

Contains Confidential or Exempt Information	No
Title	Greener Ealing Business Plan 2023/24
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Author(s)	Earl McKenzie
Portfolio(s)	Deputy Leader and Climate Action
For Consideration By	Councillor Deirdre Costigan
Date to be Considered	29 th March 2023
Implementation Date if Not Called In	10 th April 2023
Affected Wards	All
Keywords/Index	Waste, refuse collection, recycling, street cleaning, grounds maintenance, parks and open spaces, burials, vehicles and contracts.

Purpose of Report:

Greener Ealing Ltd (GEL) commenced the provision of environmental services to the Council on 5th July 2020 following extensive preparations. This report seeks approval of the Greener Ealing Business Plan for April 2023 to March 2024.

Authority has been delegated by Cabinet to the Council's shareholder representative to agree or vary the Business Plan. The Strategic Director of Housing and Environment wishes for the decision to be made by Cabinet given its significance.

1. Recommendations

It is recommended that Cabinet:

- 1.1 Agree the appended Greener Ealing Business Plan for 2023/24.
- 1.2 Note that the related Council budget for the total GEL scheduled works contract sum of £23.102m for 2023/24 is subject to approval of the contract inflation of £0.567m which is delegated to the Strategic Directors of Resources and Housing and Environment in-year.
- 1.3 Note that the remaining GEL scheduled works budget gap is to be mitigated in-year either through other efficiencies and/ or use of reserves.

1.4 Note the acceleration of the approved GEL FE1 savings from 2024/25 to 2023/24.

1.5 Note the non scheduled GEL works and emerging cost pressures risk to the Council budget which will need to be managed in year.(see para 4.2 for further details)

2. Reason for Decision and Options Considered

The attached Business Plan for 2023/24 supports the short to medium term GEL objectives agreed with the Council in line with performance requirements and affordability.

Greener Ealing was established following a detailed options appraisal which recommended the creation of a Local Authority Trading Company (LATCO) as the optimal value for money means of delivering the Council's environmental services. As stated in previous related reports to the Cabinet, Greener Ealing has been created with the necessary supporting infrastructure, legal and governance arrangements – together with a significant financial commitment from the Council (including an entirely new fleet of waste collection, street cleansing and grounds maintenance vehicles) to ensure that the business is positioned to fully deliver on the Council's objectives.

Greener Ealing has a public service ethos, and this is reflected in the nature of support given to its staff. All staff have benefited from an uplift in salary and are now paid more than the London Living Wage. All staff have access to an improved pension scheme and a number of former Ealing employees have admitted body access to the Local Government Pension Scheme.

Although the use of temporary staff is commonplace in the services covered by Greener Ealing, the company has reduced the reliance on agency workers In line with the Council's good jobs objectives, prioritising the provision of permanent local employment opportunities. Greener Ealing provides training and development opportunities for staff, identifying opportunities for advancement for front line staff to Drivers and beyond to Supervisory and Managerial levels and 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. Greener Ealing is also developing a new apprenticeship programme.

The significant investment by the Council and by Greener Ealing in people and infrastructure, has resulted in a dramatic improvement in performance across all key contract services in comparison to the previous contractor. This is demonstrated in the tables later in this report.

Greener Ealing and its senior management team is held transparent and accountable to the Council with performance measured against robust key

performance indicators. These are governed by monthly Board meetings in addition to management meetings and fit for purpose contract monitoring arrangements.

3. Key Implications

3.1

Greener Ealing is a Local Authority Trading Company (LATCO), incorporated 2nd August 2019 following the approval of the full Business Case by the Cabinet in July 2018. It has approximately 350 employees, many of whom transferred from the previous service provider under TUPE.

The Business Plan (at Appendix 1) sets out the commercial and operational approach to business, within the LATCO structure that has the opportunity to deliver 100% of the benefits to Ealing Council on behalf of residents and local businesses.

3.2

Greener Ealing is responsible for the delivery of the services specified below.

- Waste & Recycling;
- Street Cleansing;
- Parks and Open Spaces

The objective of Greener Ealing is to take ownership of the services with the aim of improving the quality of services delivered. Within the current scope of services, Greener Ealing delivers investment in better waste collection infrastructure, safer and more efficient waste collection rounds, clean streets and green spaces at the same time as controlling costs and emissions to achieve improved operating efficiency and reduced environmental impact. These aims have been supported by provisions detailed in para 2.

