general public/staff/LBE/Other clients - by 4C's/Workstream	SH	JC	05/12/22	In progress	Postponed from Sept to Dec - currently being worked on
Agree revised GM KPIs	DT/PJ		23/05/22	In progress	04/07/22 - DT/PJ had meeting with Chris Welsh - monthly meetings to continue - waiting on monitoring stats
Customer Care training for HWRC staff - Including conflict management?	SH	MI	30/11/22	In progress	Jason to be trained initially - last min canx from supplier - re-arranged - to be delivered internally, starting with HWRC
Driver behaviour - with other road users - language/attitude	BG	JoS/SH	Sep-22	Not Started	BG to check with JoS
Abuse towards frontline staff by members of public - possibly look at a Campaign	BG	JoS/SH	01/10/22	Not Started	Video produced - yet to be rolled out?

Operational Services – a continuing programme for change.					
BUSINESS PLAN OBJECTIVE	TASK LEAD	SUPPORTED BY:	TARGET DATE	PROGRESS	ADDITIONAL NOTES
Trade Waste optimisation - initial meeting with Plan B - assessment of Plan B proposal (3 teams to 2?) - Conversation with Owen Janes	JH	TB/KD	01/10/22	In progress	Initial discussions with crews taken place - JH has day change option from Plan B, continue with 2 teams, KOL has spoken to Union. Ongoing project
Optimisation of Food service - tonnages and crew completion times to be analysed	JH	TB	01/04/23	Delayed	NB: Issues with food waste vehicles complicate this
Streets - traffic island program - with Plan B - SSOW/RA to be looked at (See KO4)	GJ		31/12/22	In progress	Waiting feedback from Steve Batchelor @ Plan B - report now rcvd - being considered by GJ
Streets - Time banding - cost of team/vehicle to be produced - (extra team - chargeable - 3rd team to be agreed by LBE All zones) subject to driver recruitment	GJ/JA		28/07/22	Delayed	Delayed due to HGV Drivers
Streets - Deep Cleanse Frequency trial - Solos - New Village 1 maps to be created, commences 1st August	GJ	JA	01/08/22	Delayed	Postponed to end of Aug - due to redeployment of Supervisors - (driving)
Streets - Deep Cleanse Frequency trial - Solos - new spreadsheet to be created with new schedule cleanse frequencies	GJ		01/08/22	Delayed	Postponed to end of Aug - due to redeployment of Supervisors - (driving)
Streets - Deep Cleanse Frequency trial - Solos - new spreadsheet to be sent to LBE (JA) for upload in to ibase system	GJ	JA	01/08/22	Delayed	Postponed to end of Aug - due to redeployment of Supervisors - (driving)
Streets - Whitespace roll out data reports - key dates of when this has been rolled out/reports incl.	GJ	KD/TB	31/08/22	In progress	Estates teams are using and a few standard cleanse teams - all schedules for rest of the service given to WS for upload = 18/10/22 - Go Live in system 5th Dec
PSS roll out - across the rest of GM contract	PJ	KD/TB	01/10/22	In progress	Timetable reqd - litter teams go live WC 12.09.22
GM - Resources comparison with work schedules	PJ		05/12/22	Not Started	dependent on PSS rollout
Apprenticeship Project Greenford Planters	PJ		31/05/23		KOL/PJ to have a meeting on this - apprentices to possibly design a scheme? Research? Are these on a schedule?
HWRC - Visibility on processes/deep dive	MI		30/08/22	In progress	Working with Cat/Bo - looking at reporting options to consolidate - slow response from LBE
HWRC - Contract KPI's/recycling rates/diversion rates etc	MI		30/07/22	In progress	Working with Cat/Bo - looking at reporting options to consolidate
HWRC - consider body cams - options of type of equip/signage/IT etc	MI		30/08/22	In progress	Quote rcvd for bodycams - signage is with LBE MI to look at protocol for bodycams
Beaver Tail Conversions	MI		31/10/22	In progress	With EMck to sign off - KP to chase Robyn
Transfer station - plan for netting/slab/roof/sorting area	MI		31/03/23	In progress	

HSEQ – conclude the current work plan. Extend scope to GM and HWRC. Apply for Freight Operators recognition Scheme (FORS) Accreditation by March 2023.

