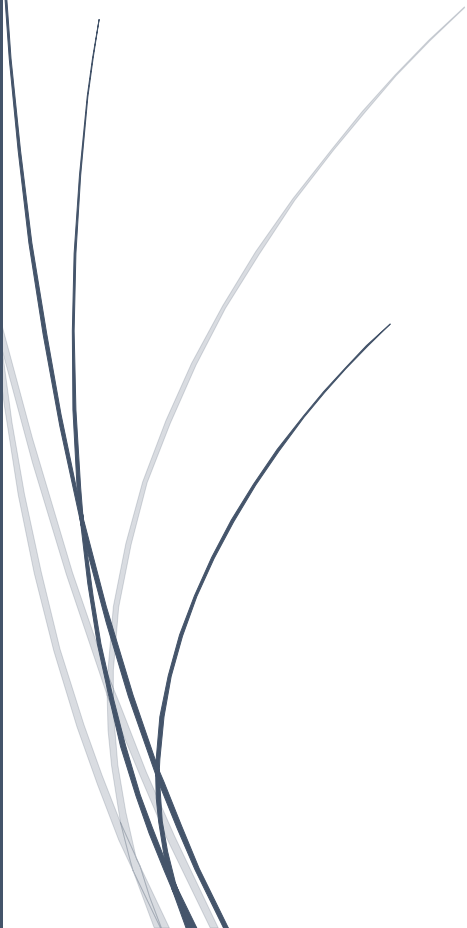


A dark blue vertical bar runs down the left side of the page. A blue arrow points to the right from this bar, containing the date 3/10/2019.

3/10/2019

Greener Ealing Ltd

Draft Business Plan 2019/20 – 2020/21

Several thin, curved lines in shades of blue and grey originate from the bottom left corner and sweep upwards and to the right, creating a sense of movement and growth.

Introduction

This is the draft Business Plan for Greener Ealing Ltd. Ealing Council's Local Authority Trading Company or LATCO.

The Company is not trading and is in a preliminary phase of discovery and establishing what needs to be done in advance of the transition of services from Amey to Greener Ealing in July 2020. It must be stressed that much work has been done and key activities are well advanced e.g. the purchase of a brand-new fleet and the identification of a range of business support systems. However, there is still much to do this initial plan highlights the issues currently being dealt with by the Project Team.

The creation of Greener Ealing represents an exciting opportunity to develop an organisation that works closely with the Council and fully reflects the Council's values and beliefs. The company will have a public service ethos at its core with service delivery its main priority and Greener Ealing will treat its employees in a commensurate manner. This means that the company will need to put in place plans to:

- Pay the London Living Wage from day one. (This is not paid by the current service provider and has been assumed in the Greener Ealing Business Plan).
- Reduce the reliance on Agency Staff
- Develop a training and development programme open to all staff – identifying opportunities for advancement for front line staff to Drivers and beyond to Supervisory and Managerial levels.
- Improve in areas where skills development has been neglected or left behind e.g. horticultural skills, vehicle fitters or HGV training – the company will grow its own.
- Develop a new apprenticeship programme
- Provide an enhanced pension scheme with an increased employer contribution
- Provide the best vehicles and plant, including a new fleet of 145 vehicles, to enable staff to do their jobs
- Provide the safest possible working environment – with health and safety a priority
- Work closely in collaboration with the trade unions
- It is envisaged that the focus will be on permanent, local jobs for local people.

Key Business Plan Actions are included in the body of the report within the relevant section and a consolidated list is provided towards the end of the plan.

Executive Summary

- Greener Ealing Ltd is a Teckal compliant Local Authority Trading Company (LATCO).
- It will initially consist of c350 staff with initial revenues of approximately £21m.
- Greener Ealing will fully reflect the Council's values and work in close partnership with the Council.
- Greener Ealing Ltd will take over delivery of the environmental services currently being delivered by Amey in July 2020.