Greener Ealing is a partner of Ealing Council, in place to deliver services in line with Council policy and achieve best value and quality in relation to the portfolio of services specified by the Council and within the agreed budget. Any future Business Plan proposals for investment into Greener Ealing will be presented to the Board for validation to ensure they are robust and represent the best return to the public, with full justification for the allocation of funding agreed.

The establishment of a LATCO provides the opportunity for the Council to transfer business appropriate services to GEL where there is a value for money and operational business case. Since its establishment, GEL has demonstrated its ability to deliver value for money services, improve working practices and staff morale whilst significantly improving contract performance. In view of this, the Council has taken the decision to add Graffiti removal and Parking Enforcement services to the GEL portfolio. These services will be delivered by GEL from June 2023 and April 2024 respectively.

To support desired business growth, the Council has commissioned Eunomia Consulting to carry out a review of the GEL operation in preparation for further expansion. Eunomia carried out the independent options appraisal in 2019 that informed the Council's decision to create the LATCO. This review looks at company structure, capacity and commercial opportunities/risks, to ensure that GEL is best placed to take advantage of its trading status whilst ensuring cost control and continuous improvement in all contracted services.

3.3

Contract Performance

Since its creation in 2020, Greener Ealing has consistently delivered services to a significantly higher standard than the level delivered under previous contractual arrangements. This performance is particularly impressive given the operational restrictions created by the pandemic and the nationally recognised shortage of HGV drivers. During this time the GEL business continuity plan agreed with the Council along with a committed workforce supported by improved management and working conditions, has ensured minimal disruption to priority scheduled services over this period. Whilst there remains room for improvement, the tables below show the considerable improvement in performance across all services included in the GEL contract.

Performance from 2019 to 2023

Table 1 looks at the GEL performance in key areas from 2019, under the previous contractor AMEY, to date. Across all services there has been significant improvement which has continued in to 22/23.

Table 1,

KPI	Target	19/20 Amey	20/21 GEL	21/22 GEL	22/23 GEL
Missed Rectification %	100% within 24 Hours	73%	91%	100%	100%
Right First Time %	-	99.84%	99.95%	99.96%	99.97%
Assisted Missed Collections	Zero	30	9	10	9
Missed per 100k by Service					
<i>Refuse</i>	< 100	263	56	42	45
<i>Recycling</i>	< 100	284	57	35	40
<i>Food</i>	< 100	114	44	47	43
<i>Garden</i>	< 100	578	158	233	37
Bulky Waste Service	100%	94%	99%	92.00%	98.88%
Number of Complaints	-	170	167	62	27
Flytips SLA	95%	96%	84%	95.00%	98.08%
Combined Streets A & B Inspection %	85%	67%	81.10%	91.92%	94.74%

National Indicator 195

Table 2 shows the outturn of the NI195 inspections carried out through the year. This is the independent, externally assessed measurement of street environment conditions carried out over 3 inspections (tranches) across the year (lower is better).

Under challenging circumstances (legacy COVID/HGV driver shortage) this performance is particularly good, an improvement on 21/22 with targets for litter and detritus being met or exceeded.

Table 2,

	2021/22 NI 195 RESULTS			22/23 NI 195 RESULTS	
	NI 195A	NI 195B		NI 195A	NI 195B
	LITTER	DETRITUS		LITTER	DETRITUS
TRANCHE 1	3%	5%	TRANCHE 1 22/23	3%	2%
TRANCHE 2	5%	3%	TRANCHE 2 22/23	6%	4%
TRANCHE 3	6%	6%	TRANCHE 3 22/23	5%	3%
TOTALS	5%	5%	TOTALS	5%	3%
TARGETS	6%	8%	TARGETS	6%	8%

3.4

Business Plan

GEL has been operating since 2020 and services are now fully bedded in. Legacy workforce issues have been resolved and there has been a successful change in culture, The services are now ultimately under the Council's control and there is transparency and a non-adversarial relationship that facilitates expeditious problem resolution, with confidence in service change and contract efficiency proposals based on sound knowledge of resource base. The attached Business Plan supports the short to medium term GEL objectives agreed with the Council, sets out the next steps for the company for 2023-24 and provides an overview of the financial situation for the business. There have been notable achievements in 22/23 that have supported business objectives.