BUSINESS PLAN OBJECTIVE	TASK LEAD	SUPPORTED BY:	TARGET DATE	PROGRESS	ADDITIONAL NOTES
Identify dates and plan for BSI to accredit GM & HWRCs with 9001/14001/45001	SH	MI	31/03/23	In progress	Initial dates in advance in order to meet completion date
Action plan for FORS accreditation - agree Bronze/Silver/Gold (Specific Dates)	EM	MI	26/05/22	In progress	Initial meeting held.
Traffic Island Cleansing (See KO3)	GJ	MI	31/12/2022	In progress	
Water extraction licence - Streets	SH	MI	30/07/2022	In progress	To be checked
Business Continuity Plan - Review/Update/Reference & Distribute document	SH		30/09/2022	In progress	Date tbc
Business Continuity Plan - train owners of the document- establish roles & responsibilities	SH		31/10/2022	Not Started	
Business Continuity Plan - stress test - Desk top Exercise to be carried out	SH		30/11/2022	Not Started	
Wellbeing - Training for "Ambassadors"	SH	MI	31/03/2023		
IOSH Training - people development	SH	MI	31/03/2023		

Data Analysis and Performance management - linked to KO7.					
BUSINESS PLAN OBJECTIVE	TASK LEAD	SUPPORTED BY:	TARGET DATE	PROGRESS	ADDITIONAL NOTES
Explore options to Integrate data into one system	KOL/KD/TB/MI/DT		30/03/23		
Design single dashboard for daily use by MD and others	KOL	KD/TB/MI	30/06/22	Not Started	
Team level metrics - by service area - Collections - monthly	DT/TB/Ops		ASAP	In progress	Service KPI's by area? Most complaints/crew inspections/gate checks/Alcumus/Sickness/RTW's
Team level metrics - by service area - GM - monthly	DT/TB/Ops		ASAP	In progress	Service KPI's by area? Most complaints/crew inspections/gate checks/Alcumus/Sickness/RTW's
Team level metrics - by service area - Streets - monthly	DT/TB/Ops		ASAP	In progress	Service KPI's by area? Most complaints/crew inspections/gate checks/Alcumus/Sickness/RTW's
Team level metrics - by service area - HWRC - monthly	DT/TB/Ops		ASAP	In progress	Service KPI's by area? Most complaints/crew inspections/gate checks/Alcumus/Sickness/RTW's
Reporting Mechanism: Weekly Gunnersbury Performance Report x 52 (External/Internal)	KD/TB		Ongoing	In progress	Dependent on GM using PSS - system in use, report criteria sent to PSS
Reporting Mechanism: Annual Performance Report (External/Internal)	KD/TB		Ongoing	In progress	Draft report with KOL
Permanent staff head count - monthly report	BG		31/08/22	Not Started	In accordance to org charts
Repeat Missed Collections	TB/KD		Ongoing	In progress	Admin sending to Ops weekly - (JH & Supervisors) - what is the follow up from Ops?
Locations/teams of assisted missed collections	TB/KD		Ongoing	In progress	Admin have combined info from league table/daily report on assisted - team/address - what is the follow up from Ops?

Communications Strategy – Implementing action plan. Links with KO9					
BUSINESS PLAN OBJECTIVE	TASK LEAD	SUPPORTED BY:	TARGET DATE	PROGRESS	ADDITIONAL NOTES
Consider strategic marketing/sales post (conditional on way forward agreed on KO9)	KOL	MTM	28/08/22	In progress	Do we need sales support for new services ie: Trade Waste?
GEL open day - details to follow (school competition? Access to our vehicles/education on environment?)	JoS		TBC		
Posters/images of what is acceptable and what is not e.g. a street where all bins are left out and returned to within the property contrasted with the way it should be done.	JoS	Ops	Nov-22	In progress	To be rolled out
Posters/images – staff member in correct PPE versus the opposite	JoS	SH	Nov-22	In progress	To be rolled out
Office/crew room - more informative even educational material e.g. where does Ealing's waste/recycling go, what happens to various material streams . This can be boards, posters, electronic	JoS	Ops	Nov-22	Delayed	
Facts and figures about what we collect, length of streets we clean, area of grass we cut – etc etc.	JoS	Ops	Nov-22	Not Started	
Information on climate change how we reduce emissions etc					