Appendix 1

- The services included are Residual Waste and Recycling services, Street Cleansing, Grounds Maintenance and Fleet Management.
- A robust project plan is in place – this covers Governance structures, Finance, Transport, HR, Recruitment, Staff Training and Development, Information and Communications Technology (ICT), Health and Safety, Operations and Service Quality and Delivery, Legal service and property & FM.
- Working Together - the management team of Greener Ealing recognise the importance of staff development and training, including the creation of new apprenticeships and decent terms and conditions for staff. Collaborative working with the local trade unions is seen as vital to this.
- Greener Ealing will be integral to reducing Ealing's Carbon Footprint and environmental impact and will work closely with the Council and other partners to achieve this.
- Greener Ealing will explore future commercial opportunities following mobilisation in 2020 – the initial priority is to mobilise services and to provide assurance that delivery will be guaranteed and improved.

Mission Statement

It is the mission of Greener Ealing Ltd to provide high quality services to the residents and businesses of Ealing in an efficient, effective, flexible and innovative way for the benefit of everyone who lives in, works in or visits the Borough.

We aim to:

- Improve the delivery of services for all;
- Encourage a culture in which staff can flourish by providing support and development opportunities and improvements in terms and conditions;
- Deliver best value for money to the Council and its residents.

Vision and Values

Our vision is to support the aims of Ealing Council in delivering high quality sustainable services in a socially responsible and environmentally friendly way.

We will fully reflect the values of Ealing Council we will work to:

- Improve the lives of residents
- Support the borough to have the smallest environmental footprint as possible
- Help Ealing create a clean borough and a high-quality place where people want to live.

We will be:

Appendix 1

- Trustworthy
- Collaborative
- Innovative
- Accountable

We will make every effort to work together with the Council and its partners. We will ensure that this principle of working together and collaborating extends through the organisation internally and externally.

KEY ACTION 1 – Develop a workforce Strategy that addresses the vision and values of the business and partners as set out above.

Initial Greener Ealing Services in scope

The services that Greener Ealing Ltd will take over from Amey, and initially deliver on a like-for-like basis are set out below. This business plan and its costings have been based on providing like for-like services to those provided at the time of writing.

Residual Waste & Recycling

In summary the service will include:

- Collection of Recyclables every 2 weeks on the same Working Day in that week;
- Collection of Green Waste every 2 weeks on the same Working Day in that week at those properties which are service subscribers;
- Collection of Residual Waste every 2 weeks on the same Working Day in that week;
- Collection of Food Waste every week on the same Working Day in each week

Street Cleansing

In summary the service will include:

- Ensuring that the Town centres do not fall below Grade A standard between [06:00] and [18:00] hours Monday to Sunday and that Litter Bins are not full or overflowing;
- Removal of reported fly tips within 24 hours Monday -Friday
- Emptying of litter bins throughout the borough once per day Monday – Friday once during the weekend and Bank holidays
- Maintaining cleaning standards in accordance with three identified frequencies for the borough
 - Weekly cleansing carried out on 197 streets
 - Fortnightly cleansing carried out on 1343 streets
 - Three-week cleansing carried out on 690

In the event that an area falls below the Grade C standard, Greener Ealing shall return that area to Grade A standard in line with the Code of practice within the response time for the Zones for all High Land use areas, which are:

Parks Trees and Open Spaces

In summary the service will include

- Four times per calendar year deep operational site cleansing at 33 priority sites.
- One time per year deep operational site cleansing for the remaining sites
- Monthly deep operational site cleansing during April, May & June for sites entered in to Green Flag awards.
- Litter removal is based on site frequency which varies from twice a day to fortnightly.
- Grass cutting is carried out as required usually 18 times per year.

Fleet Management

Greener Ealing Ltd will have an extensive range of vehicles. It includes:

- 44 Refuse/ Recycling Vehicles
- 67 cage tippers
- 7 Road Sweeping Vehicles
- Up to 20 full electric vans
- 7 vans

Total of 145 fleet.

In summary the service will include:

- To provide the Fleet Management Service for those vehicles and plant
- To provide and maintain, at all times, in a fit, serviceable and roadworthy condition all Greener Ealing LTD vehicles including a programme of servicing requirements of each of vehicle to ensure the vehicle is legislatively compliant.
- To complete services within [1 Business Day] of delivery except for the 12-monthly service and MOT which shall be completed in [2 Business Days] subject to VOSA test availabilities.