Operational and Contract Performance – overall contract performance has been very good and customer complaints have reduced significantly. There have been no major issues or concerns raised by the Council throughout 2022/23.

Collections Service – delivered outstanding performance throughout the year, established the annual Collections Team of the Year Award.

Streets – impressive and continuously improving NI195 results (independent assessment of the quality of street environment). GEL has rolled out Whitespace digital mapping technology to the street's teams enabling scheduled work performance to be effectively monitored with complete digital records retained.

Grounds Maintenance – awarded Gunnersbury Park contract from 1st April 2022. In addition, awarded the Elderly and Disabled Gardening contract for Ealing Housing. GEL supported Ealing Council in achieving 24 Green Flags for 2022. London in Bloom – Large City Award Ealing Gold Award. Awarded Employer of the Year for work with Spring Hallows School, supporting their students with work experience and on-site environmental improvements through volunteer activity.

Transport and Compliance – As a valuable contribution to the Council's air quality improvement and carbon reduction objectives, GEL has achieved its CO2 reduction target for 2022 and reduced CO2 by 7.3% and has taken delivery of the first 3.5t Electric Vehicle on the contract for Gunnersbury Park. The entire fleet will be increasingly electrified in line with improvements in technology and affordability.

HGV Driver shortage – this proved to be a challenge throughout the year and has been an ongoing pressure. An increase in the financial package to GEL Drivers was agreed in 2021 to help with staff retention, this was enhanced again in 2022. The aim is now to create an internal, home grown spare pool of HGV Drivers. The Business has however demonstrated a high level of resilience throughout.

HSEQ accreditations - attained BSI- ISO full accreditation under all three ISO standards ISO 14001:2015 Environmental, ISO 9001:2015 Quality and ISO 45001:2018 H&S for the Collections and Streets services.

Personal Protective Equipment – introduced an automated PPE ordering App including a PPE recycling programme. This helps to reduce waste and avoids waste going to landfill, promotes a circular economy – with a full audit trail of recycled PPE.

4. Financial impact on the Council budget

4.1 Scheduled work by GEL

The GEL business plan 2023-24 currently budgets a 2023-24 loss of £0.161m, which GEL are exploring how to turn to a profit in the medium term.

The table below represents the Scheduled works GEL contract price between years.

Annual Scheduled works Contractual Costs for GEL and Council Budget	22/23	23/24		Note
	Amount £m	Amount £m	Growth £m	
Scheduled works cost of GEL contract				
Annual Contract cost	22.088			
22/23 FE Savings	(0.253)			
Annual Scheduled works cost	21.835	23.102		1
Rent payable to Council	(1.137)	(1.137)		
Net Cost of Scheduled works excluding rent	<u>20.698</u>	<u>21.965</u>	1.267	
22/23 Scheduled works budget gap			1.089	2
23/24 Contract Inflation			0.567	3
FE1-2329 Weed spraying saving approved			(0.022)	
23/24 advance delivery of 24/25 Efficiency Savings – recommendation 1.4 refers			(0.367)	4
Total 23/24 Scheduled works GEL contract cost increase			1.267	
To be Funded by:				5
General Fund growth approved			0.492	
Contract inflation to be funded subject to a bid – recommendation 1.2 refers			0.567	
HRA			0.055	
Total Available Funding 23/24			1.114	
Council Scheduled works 23/24 Budget Gap to be mitigated – recommendation 1.3 refers			0.153	

The recommendation in this Cabinet report re this (£0.153m) budget gap notes for it to be mitigated through other efficiencies and/ or use of reserves.