Going Digital linked to KO5 – emphasis on Grounds Maintenance

BUSINESS PLAN OBJECTIVE	TASK LEAD	SUPPORTED BY:	TARGET DATE	PROGRESS	ADDITIONAL NOTES
Add HWRC to digital service management platform (add to current reporting mechanism)	MI/DT/KOL	KD	31/10/22	Not Started	
Scope research & identify options for linking separate GEL software:	KP	Ops Mngrs	TBC	In progress	What is the best option? Timescale subject to existing contract arrangements
Reporting framework to be set up via WS	TB	Ops Mngrs	TBC	In progress	Repeat missed collections/Complaints? Ops to identify what they want to see
Reporting framework to be set up via PSS	PJ	KD	01/05/22	In progress	

Greening Greener Ealing – Implement CO2 action plan.

BUSINESS PLAN OBJECTIVE	TASK LEAD	SUPPORTED BY:	TARGET DATE	PROGRESS	ADDITIONAL NOTES
Reducing vehicle emissions through low carbon fuels	MI		01/03/23	Delayed	3 mth trial of HVO in progress - On hold because of financial pressure (LBE)
Workforce Travel plan	MI	BG	01/03/23		
Car share - Transport options - Comms to employees	BG	JoS	01/03/23		
Possible GEL "Greener" Audit	SH	MI	Mar-23	Not Started	Initial meeting held with Supplier
Investigate Rooftop solar panels for Fleet	MI		Dec-22	In progress	MI to liaise with Lamptons - GEL waiting on offer from supplier
GEL electric vehicle delivery and charging points - Gunnersbury	MI		Mar-23	In progress	Check on charging point
GEL electric vehicle delivery - Supervisor vehicles	MI		TBC	Delayed	Sense check on EV and charging arrangements
Depot Charging Points	MI		Aug-22	In progress	Reliant on LBE

Going for Growth – a business development strategy.					
BUSINESS PLAN OBJECTIVE	TASK LEAD	SUPPORTED BY:	TARGET DATE	PROGRESS	ADDITIONAL NOTES
Investigate options for GEL led Trade waste business growth	MI	KOL	01/10/2022	In progress	Neighbouring Boroughs/within the Ealing Borough/Business Recycling - Initial proposal received - MI liaise with Oxford
Bin washing - investigate options	MI	GJ	01/10/2022	Delayed	Food Waste containers on Housing Estates/LBE Litter bins/Bid area litter bins/Residential wheelie bin cleaning service (potentially)/Trade bin washing (1100ltr bins) - GEL waiting on licence to discharge
Develop a comprehensive marketing campaign for GEL	KOL/BG	JoS	30/08/2022	In progress	Aimed at: LBE/Schools/Uni/RSL's/Local Businesses in West London area. Campaign to commence Autumn 2022 - going to business forum
Commercial Opportunities: GEL Training Academy	SH	JC	Mar-23		
LBE Opportunities: Graffiti contracts - liaise with JA	GJ		Jul-22	In progress	GJ to liaise with JA - Client is developing commercial strategy - Recently completed soft market questionnaire
LBE Opportunities: Housing work including Pest Control & Resident Estate Services	KOL		Ongoing	In progress	KOL liaising with JA / Meeting with Inquilab on 16.06.22 - Inquilab have contact details for GEL if needed

KO1	
Row Labels	Count of TARGET DATE
BAU	9
Complete	7
In progress	3
Not Started	4
(blank)	2
Grand Total	25

KO4	
Row Labels	Count of TARGET DATE
BAU	3
Complete	23
In progress	5
Not Started	2
(blank)	2
Grand Total	35

KO7	
Row Labels	Count of TARGET DATE
BAU	14
Complete	5
In progress	3
Not Started	1
Grand Total	23

KO2	
Row Labels	Count of TARGET DATE
BAU	2
Complete	4
In progress	3
Not Started	2
Grand Total	11

KO5	
Row Labels	Count of TARGET DATE
BAU	17
In progress	8
Not Started	2
(blank)	1
Grand Total	28