KEY ACTION 2 – Develop a mobilisation and implementation plan that will meet the initial service specification requirements as set out above.

Greener Ealing Project Plan

Appendix 1

There is a Project Plan in place and the main headings of this are referred to below and a brief update is provided. This will be converted into a full mobilisation plan as soon as possible.

Governance Arrangements

GE Ltd was incorporated on 2nd August 2019 as a Company Limited by Shares. The Council is the sole shareholder. It is proposed to agree the model Articles that were adopted for the purpose of incorporation, to reflect the Council's requirements and in particular the matters to be reserved to the Council as Shareholder for Decision. The proposed Amended Articles of Association are attached at Appendix 2. For ease of reference the list of matters which it is proposed are reserved to the Council for decision are attached at Appendix 3.

It is proposed that the Council's Shareholder decision making powers are exercised by the Director of Environment in respect of the following matters:

- (a) changing the nature of the Company's business;
- (b) bidding for contracts in excess of £500,000 on any one contract (whether singly or as part of a series of contracts which might properly be viewed as part and parcel of the same matter);
- (c) acquiring or disposing of assets not included in the business plan or that exceed £100K in value
- (d) agreeing or amending the Company's periodic business plan
- (e) the right to appoint or remove Directors by notice in writing
- (f) the right to appoint or request the removal of the Managing Director

It is proposed that the Council's Shareholder decision making powers are exercised by Cabinet in relation to the following matters:-

- (g) forming or participating in a joint venture (howsoever described);
- (h) forming a subsidiary or acquiring shares in another corporate entity;
- (i) declare a dividend or distribution (whether monetary or in specie);
- (j) raising finance or incurring indebtedness, including (without limitation) by way of finance or operating lease, hire purchase, loan or deferred payment terms (other than standard trade credit on no more than thirty days terms);
- (k) the ability to change the shareholding or bring in private capital is also reserved for the Council.

GE Ltd will have a minimum of 3 Directors, two of whom must be appointed by the Council.

Council officers in this role will be legally required to fulfil their fiduciary duties to the Company, acting in the best interest of the Company. To avoid conflicts of interests and accusations of bias or predetermination, Board Directors should not be officers who have responsibility for matters on which the Council needs to retain unfettered decision-making ability.

Appendix 1

It is proposed that the quorum for the transaction of business at a meeting of Directors is any three eligible Directors, which must include two Directors who are Council employees, save that where a Relevant Interest of the Director is being authorised by other Directors

KEY ACTION 3 – Finalise all necessary Governance arrangements to allow Greener Ealing to operate in accordance with all legal requirements.

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Finance

Appendix 1

GE (LATCO) Cost estimate currently	£m					
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
		YR 1 (incl.9m service)	YR 2	YR 3	YR 4	YR 5
Staffing	0.183	10.107	13.282	13.625	13.976	14.335
Asset Cost		3.567	4.823	4.892	4.962	5.034
Other Overheads	0.193	2.167	2.548	2.604	2.737	2.722
Total GE costs	0.376	15.841	20.653	21.121	21.675	22.091

Commentary on Figures

The below commentary gives more details on assumptions and is based on the full year operational figures.

1. Staff costs

The above costings are based on anonymised TUPE data received from Amey as the council has not yet obtained full access to Amey's financial information. The staff costs have been modelled on the Council's assessment of staffing resources required to run services. These costs are subject to further review and finalisation.

- Salary for operatives £8.6m and management £0.8m are based on approximately 350 staff (pending any necessary refining once the final TUPE list has been received from Amey)
- Overtime costs c£1.8m pa are based on what Amey currently issue for contractual overtime updated for assumptions re the future. . A final open book check on Amey is still required to make sure the estimates have captured all contractual OT.
- £1.3m pa cost has been included for agency (or a staff pool) to cover sickness assumed at 5% and staff holiday at 5 weeks (25 days), and £0.18m has been included for the cost of 30% of the staff being agency.
- Further on costs of £0.4m include Apprentice levy.
- Employer Pension contribution is included for non LGPS staff increased to 5% from the current 3%, with the LGPS contribution included for the 15 staff that are ex council employees.