Explanatory Notes

1. £21.835m is prior year contract price adjusted for £0.253m FE1 savings in 2022/23.
2. This £1.089m is the current in year Council budget gap for 2022/23 as noted above, which includes pay award £0.340m, leafing cost £0.255m, HGV market supplement £0.239m and rent increase £0.255m, from the prior year

3. This £0.567m inflation re 2023/24 represents contractual inflation of 2.5% excluding service charge increase of £0.255m
4. £0.367m saving accelerated (from 2024/25 in Council budget) to 2023/24 in GEL's Business Plan comprises Commercial Waste Collection - reduce collection teams by one £0.067m, Household Waste & Recycling Centre £0.098m, reduce food waste collection by one round £0.097m and Collections - flats reduce loader by one per team £0.097m. For these savings 2.5% inflation has been applied as they are part of the scheduled contract price.
5. Funding for GEL scheduled work contract growth has been allocated between the HRA and the General Fund as approved by Cabinet. These are £0.492m General Fund growth and £0.055m HRA growth. The contract inflation growth is subject to approval following an efficiency review in-year by Strategic Director of Resources and Strategic Director of Housing and Environment. The remaining gap of £0.153m is to be identified through efficiencies during the year.

4.2 Other Financial Risks and Opportunities within the Contract

In addition, GEL have noted they are seeking jointly with the Council to agree actions to cover emerging cost pressures over and above existing assumptions which include pay costs, fuel, fleet maintenance, insurance and interest costs for loans. These will also be managed to the fullest extent possible but clearly there is some risk that additional claims may be made.

The fleet vehicles lease extension over the past year has resulted in savings which have been used to meet some cost pressures being faced by GEL and may to an extent be used to meet some of the emerging cost pressure risk identified in this section.

5. Legal

The July 2020 Greener Ealing Service agreement with the Council provides for:

1. the Supervising Officer making clear by beginning October before the relevant next financial year the amount the Council wishes to pay for that year (Clause 11.1),
2. Greener Ealing providing the Council with its proposals for the provision of the Services by end October before the relevant next financial year (Clause 7.5),

The October 2019 Cabinet report, [Appendix 3](#) noted the Shareholder Reserve Matters, including

'Delegation to the shareholder representative (Director of Environment) to facilitate responsive and timely business operation (Shareholder

representative may decide not to exercise their delegation and refer to Cabinet. This may occur where for example the change proposed is substantial)

The Council's shareholder representative is the Strategic Director of Housing & Environment. The shareholder representative is responsible to exercise the Council's responsibilities as sole shareholder of GEL.

These delegations included *'agreeing or amending the Company's periodic business plan'*.

Cabinet may decide to approve the Business Case itself, notwithstanding that it has delegated the power to do so to the Shareholder Representative.

In relation to the transfer of Graffiti removal and parking enforcement services to GEL, contracts can be awarded by the Council directly to a 'controlled company' without the need for a competitive tendering exercise by virtue of Regulation 12 of the Public Contract Regulations 2015. The characteristics of a controlled or "Teckal" company are that:

- a. the Council exercises over the company a control which is similar to that which it exercises over its own departments (the "Control Test");
- b. more than 80% of the activities of the company are carried out for the Council (the "Function Test"); and
- c. there is no direct private capital participation in the company

The Council exercises control over the company similar to that which it exercises over its own departments where it exercises a decisive influence over both strategic objectives and significant decisions of the company.

GEL is 100% owned by Ealing Council, and this satisfies the Control Test.

6. Value For Money

All procurement supporting the establishment of GEL has been via transparent competitive tender, ensuring best value and using established frameworks where appropriate. The establishment of Greener Ealing as a company wholly owned by the Council, has enabled transparent analysis of resource utilization and productivity delivered by the environmental services contract. This has resulted in ongoing efficiencies and optimization, ensuring that services costs are controlled, providing a baseline to support the validated identification of scope for efficiencies and savings required by the Council.

7. Sustainability Impact Appraisal

Greener Ealing is an essential partner in helping to deliver Ealing's sustainability aspirations. Through the delivery of the Council's frontline services in accordance with the service contract, the very latest thinking has been applied to environmental issues, incorporating the Council's waste reduction, transport, air quality and carbon reduction policies. In addition to this Greener Ealing has identified development of a Carbon Reduction plan as one of its Key Objectives for 2021/20. Greener Ealing is finalising the procurement of 10 electric services support vehicles and will work with the Council to increase this number, introduce the greenest fleet possible, improve recycling rates, and work with the community on behaviour change and awareness programmes.

