

**GREENER EALING LIMITED (“GEL”)  
MINUTES OF THE BOARD OF DIRECTORS’ MEETING  
HELD AT 13:00 HOURS ON THURSDAY 27<sup>th</sup> APRIL 2023 BY MS TEAMS**

<b>Present:</b>	Mike Boulton	<b>MB</b>	Chair and Director
	Alison Reynolds	<b>AR</b>	Director
	Joanna Pavlides	<b>JP</b>	Director
<b>In attendance:</b>	Kevin O’Leary	<b>KOL</b>	Interim Managing Director, GEL
	Bill Gilmour	<b>BG</b>	Head of HR & Comms, GEL
	Katarina Pohancenikova	<b>KP</b>	Head of Finance, GEL
	Darren Henaghan	<b>DH</b>	Interim Director of Housing, LBE
	Helen Harris	<b>HH</b>	Director of Legal & Democratic Services, LBE (attended from item 7)
	Earl McKenzie	<b>EM</b>	Assistant Director Street Services, LBE
	Lizzie Purewal	<b>BCS</b>	Bridgehouse Company Secretaries (minutes)

**1. Apologies for Absence Action**

**1.1** MB welcomed those present. There were no apologies.

**2. Declarations of Interest**

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

**3. Minutes of the Board**

**3.1** The minutes of the Board meeting on 9<sup>th</sup> March 2023 were **approved** with no changes.

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

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

**Corporate Governance**

**5. Annual Policy review**

**5.1 Anti-Bribery (Gifts and Hospitality)**

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

**5.1.2** The Board **noted** the Annual Review of the Anti-Bribery (Gifts and Hospitality) Policy and **approved** the hospitality from the contractor

**5.2 Freedom of Information Update**

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

**Strategy, Project & Operations**

**6. Managing Director’s report & update on business objectives**

**6.1** KOL provided an overview of the Managing Director’s report, and the following was discussed:

- 6.2**
- The Council had issued a letter of intent to award the Graffiti and Fly Posting Removal Contract to GEL. Two staff from the present incumbent, MPM would transfer under TUPE. Delivery of the vehicle and equipment was expected in the next few weeks.

- 6.3
- Parking enforcement contract – Percival House would now be retained by the Council and there was an opportunity to relook at what that meant for Greenford. A detailed session had taken place on the technical specification to understand the activities that GEL would take on. A high-level commercial review of the contract would be undertaken. A TUPE transfer of existing staff to GEL was expected to take place later in the year and would be discussed in detail with the Board.
- 6.4
- DH commented that support would need to be provided from the Council to effectively manage the parking enforcement team, the scope of which would need to be discussed. Severance pay might be needed so that people had the opportunity to leave. SERVCO staff were already managed by people within the Council, and it was important to avoid duplicating reporting lines within the Council structure. Consideration would be given to how this could be managed. A parking operations person would need to be appointed to GEL's senior management team.
- 6.5
- DH commented that the order in which services would transfer into GEL should be considered. Discussions were also underway within the Council regarding other services. The new Director of Children's Social Care had identified the number of children in schools that had been statemented, which were almost an automatic assumption of passenger support. There needed to be a discussion within the Council on what that would look like. The Council was keen that GEL as a successful service delivery model was approached to decide if taking on passenger transport would be viable. DH was concerned that the take on of additional services should happen within an ordered timeframe so that GEL could continue the effective delivery of services. These were all services that had been run in-house / via an outsourced set up and it was logical to transfer these to GEL, but it was important to consider the pace that changes could happen to enable GEL to continue to provide real expertise. KOL confirmed he was sighted on the other potential services DH had mentioned. KOL had been in discussion with a contact in SEN transport and would be providing a price for several vehicles as an initial starting point on figures.
- 6.6
- Deed of Variation – discussions were underway with the Council on the DOV, including indexation and the Dividend Policy. It was hoped that the DOV would be considered at the Council's Cabinet meeting on 17<sup>th</sup> May
- 6.7
- Business Plan 22/23 Objectives – 80% had been completed, with 10% still in progress, and 8% delayed.
- 6.8
- Work on efficiencies was in hand and the Trade Teams had been reduced to 2. DH commented that more visibility was required regarding what could be expected in relation to street cleansing savings and for reducing the HWRC. KOL provided assurance that good progress had been made on all efficiencies and discussions were underway with the GMB on the HWRC
- 6.9
- The grounds maintenance and HWRC teams had received approvals on their BSI Inspections.
- 6.10
- Key items going forward included the dividend policy, the parking mobilisation, and the pay negotiations. Contact had been received from the GMB and discussions were underway with the Council regarding this, and Board members had received a separate briefing. The initial meeting with the GMB would be on 16<sup>th</sup> May.
- 6.11
- DH acknowledged the volume of matters that KOL and the GEL team were currently undertaking and congratulated KOL for maintaining performance and for the open and constructive way that the future services coming into the model had been discussed.
- 6.12
- The Board **noted** the Managing Directors Report.