2. Fleet and plant costs

- Fleet lease payment £1.898m and plant lease payments £0.184m (full year) based on awarded quotes received for 5 year durations are included starting in July 2020, with demo vehicles assumed beforehand where necessary to carry out training.
- The premium of short-term hire costs for vehicles where the leased new ones are delivered late are not currently in the above projections, and currently included in the contingency calculations of the council.
- Planned maintenance £0.914m has been included in the model at 8% of the vehicle or plant unit price, without further itemisation of the related equipment and running costs for now, as the maintenance plan is being reviewed, and staff cost for the workshop has been included.
- Reactive maintenance £0.107m pa for vehicles has been estimated as £0.008m/month a third of Amey's current monthly reactive work of

Appendix 1

£0.026m/month, as there should be less reactive maintenance as the fleet is new.

- Fuel £1.4m pa is based on the litres a week that Amey buys and the current cost of fuel.
 - Insurance £0.267m for vehicles and £0.018m for plant is based on estimates by brokers, and road licence fees of £0.050m have been included
3. Investment requirements (start-up costs and working capital)

The main 2019/20 start-up costs currently estimated at £0.376m are for management from now estimated at £0.183m for operations and finance and fleet management, and £0.193m for other costs of preparing for operations, and legal costs.

The main 2020/21 Q1 start-up costs before commencement of services in July 2020 are currently estimated at £0.549mm for pre-implementation training, tools and equipment, preparations for operations, insurance and management.

4. Fixed, one-time start-up costs

The main £1.092m fixed one-time start-up cost is for IT, and smaller plant and equipment.

£0.587m is the estimated cost for IT systems and associated hardware, with:

- c£0.272m for the accounting system, ensuring linking to the council's systems as needing to be included in the council's accounts, and
- £0.315m for in-cab devices, Health & Safety, Fleet Management and Fuel management.

£0.505m is the estimated cost of other plant and equipment, of this £0.300m is for tools, such as strimmers, £0.050m for hand tools, and £0.140m for personal protective equipment.

This is expected largely to be purchased in 2019/20, and not to be financed by leases.

5. Other operational costs

- Sub-contractors £0.235m pa include Grounds Maintenance subcontractors for Specialised areas such as Northfala fields, weed spraying, and NI195 cleanliness inspections.
- Pre-implementation training over 3 weekends costing £0.112m has been included.
- Training £0.175m pa has also been assumed, and in year 4 a £0.075m additional one-off cost for driver CPC training (which is mandatory every 5 years and that Amey have just completed) estimated based on 150 drivers having £500 training each.
- Liability insurance £0.149m pa is based on current estimates from the brokers and is in the process of being tendered, a further £0.030m is included as the best current estimate for buildings insurance, and an estimate for the cost of directors' liability insurance also has been included

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- Tools and equipment £0.130m pa are based on mix of information received on price and volume of cleansing bags and related assumptions.
- Personal Protective Equipment £0.126m pa has been estimated.
- ICT maintenance costs £0.186m pa are based on estimates received from a Project Information Document analysis by the council ICT service, combining a mix of external suppliers estimates with those of ICT, supplemented by some further information from other suppliers, and that ICT note could still change further whilst relevant work continues.
- HR Services' £0.160m pa estimate of payroll (£0.021m) and Occupational Health (£0.139m) have been included, and also Accounts Payable's £0.018m pa estimate for their services.

6. Costs of office space and related services

The annual full year property cost is estimated as £0.924m pa.

Open market value rental £0.448m pa and service charges £0.172m pa for the depot have been estimated by Lambert Smith Hampton and included, and £0.045m pa for Acton, and an estimate of £0.162m pa rates also. Other costs include £0.070m pa hired plant including for the HWRC.

(The rental and service charge and rates are largely costs not previously recovered from Amey, so whilst they are a cost of GE, they do not affect the net impact on the council budget).