8. Risk Management

The Business Plan sets out the processes by which risk will be managed. This has been agreed by the Greener Ealing Board and the Board has agreed that this will be reported to every Board meeting. Greener Ealing's risks also form a part of the Housing & Environment risk register and will appear on the Corporate risk register should they meet the necessary criteria.

Greener Ealing's Business plan notes managing certain risks that are unquantified in the business plan by charging the council, so these will need to be covered.

In response to risks presented by the COVID pandemic, Greener Ealing has a business continuity plan (BCP) which ensures delivery of priority services, mitigating against any possible impact on staffing levels. To protect all staff, operational and office based, GEL have introduced COVID specific working practices, supported by the necessary occupational PPE in accordance with national guidance and employer duty of care. The BCP is designed to cover unprecedented events that might impact on the delivery of scheduled services.

9. Community Safety

None.

10. Links to the 3 Key Priorities for the Borough

Greener Ealing's payment of more than the London Living Wage to all staff, reduction in the use of agency workers and focus on the creation of permanent jobs, is in line with the Council's priority to provide opportunities and a living income. The delivery of important frontline environmental services supported by low emissions fleet and plant, contributes to the Council's priority to make Ealing a great place to live.

11. Equalities, Human Rights and Community Cohesion

The Council is required to comply with the Public Sector Equality Duty which is set out in S.149 Equality Act when making decisions regarding the future delivery of public services. S.149 requires the Council to have "due regard" to:

- the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010 (section 149(1)(a)).
- the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it (section 149(1)(b)). This involves having due regard to the needs to:
- remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
- take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it (section 149(4)); and
- encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

Schedule 19 of the Equality Act 2010 provides a list of public authorities that must comply with the Public Sector Equality Duty. Local authority controlled companies such as Greener Ealing are not contained within that list. However, the general equality duty also applies to other organisations that exercise public functions in their own right or on behalf of the Council.

The Act defines a public function as a function of a public nature for the purposes of the Human Rights Act 1998.

In line with the Council's equalities objectives and having completed workforce and operations analysis over the first 9 months of the contract, the GEL board has finalised its equalities objectives. Included in objectives, is the aim to address the underrepresentation of women in the workforce and of BAME employees in supervisory and management positions.

12. Staffing/Workforce and Accommodation implications:

There are no business plan implications for staff.

13. Property and Assets

Greener Ealing operates out of two depot sites at Greenford and Acton, occupying space previously used by AMEY. This includes office accommodation, fleet parking, vehicle washdown facilities and other areas required to support the delivery of services to the Council. The necessary formal lease agreements are in the course of being finalised and await finalising the impact of other changes in tenants on the space. The related rental has been finalised, based on a review of space required for

the base of operations. A licence was required to accommodate the vehicle maintenance service provider, pending the lease agreements being finalised.

15. Any other implications:

None

16. Consultation

None other than with staff where relevant.

17. Timetable for Implementation

The Business Plan sets out strategic objectives to be delivered from April 2023 to March 2024.

18. Appendices

Appendix 1 – Greener Ealing Business Plan 2023/24.

19. Background Information

Report to Cabinet 20th March 2018
 Report to Cabinet 10th July 2018
 Report to Cabinet 23rd April 2019
 Report to Cabinet 15th October 2019
 Report to Cabinet 17th March 2020
 Report to Cabinet 16th June 2020
 Report to Cabinet 9th February 2021
[Report to Cabinet 9th February 2022](#)

Consultation

Name of consultee	Post held	Date sent to consultee	Date response received	Comments appear in paragraph:
Internal				
Darren Henaghan	Interim Strategic Director Housing & Environment Director of Place	8 March 2023		
Cllr Deirdre Costigan	Deputy Leader and Climate Action	13 March 2023		
Emily Hill	Interim Chief Finance Officer	9 March 2023		
Helen Harris	Director of Legal and Democratic Services			

Russell Dyer	Assistant Director Accountancy, Finance	8 March 2023	15 March 2023	4
Yalini Gunarajah	Finance Manager, Place	9 March 2023	15 March 2023	4
Chris Neale	Principal Accountant, Place	9 March 2023	15 March 2023	4

Report History

Decision type:	Urgency item?
Key decision (ear)	No
Report no.:	Earl Mckenzie, Assistant Director (Street Services) author and contact for queries: 0208 825 5194