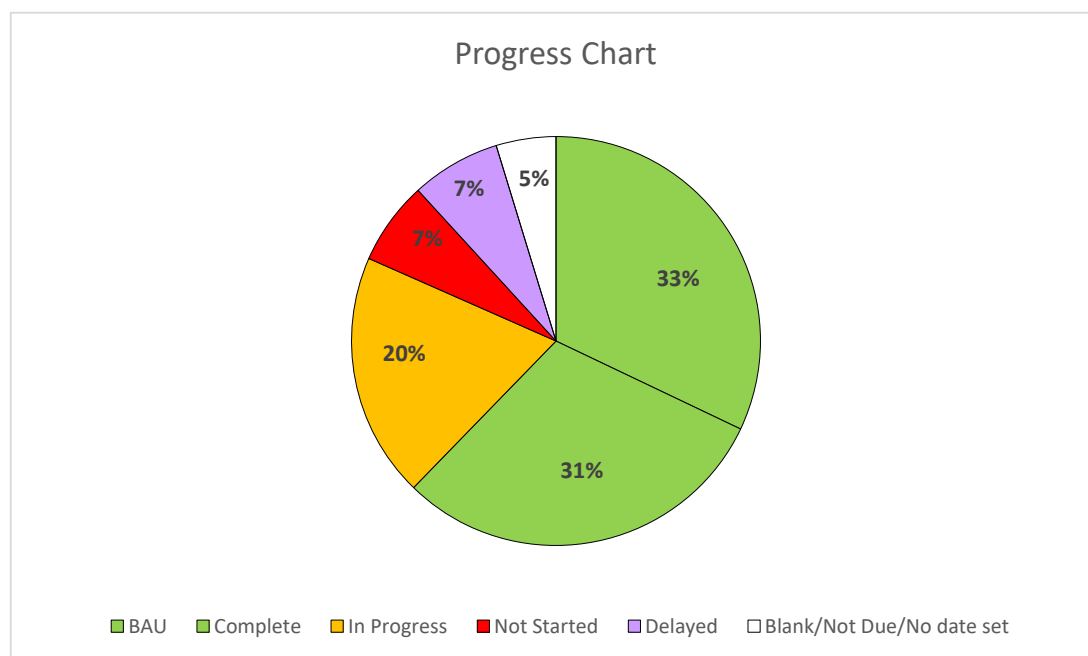
KO8	
Row Labels	Count of TARGET DATE
BAU	4
Complete	3
In progress	3
Not Started	1
(blank)	2
Delayed	2
Grand Total	15

KO3	
Row Labels	Count of TARGET DATE
BAU	3
Complete	19
Delayed	5
In progress	9
Not Started	1
(blank)	1
Grand Total	38

KO6	
Row Labels	Count of TARGET DATE
BAU	16
Complete	2
Delayed	1
In progress	3
Not Started	1
(blank)	1
Grand Total	24

KO9	
Row Labels	Count of TARGET DATE
Complete	1
In progress	4
Delayed	1
(blank)	1
Grand Total	7

Progress	No. of Tasks	Percentage of Progress
BAU	68	33%
Complete	64	31%
In Progress	41	20%
Not Started	14	7%
Delayed	15	7%
Blank/Not Due/No date set	10	5%
Total	206	



Report Title	Combined Performance Report including HSEQ & Transport		
Meeting	Greener Ealing Board Meeting		
Date	24 November 2022	Agenda Number	7.
Type of Report	For noting		
Author	Kevin O'Leary – olearyk@greenerealing.co.uk		
Background	<p>This report updates the Board on performance against internal and external KPIs over the previous five months and provides brief commentary, mainly by exception, on the last month.</p> <p>The current format incorporates information across a broad range of indicators giving comprehensive view of the whole business. Client facing targets have previously been agreed with LBE.</p> <p>Internal targets for 21/22 and beyond based on our first year's performance were agreed at a previous Board meeting and are now part of the KPI table.</p> <p>The Board is asked to note the report.</p>		

GEL Combined Monthly Performance Report October 2022

October Performance – Operations

This report covers data from June to October, and commentary on the overall October performance of GEL including the HWRC site at Greenford.

Overall performance in October was good, performance still consistent from month to month in all key indicators. There was one amber status indicator in the month, this is addressed in the individual service commentary.

Collections – Commentary

- **HGV driver shortage** – the position has currently stabilised but will still require sustained attention.
- Assisted Missed collections have improved significantly but still amber for 4 of the last 5 months (and red in July).
- Despite continual pressure on capacity to deploy the core service, Collections have provided consistently good quality results to date.