7. Costs of professional services

Overheads pa allow for £20k audit fee, and £35k legal advice.

8. Loans

Loans will be from the council and need to be at commercial rates in order not to cause State Aid complications.

Interest of 3.5% on these loans has for now been included in the revenue projections. This rate will be reviewed to ensure compliance with State Aid regulations.

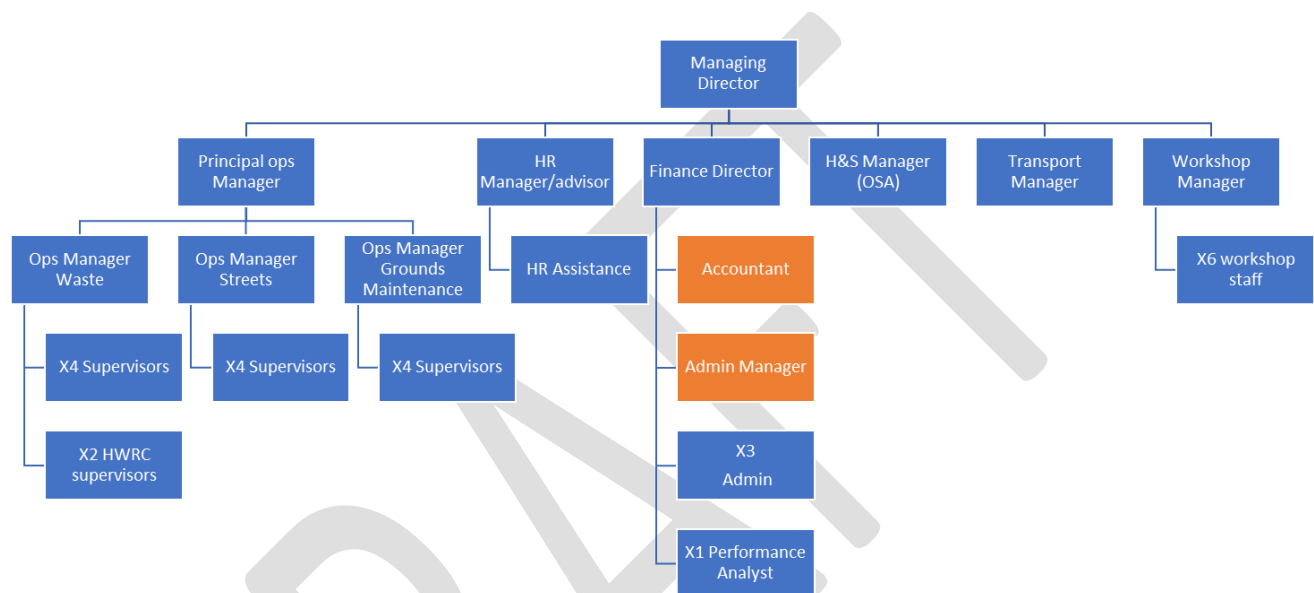
9. Other Financial assumptions

The projections allow for:

- 2.5% inflation on non-fixed costs, and
- Capital costs on equipment and IT being depreciated over 5 years.

Management Structure

An indicative management structure is shown below and has been based on the arrangements largely in play with Amey. It is proposed at this juncture that a new structure will be considered based on that shown below but with a view to maintaining a structure within the existing cost envelope but with a view to modernising the company on a range of fronts. Initial recruitment (see below) will be an important first step in achieving this. Personal development for all staff will be important with leadership, digital transformation, customer service, partnership working and most importantly service delivery key drivers in the business' development.



KEY ACTION 4 – Create a new management structure fit for a modern customer focused service organisation

Human Resources

Greener Ealing is fundamentally a people business. Recognising that staff well-being at work is vital to our success. Appropriate structures, modern smart methods of working utilising technology where appropriate and training and development opportunities at all levels of the organisation including new apprenticeships will be key. Working in partnership with the trade unions will also be a vital ingredient in creating the right culture to creating a successful service business.

In the short term the mobilisation plan will primarily be concerned with ensuring we have the right staff in the right place to deliver the current service offer from day one.