**7. Combined Performance Report including HSEQ & Transport**

**7.1** KOL presented the report, and the following points were noted:

- The HGV driver shortage was an issue that fluctuated. There had been a shortage of drivers in March, however there had been 7 excess drivers that morning and people were being encouraged to take leave to avoid too many staff being off over summer.

**7.2** • The amber ratings in the overall dashboard were mostly related to driver or agency shortages. All core services were showing as green. Vehicle incidents had decreased.

**7.3** • There had been 2 MOT failures in consecutive months. The issue had been raised at GPL Director level to request a plan of action to improve recent poor service levels.

**7.4** • ER cases were showing as red, which was thought to be because of work being undertaken on sickness levels which were now particularly low. Consideration would be given to how that HR indicator was rated.

**7.5** The Board **noted** the Consolidated Performance Report including the HSEQ & Transport report.

**8. GEL Risk Management Report**

**8.1** The Board noted the risk register.

**8.2** KOL commented that it was taking longer to get the food vehicles repaired and back into service than initially expected. It had been indicated that the pay load for the vehicles would be lower than previously anticipated, making it difficult to deliver on the food efficiency. There had been another major failure and the findings of all reports would be revisited. MB commented that issues with food waste vehicles were common.

**8.3** DH highlighted the following points that would be presented to Cabinet in the coming weeks:

- Inflationary uplift – the GEL contract was currently price based, and it had been proposed that an industry standard inflationary uplift should be employed instead. From the Council's point of view this would mean that GEL would need to manage any issues, unless something extraordinary occurred.

**8.4** • Dividend Policy – each year GEL was required to sign a statement of ongoing concern. The Board would need to consider entering into a Dividend Policy, because if surpluses were created there would be an expectation that this would be passed back to the Council, which was not currently the case. Given the Council would now be putting more services into GEL which should be run at a surplus, there would be an assumption that those surpluses come back to the Council as dividends. DH suggested the Board received a briefing (without the shareholder rep present) on the Dividend Policy because it was a different relationship from how GEL had originally been established, it would be a risk transfer from the Council to GEL. The Council would expect GEL to deliver a series of efficiencies each year and if a surplus was made it would be expected that that would be paid back. MB confirmed that related Board discussions had already taken place, and this could not be dealt with in isolation. MB understood that there still several caveats around the Dividend Policy which were still under discussion. DH commented that a report was due to be provided to the May Cabinet meeting, setting out the parameters and framework for the Dividend Policy. The aim was to ensure more vigilance on costs in high inflation years. There would be an expectation from the Council of a significant dividend flowing back to the Council. It was important that the Board understood the risk that presented to GEL.

**8.5** MB confirmed that the Board understood and shared the issues and concerns relating to the Dividend Policy and were keen to understand the forum for concluding on the matter. KOL

would arrange a briefing in the next week on the indexation and the Dividend Policy [ACTION]. [KOL] KOL commented that the Dividend Policy sought to protect GEL's level of reserves and there was the possibility for a dividend share over and above a profit figure related to the businesses turnover. It would be critical to get agreement on the indexation and meetings with the Council were being arranged to conclude this.

**8.6** Food waste – EM commented that a discussion was required to consider the implications of issues in the capacity of the vehicles. Service expansion was being considered with plans to increase the number of properties to be serviced. It was important to understand the capacity issues to support this planning. KOL commented that the Council was trying to grow the food waste service. The evidence to date was that the impact on the tonnage had not been significant. KOL suggested that the food vehicles could be reduced from 7 to 6. This had been delayed to the difficulties experienced with the current vehicles. Several options had been considered, including returning the vehicles. In the medium term 6 vehicles were needed with a bigger pay load. KOL was happy that GEL could cope with the growth that the Council was asking for, whilst still maintaining the current level of service. Asked by MB whether the food waste reductions in tonnage was due to the modifications that had been made to the vehicles, KOL commented that it was the intrinsic nature of the vehicle, there was a maximum tonnage that type of vehicle could carry.