Street Cleansing - Commentary

- First time A+B performance for October was 95%.
- The service continues to be a primary support to Collections – no change.
- The leafing program started on 24th October, recruitment to planned numbers is subject to the usual challenges.

HWRC - Commentary

- The recycling rate has improved to 66%. Discussions between GEL and LBE still ongoing about the potential to improve this.

GM & Cemeteries - Commentary

- The GM team are engaged in normal scheduled work for this time of year.
- A third member of staff has been trained up to carry out playground inspections. This provides more depth to cover holidays and absence.

Complaints

- The complaints for October are 17. The consistently low numbers reflect the work of the frontline teams to deliver a stable, high-quality service despite the persistence of considerable operational challenges.

October Internal KPIs

- Internal KPIs remain reasonably consistent overall.
- Safety standards are stable; no RIDDORs in the month.
- Higher number of ER cases driven by more robust application of absence management processes.

October Performance – HSEQ & Transport Support Services

HSEQ

- HSEQ provision good during this period.
- No RIDDORs in the last five months.
- ISO 9001, 14001, & 45001 accreditations for Management, Waste, and Streets are expected following the success of the follow-up audits.

Transport

- Transport Provision in-line with operational requirement – no change.
- Vehicle accidents have reduced.
- Fuel prices currently stable but remain an area of risk for the budget.

GEL - Overall Dashboard

Indicator	Target	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22
Missed Rectification %	100% within 24 Hours	100%	100%	100%	100%	100%
Right First Time %	-	99.96%	99.96%	99.96%	99.97%	99.97%
Assisted Missed Collections	Zero	5	15	7	8	3
Missed per 100k by Service						
<i>Refuse</i>	< 100	71	49	50	37	44
<i>Recycling</i>	< 100	43	58	41	41	34
<i>Food</i>	< 100	24	46	49	37	26
<i>Garden</i>	< 100	69	40	49	34	37
Streets A&B Inspection %	85%	92.98%	93.39%	92.60%	93.13%	95.63%
Flytip Clearance	95%	99%	99%	99%	99%	99%
Flytips Reported	-	782	943	930	906	898
Bulky Waste Service	100%	100%	100%	100%	96%	99%
No of Container Requests	-	1422	1209	1606	1387	1746
Container Delivery %	100%	99%	88%	97%	99%	100%
HWRC Materials Recovered	-	364t	348t	350t	318t	328t
HWRC Visit Numbers	Report Actuals	9223	9241	9490	7906	7457
HWRC Recycling Rate %	TBA via Service Agreement	62.54%	60.35%	58.71%	59.62%	66.62%
Customer Complaints	<100	40	37	18	11	17
RIDDORs	0	0	0	0	0	0
No Lost Time Incidents	<3	0	0	1	1	2
Lost Time Incidents	0	1	0	1	1	2
Close Calls	Report Actuals	13	10	13	8	9
Vehicle Incidents	<7	11	13	10	8	7
VOR (Daily Average)	<5	5.40	5.60	5.50	5.30	2.70
Fuel – DERV (Litres)	TBA	60,004	56,667	58,141	58,417	57,251
Fuel – Gas Oil (“red” litres)	TBA	0	0	0	0	0
CO2 – kg	TBA	156,010	148,468	151,166	151,884	148,825
Total Vehicle Idling Time (hrs)	<140	122	99	80	103	104
Vehicle Availability	95%	96%	100%	98%	99%	100%
MOT Pass Rate	98%	100%	100%	88%	100%	100%
Average Sickness %	<4%	3.76%	4.31%	4.77%	3.47%	4.66%
ER Cases	<5	2	0	1	0	8
Staff Turnover	Report Actuals	3	2	8	2	3
YTD Actual	-	£91,367	-£26,802	-£102,385	-£125,570	TBC
FY Forecast	-	£165,404	-£48,654	-£120,879	-£228,640	TBC
Additional Revenue	-	-£136,484	-£66,705	-£75,706	-£186,024	TBC

GEL Risk Management – Risk Register

Report Title	GEL Risk Management – Risk Register		
Meeting	Greener Ealing Board Meeting		
Date	24 November 2022	Agenda Number	8.
Type of Report	To Note		
Author	Katarina Pohancenikova can be contacted on pohancenikovak@greenerealing.co.uk		
Background	<p>This report provides an update on the new risks or measures the company faces since the last update to the Board on 15th September 2022.</p> <p>The Risk Register is attached as a separate excel file for ease of review.</p>		

Budgetary management and control**Budget misalignment - HIGH**

GEL Finance team to ensure budget misalignment does not occur between GEL activities and LBE provisions.