We have received early anonymised TUPE data on which the financial model is based, we are currently looking at recruiting an HR Business Partner to work on the following elements:

- TUPE
- Pensions
- Policies and Procedures

Appendix 1

- Occupational health – Procurement currently looking at Medi Gold contract which also covers Drugs and Alcohol testing.
- Trade union discussions
- Staff consultation

KEY ACTION 5 – AS part of the Workforce strategy (see key action 1) establish consultation and communications processes with the trade unions and workforce.

Recruitment

We need to consider early recruitment to key jobs following the arrival of the Interim Managing Director – these include Finance, HR, Fleet, Health and Safety and Transport Manager roles.

On the frontline and in the first instance to ensure service delivery Greener Ealing Ltd will use local agency suppliers that understand the environmental services industry and who already supply staff to other Local government contracts. Longer term the preference in line with the Council's aspirations will be for permanent secure employment – this will be fully explored in the context of the most appropriate operational and financial position for the Company.

KEY ACTION 6 – commence recruitment campaigns for Greener Ealing Senior Management Team

Health and Safety

The operational environment in these businesses is risky with many safety critical roles undertaken by staff. Greener Ealing Ltd will take a zero-tolerance stance with Health and Safety, with the aim to reduce harm in the work place to zero.

As there will be no immediate change to the services provided by Greener Ealing Ltd, the current Route Round Risk Assessments & Safe Systems of Work will be used until services are settled.

Once the services are settled a full joint review will be undertaken with the H&S manager from Greener Ealing Ltd together with the Council.

KEY ACTION 7 – Develop a set of Greener Ealing Health and Safety Policies and corresponding management arrangements

Information and Communications Technology (ICT)

A great deal of progress has been made on this area and the following ICT systems will be used by Greener Ealing Ltd:

- Whitespace – A business system linked to Ealing back office system that provides in cab data for collection rounds as well as performance data – this will improve customer support.
- SMPL – Monitoring software for Street cleansing used by Ealing to monitor the cleansing performance in line with COPLAR (Code of Practice on Litter and Refuse)
- Tom Tom Fleet Management – used for vehicle telematics and analytics
- iTrent is the payroll system linked to people management i.e. sickness / absence monitoring
- Alcumas is the Health & Safety system used for logging close calls, near misses, accidents, incident, RIDDORS, mini audits.

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- Business World the finance system for Greener Ealing Ltd
- Triscan is a fuel management system used for drawing fuel from the bunker at Greenford depot
- Checked Safe vehicle safety check software used for vehicle defect reporting to be used for the first year while form is created on the Whitespace system

All contracts are to stay with Ealing council as Ealing support services will be maintaining and supporting ICT for Greener Ealing Ltd.

KEY ACTION 8 – Develop implementation plans for all ICT business support systems

Transport and Vehicle Maintenance

To assist in creating a Greener Ealing we have procured 125 Euro 6 vehicles, the latest diesel vehicles on the market that are only bettered by full electric vehicles, where possible we have procured full electric vehicles and awarded 20 vans to be used by the management team.

The larger fleet such as 26T RCVs and cage tippers are currently being tested within the industry, because there is insufficient data at this point in time it has been decided to purchase the fleet with a five-year repayment lease. This not only reduces repair and maintenance costs from year 6 onwards but gives Greener Ealing Ltd the opportunity to review greener options sooner.

One outstanding issue is resolving of how the Greener Ealing Fleet will be maintained – a number of options are currently be appraised.

KEY ACTION 9 – Decide on the future vehicle maintenance arrangements for Greener Ealing.

Operations and Service Quality and Delivery

As indicated above the initial services in scope will be transitioned as is and the current Key Performance Indicators (KPIs) in place to monitor performance will continued to be applied by the Council to monitor Greener Ealing Ltd.

In parallel the business itself will need to develop its own set of KPIs both qualitative and quantitative this will include key financial and service indicators some of these will of course be the same as the Council's indicators.

KEY ACTION 10 - Develop Key Performance and Business Indicators for Greener Ealing.