## **9. Finance Update – September 2022**

**9.1** KP presented the financial results, highlighting the following:

- 9.2** • GEL financial results to March 2023 showed a positive variance before tax of (£541k).
- 9.3** • The overall draft financial position to 31st March 2023 was a profit before tax of £152k against a budgeted loss of £389k.
- 9.4** • Positive variances related to (£1,233k) as a result of non-contractual work provided: (£698k) Grounds maintenance including Gunnersbury Park contract; (£340k) 22/23 Pay Award contribution from the Council; (£271k) Streets leafing; (£128k) 2x Queens BH recharge not budgeted; (£70k) Streets cleansing; (£58k) Waste; £5k Other; £74k rechargeable costs including statutory cost recharges; £253k efficiency savings.
- 9.5** • The staffing costs adverse variance of £575k was made up of savings on HWRC (£120k); (£65k) Support staff; Holiday pay accrual (£15k); Other staffing cost £12k; £123k Waste; £234k Grounds; £406k Streets inclusive of leafing;
- 9.6** • Operating costs had an adverse variance of £193k, the additional costs related mainly to (1) (£202k) 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, partially offset by increases in fleet and plant repairs, maintenance costs and fuel cost. (2) £129k Professional fees including additional consultancy fees; legal fees; training; audit fees and stationery. (3) £247k Other Direct Costs for BSI Audit, direct costs, and rechargeable bags offset in revenue.
- 9.7** • The funding costs had a positive variance of (£76k) as a result of the loan drawdown in March 2023 to fund GEL capital and stock start-up costs. The budget had assumed the loan drawdown at the beginning of financial year, whereas it was not drawn down until March 2023, resulting in a saving on the interest payable.
- 9.8** • Financial year 22/23 had been challenging with the cost-of-living crisis, food and energy prices rising markedly over the year, and the inflation rate in double digits for more than half of the year. GEL had agreed a pay award representing an average increase of 7.5% with additional funding provided by the Council. As part of the 22/23 budget setting process, GEL had been asked to deliver operational efficiency savings of £253k for the year and despite the challenges had delivered a positive financial result, profit before tax of £152k. The main factors contributing to the full year profit

included (1) lease refinancing of 37 RCV vehicles from 5 years to 7 years. As part of the lease term extension, the residual values for the 37 vehicles were reduced to 0% and the end of contract damaged accrual had been released. (2) Service optimisation in HWRC, saving the labour costs of 2 drivers. (3) The provision of services to a third party and the additional parent company contracts were being delivered at the lower costs than originally anticipated. (4) Staffing and overtime costs had been reviewed with control measures implemented. (5) The weather had been favourable and sickness absences had not been significant.

9.9 • Outstanding issues included the Heads of Terms. There had been no further update and the estimated completion date was Spring 2025.

9.10 • GEL had drawdown £1.1m on the Company loan facility to fund the repayment of start-up costs to the Council. The interest rate was calculated using the EU Base rate of 3.52% and Margin of 8.5% set by the Council to comply with any subsidy control regime rules. The Council would update the EU base rates on a quarterly basis once they were available.

9.11 • The company credit card spend from February 2023 to March 2023 was £1,693.40.

9.12 AR sought clarification on whether there was a link between sickness absence and the weather. KP explained that these were 2 separate items. No additional agency costs had been incurred to cover sickness absences. Bad weather could prevent work being done on a particular day, which could then result in additional costs to catch up.

9.13 AR highlighted that April had been a very wet month and questioned whether that was likely to have an impact moving forward. KOL confirmed that feedback to date from the grounds team had been better than in previous years, particularly on housing estates where there had been difficulties in the past.

9.14 MB thanked KP and team for monitoring the financial results and thanked KOL for ensuring that a strong review of costs had been undertaken at each stage.

9.15 The Board **noted** the overall draft financial position to 31st March 2023.

## 10. **Board Forward Plan**

10.1 The Board **noted** the plan.

## 11. **Any Other Business**

### 11.1 **Shareholder Representative**

DH explained that his contract with the Council would finish at end of June and Nicki Fiedler would be coming across to LBE from London Borough of Redbridge to take over as the Shareholder Representative. NF had a waste and street scene background with a good knowledge of housing and environmental issues. KP sought clarification on the timeline for appointing the NF. DH confirmed that NF was due to start on 3<sup>rd</sup> July and would be the shareholder representative with support from EM as the technical lead for GEL. HH confirmed that the appointment was straightforward, and EM could include this in the report to Cabinet. HH commented that, if necessary, NF could be appointed ahead of 3<sup>rd</sup> July. MB thanked DH for his time, commenting that it had been a positive experience working with him. DH commented that GEL was one of the countries more successful LAPCO and NF would continue the open dialogue with GEL.

**11.2**     **HSE**

MB requested an update on the HSE visit and the issues that had been identified. KOL commented that discussions were underway with the Council on who was responsible for the repairs, confirming that they were due to be completed in the next week.

**11.3**     **Eunomia**

MB questioned whether the Eunomia report had been finalised and when it would be circulated to the Board. DH confirmed that there had been some last-minute changes and it would soon be circulated [**ACTION**]. The report confirmed that GEL was performing well, and that GEL would require additional capacity to support this service and that a parking expert would be required to support KOL as this was a different skill set to waste management.

[DH]

**12.**       **Date of next meeting: 6<sup>th</sup> July 2023**

**12.1**     There being no other business, MB thanked those present and closed the meeting at 1:50 p.m.

**Signed**

**Date**

**Chair of the Board**