Full year forecast for 22/23 assumes a loss of £531k. Management action plan to be provided to close the gap.

UPDATE: *Full year forecast projects a loss of £531k with GEL 22/23 pay award impact in the full year projection with additional funding of £340k from LBE not projected in the forecast yet. Additional LBE funding, in year savings and cost control measures, profitable 3rd party contracts, lease refinancing and release of end of contract damaged contributed to agreeing the pay award. The emerging pressures (pay award, HGV drivers' shortage, NI increase, increase in costs and services, increase in fuel prices) have been highlighted to the Council.*

We have re-opened the discussion with our Council's colleagues in regards to revisions to the Services agreement and introduced new items within the Dead of Variation which should assist GEL to recover any statutory and market pressures in the future.

Budgetary management and control**Pay Award - HIGH**

We have budgeted for up to 2.5% pay increase for 2022/23.

UPDATE: *The recently agreed pay award has removed the possibility of industrial action, at least for this year, and we are taking steps to implement efficiencies to offset the costs of paying for this award. The time spent seeking to identify efficiencies and seeking approval from the council to make up the shortfall, is of concern and should be avoided for 2023/24. We are in discussions with the Council to adjust the contract terms to include an inflationary indexation.*

Budgetary management and control**Brexit impact on Fleet - HIGH**

The risk is reviewed by monitoring the market situation, impact on supply chain and ensuring the business deals with potential issues in advance and have contingency plan in place.

Initial issues were primarily directly linked to Brexit disruption of goods inwards due to revised customs/trade processes and checks on incoming part supplies, which now seem to have reduced, where possible GEL has arranged with subcontractors/suppliers to increase holdings on key items.

UPDATE: *Parts supplies for the large part of the fleet have now settled but delivery of sweeper machine items still an issue. At any stage current economic factors could easily rock the supply chain.*

Go Plant Fleet Services our workshop contractor have expressed concerns their industry's engineer rates have soared and therefore may be forced to renegotiate GEL's contractual agreement and look at the possibility to revise the 3% capped annual increase

GEL is experiencing supply issues of larger parts for Faun Zoeller bin lifting mechanism from Germany. The supplies are taking longer to arrive, meaning vehicles are out of service for longer. We have 1 vehicle off road for 3 weeks at the moment with possibility of another damaged in the next few days. We are liaising with the contractors to find a solution to resolve the issues and minimise the impact on our service.

Budgetary management and control**Increased cost of fuel - HIGH**

The risk is monitored by monthly fuel spend report, reviewed by service delivery, performance/efficiency and making changes as appropriate in light of increased fuel costs. Carbon reduction measures being undertaken, including review of operational mileage and excessive vehicle idling

*Increased cost of fuel is now seen as a **High Risk** underpinned by extremely volatile energy supply market and factors relating to Covid 19, Brexit and political situation in Ukraine.*

The planned control measures relating to the measurement and management of fuel use are in place across the contract, and the first phase of Carbon reduction relating to vehicle excessive idling is delivering demonstratable savings, albeit relatively minor in value being achieved.

Ongoing in-service optimisation of core operational services is being undertaken, with an expectation of reduced fuel usage in elements of the trade and garden waste collection activities.

UPDATE: *From start of contract July 2020 to now price of Diesel has nearly doubled (£0.88ppl to £1.53ppl). Fuel rates show some stability in the last few weeks but unexpected rise of 8% to 10% in any given week is to be accepted as the new norm. Alternative drop in fuel sources such as HVO still 30% higher than Diesel.*

Bin compacting cycles increased from 1 to 3 on DMR and Residual collection RCV's and this will help to reduce fuel usage and provide small but incremental value to CO2 reduction.

Loss or damage of assets

Wear and tear costs to fleet – MEDIUM

Review monthly monitoring report to identify areas/vehicles, number of vehicles and defects.