Communications and Marketing

The Company name has been chosen to reflect the borough and the Council's vision. A full marketing plan will be drafted prior to February 2020 for approval.

Work is required to agree branding and logos etc. A brief will be required that reflects the company's aspirations. This will be fully reflective of Ealing Council as the parent and that

the borough is at the heart of everything the Company stands for, it tells residents that it is local, and this is where its focus is. The company will take opportunities to promote Ealing Council messages where possible. Using the livery of vehicles to carry messages on important issues such as Climate Change, recycling, promotion of events etc.

KEY ACTION 11 – Develop a Communications and Marketing Plan for Greener Ealing including new branding.

Carbon Reduction and Sustainability

The Council has declared a Climate Emergency and aims:

“to make Ealing carbon neutral by 2030, taking into account both production and consumption emissions.”

Greener Ealing will be a key partner in working towards this goal and it will be central to the way that the business operates with an environmental conscience at the forefront of what we do, Greener Ealing aims to be an exemplar in environmental best practice.

KEY ACTION 12 – Develop a Greener Ealing Carbon Reduction Action Plan

Future Commercial Growth

There is an expectation that the new company will look to trade externally. At this point in time it is difficult to assess the future opportunities that Greener Ealing may be able to exploit. The absolute priority is to transition the services into the Company and consolidate and improve existing service delivery. Having said this, we will turn our attention to the possible options for consideration and develop a Business Development Plan for consideration following July 2020.

KEY ACTION 13 – Develop a Business Development Plan for Greener Ealing following mobilisation.

Working with the Ealing Community

It is important that Greener Ealing plays a role in the life of the borough and is seen as an active partner. Working closely with the Council, Greener Ealing will contribute and be active at Community events helping with key messaging activities as well as providing services. Clean up days, Spring Clean events and other environmentally focused events will all be supported. Staff will be encouraged to volunteer for specific good causes.

KEY ACTION 14 – Develop a Greener Ealing Annual Community Plan

Summary and Conclusion

Greener Ealing Ltd will build a strong Board of Directors and Management team to lead and manage the staff that transfer from the existing contractor. Progress to September 2019 has been very impressive with many major tasks complete or underway. Much more must be
Greener Ealing Business Plan 2019/20

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done over the coming months to July 2020 and beyond. The key actions outlined in this plan will form the basis for the future work programme to give the Council the confidence that Greener Ealing has the capacity, capability and experience to deliver the aims and objectives set out in this Business Plan and to support the Council's wider aims and objectives.

A number of key actions have been detailed throughout this report and for the readers convenience are repeated below in a consolidated list.

KEY BUSINESS PLAN ACTIONS CONSOLIDATED LIST

KEY ACTION 1 – Develop a workforce Strategy that addresses the vision and values of the business and partners.

KEY ACTION 2 – Develop a mobilisation and implementation plan that will meet the initial service specification requirements.

KEY ACTION 3 – Finalise all necessary Governance arrangements to allow Greener Ealing to operate in accordance with all legal requirements.

KEY ACTION 4 – Create a new management structure fit for a modern customer focused service organisation

KEY ACTION 5 – As part of the Workforce strategy (see key action 1) establish consultation and communications processes with the trade unions and workforce.

KEY ACTION 6 – Commence recruitment campaigns for the Greener Ealing Senior Management Team

KEY ACTION 7 – Develop a set of Greener Ealing Health and Safety Policies and corresponding management arrangements

KEY ACTION 8 – Develop implementation plans for all ICT business support systems

KEY ACTION 9 – Decide on the future vehicle maintenance arrangements for Greener Ealing.

KEY ACTION 10 - Develop Key Performance and Business Indicators for Greener Ealing.

KEY ACTION 11 – Develop a Communications and Marketing Plan for Greener Ealing including new branding.

KEY ACTION 12 – Develop a Greener Ealing Carbon Reduction Action Plan

KEY ACTION 13 – Develop a Business Development Plan for Greener Ealing following mobilisation.

KEY ACTION 14 – Develop a Greener Ealing Annual Community Plan

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