Operational failure of food waste vehicles - GEL has experienced a number of rear suspension air bag failures on one of our 7 16t RCV vehicles employed primarily on food waste collection activities. Both vehicle chassis and body manufactures have been engaged in investigating and getting a resolution to the issue.

UPDATE: *With 3-year bumper to bumper warranty on all RCV's coming to an end in June 2023, this inevitably will have impact on the increased annual maintenance spend.*

The issue of operational failure of food waste vehicles may result in GEL being limited in the use of the vehicles such that they only can be deployed either on a short or long-term period collecting non-food material streams, which will have an impact of the overall capacity and delivery of the waste collection operation. At the moment there are 3 vehicles off the road and had to be replaced with the hired vehicles.

Report Title	Finance Update – November 2022		
Meeting	Greener Ealing Board Meeting		
Date	24 November 2022	Agenda Number	9.
Type of Report	To Note		
Author	Katarina Pohancenikova		
Background	<p>Executive Summary This report notes:</p> <ol style="list-style-type: none"> 1. October 2022 Month End Greener Ealing financial results to October 2022 shows a positive variance of (£8k). 2. Outstanding Finance Issues The unresolved finance issues with the Council are Start-up costs treatment and premises lease agreement. 3. Company Auditors Appointment of the Company external auditors 4. Loan Finance No loan drawdown up to date in financial year 22/23. 5. Bank Update Company credit card spend. <p>Recommendations:</p> <p>To note the overall draft financial position to 31st October 2022.</p>		

1. Month End
Greener Ealing Ltd
Statement of Comprehensive Income (£'k)

	OCTOBER 2022 YTD			FULL YEAR		
	Actual	Budget	Variance	Forecast	Budget	Variance
Net Service Income	(13,368)	(12,965)	(403)	(22,791)	(22,115)	(676)
Other income	(429)	(256)	(173)	(786)	(716)	(70)
Turnover	(13,797)	(13,221)	(575)	(23,577)	(22,831)	(746)
Staffing costs	8,002	7,854	147	13,472	13,383	89
Agency Costs	1,320	1,044	276	2,128	1,507	621
Other staffing costs	147	148	(1)	257	254	3
Total staffing costs	9,469	9,047	422	15,857	15,144	713
Other Direct Costs	695	491	204	1,148	870	278
Depreciation & Amortisation	144	135	10	254	231	23
Vehicle Costs	2,698	2,774	(76)	4,658	4,763	(105)
Plant Costs	242	272	(31)	429	482	(54)
Property Costs	515	522	(7)	895	903	(8)
Communications	12	2	10	19	4	15
ICT Costs	176	165	11	285	281	3
Service Recharges	29	40	(11)	50	72	(23)
Professional Fees	278	207	71	458	383	75
Operating costs	4,789	4,609	180	8,195	7,989	206
OPERATING LOSS/(PROFIT)	461	434	27	475	301	173
Net funding costs	19	55	(36)	56	87	(31)
NET LOSS/(PROFIT) BEFORE TAX	480	488	(8)	531	389	142
LBE contribution to pay award				(340)	-	(340)
Efficiency delays				(100)	-	(100)
UNDERLYING NET LOSS/(PROFIT) BEFORE TAX AFTER ADJUSTMENTS				91	389	(298)

The overall draft financial position to 31st October 2022 is a loss of £480k against a budgeted loss of £488k. Key variances relate to:

- Turnover - favourable variances of (£575k) as a result of non-contractual work provided: (£326k) Grounds maintenance including Gunnersbury Park contract; (£182k) rechargeable costs; (£128k) 2x Queens BH recharge not budgeted; (£56k) Streets cleansing; (£38k) Waste; (£2k) Kickstart funding; £9k Other; £148k efficiency savings not implemented.
- Staffing costs adverse variance of £422k is made up of minor savings on HWRC (£50k); (£40k) Support staff offset by pay agreed 22/23 pay award increases in Streets £215; £120k Grounds; £113k Waste; Holiday pay accrual £64k
- Operating costs adverse variance of £180k
 - (£107k) Vehicle and plant: favourable variance as a result of lease refinancing and release of vehicle end of contract damage accruals for the rescheduled RCV vehicles is partially offset by increase in fleet and plant repairs and maintenance costs and fuel costs;
 - (£11k) Service Recharges not required;
 - (£7k) Property Costs: premises repairs and maintenance allowance not being utilised in the first two months;

- £10k Depreciation & Amortisation relating to small plant purchases to be used for Gunnersbury Park contract
 - £21k ICT and Communications due to additional GM software implementation
 - £71k Professional fees include additional consultancy fees; legal fees; training
 - £204k Other Direct Costs for BSI Audit; direct costs; rechargeable bags offset in revenue
- Funding costs positive variance of (£36k) as a result of no loan being drawn down in the first four months of financial year 22/23. £20k lease interest has been moved from Vehicle and Plant costs to Interest payable to comply with IFRS16 lease accounting standard.

The full year forecast has been updated and currently showing a loss of £531k against the originally budgeted loss of £389k. The forecast includes the 22/23 pay award costing impact with additional LBE funding of £340k not projected in for. The previously reported full year forecast of £49k had a provision of 2.5% for pay award.

GEL 22/23 pay award was agreed as follows: a flat uplift in pay of £2,000 for all employees backdated to 1st April 2022 and a one off payment of £250 per employee with the total cost impact of £1.3m. The pay award costs are offset by budgeted 2.5% increase of £359k and additional funding from LBE of £340k.

GEL management also looked at in year efficiencies, saving opportunities and cost control measures that can deliver further £380k of savings. Unfortunately some of the efficiencies couldn't not be implemented from the start of the financial year due to the circumstances outside of the management hands and the delays cost approx. £100k.

The Company continues to face financial pressures that might have negative impact on the future financial performance. The major pressures that might affect future budget setting process are as follows:

- Future pay awards – annual pay award increase to be added in the future contract price
- Inflation increase – the annual level of inflation in October was at 7.7%
- Fuel prices
- HGV Driver shortage

2. Outstanding Issues

GEL management is waiting for the Council to resolve a number of outstanding issues and agree on costs recoverability. These are set out below, there is the possibility of potential impacts on GEL financial results:

- Start-up costs treatment
- Capital start-up costs (£930k) – the Council has decided to charge capital start-up costs and transfer title to GEL with GEL using fixed capital loan facility to finance these costs. A breakdown of the capital spend has been submitted and currently being reviewed by the Council. GEL should be invoiced in the next few weeks.
 - Stock start-up costs (£161k) – we have submitted PPE spend to the Council and working capital loan facility will be used to finance the costs. GEL should be invoiced in the next few weeks.
- Heads of Terms (Premises lease agreement) – no further progress was made and this has now been escalated. We will update the Board in the next meeting.

GEL Corporation tax return for financial year 21/22 is due on 31st December 2022 with schedules being currently finalised.

3. Company Auditors

Management is in a discussion with GEL's last year auditors - Beever and Struthers to review the next year audit proposal and we will provide a recommendation to the Board in the next meeting.

We were advised by the Council that 3 year audit appointment can be agreed.

4. Loan Finance

GEL current cash position is stable, and we have not drawn down on any of the loan facilities.

5. Bank Update

GEL Company credit card spend from August to October 2022:

Expense Type	£	Comments
Subscription	100	Annual subscription
Other Expense	1,550	Stationery, postage, vouchers
Tools	579	Tools & materials
PCN Fines	1,035	Penalty charge notice
Transport for London	120	Street Operatives Oyster card top up
	3,384	

Greener Ealing Ltd - Board Forward Plan 2022-23

Date of Meeting	Standing Items	Governance	Strategic	Finance	Performance Management/ Operations/Specific Project Updates
16 Feb 2023	<ul style="list-style-type: none"> • Apologies • Declarations of Interest • Minutes of Meeting • Matters Arising <ul style="list-style-type: none"> - Circular Resolutions • HR Update • MD Report • Performance Report <ul style="list-style-type: none"> - H&S Update - incidents / accidents - Operations Update - Transport Update • Risk Management <ul style="list-style-type: none"> - Risk Register • Forward Plan 	<ul style="list-style-type: none"> • Annual Whistleblowing Policy review (last approved 03/02/22) • GEL Carbon Reduction Plan (approved 03/02/22)? • Children and Vulnerable Adults Provisions (approved 03/02/22)? • Cycle to work scheme (approved 03/02/22)? • Staff Survey • CSR Policy 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Finance Update 	<ul style="list-style-type: none"> •