

Agenda Item

NORTH LONDON WASTE AUTHORITY	
REPORT TITLE: OPERATIONS UPDATE	
REPORT OF: HEAD OF OPERATIONS	
FOR SUBMISSION TO: AUTHORITY MEETING	DATE: 28 September 2017
SUMMARY OF REPORT This report provides information relating to the development of the Authority's operational services including the renaming of LondonWaste Ltd to LondonEnergy Ltd, the need for additional rail containers at the Hendon transfer station and information on reusable nappy subsidies.	
RECOMMENDATIONS The Authority is recommended to: i) approve the capital payment to LondonEnergy Ltd in relation to additional rail containers needed at the Hendon RTS and to vary the Main Waste Contract and Hendon Underlease between the Authority and LondonEnergy Ltd accordingly (section 3 refers); ii) agree that the reusable nappy subsidy remains unchanged (section 9 refers); and iii) note the other contents of this report including the Appendix on part II of this agenda relating to the Hendon transfer station.	
Signed by: _____ Head of Operations Date: 18 September 2017	

1. OVERVIEW

- 1.1. This report is to advise Members of operational matters. It addresses the particular issues of the renaming of LondonWaste Ltd to LondonEnergy Ltd, the rail service at the Hendon rail transfer station (RTS), charity shop waste, wood recycling, the future provision of the Gateway Road RRC, the closure of the Park View Road RRC, an update on the Hendon/Brent Cross development and CPO, an update on other operational matters and recent waste prevention activity.

2. RENAMING OF LONDONWASTE LTD TO LONDONENERGY LTD

- 2.1. On 5 September 2017 the Authority's company LondonWaste Ltd announced its new name LondonEnergy Ltd, with the strapline "Powering the Circular Economy". The principal objectives of the change are to reflect the company's transition to a business that is responsible for the management of valuable resources through reuse, recycling and the production of sustainable energy. Cllr Loakes and officers attended the launch event, which was covered by local and trade press.
- 2.2. LondonEnergy Ltd (LEL) has a new website <http://londonenergyltd.com/>, and a new launch film that was shown at the launch event is included on the website and is also available here: <https://youtu.be/pMX5AORb4OM>.
- 2.3. The re-branding of plant and equipment will take place over time as items are naturally replaced in order to minimise costs.

3. HENDON RAIL TRANSFER STATION

- 3.1. The Authority sublets the Hendon rail transfer station (RTS) to LondonEnergy Ltd (LEL, but LondonWaste Ltd at the time), including the compactors and gantry cranes. At the start of the Main Waste Contract (MWC) in December 2014 the Authority transferred ownership of 120 rail containers to LEL for the transfer of wastes, and LEL has an obligation in the contract and the lease to transfer to NLWA 120 rail containers at the end of the MWC.
- 3.2. LEL entered into a contract with FCC (UK) Ltd for the transfer by rail and disposal of wastes from Hendon to FCC's Greatmoor Energy from Waste facility. The LEL:FCC contract provided savings to LEL (passed through to NLWA) when the frequency of trains at the Hendon RTS was reduced. Lower amounts of waste mean the RTS now needs only three trains per week for residual waste, which will save the Authority over £1m before the RTS is expected to close and be relocated (see section 7 below).

However, this has led to issues of service resilience when trains are delayed or cancelled. This is because LWL stores waste principally in rail containers, so needs the empty ones that come back from Greatmoor in order to continue receiving wastes; but when trains have been delayed and LWL cannot store further wastes at Hendon, the Authority has had to direct borough vehicles to other sites.

- 3.3. Rather than forego the above saving by reverting back to five trains per week that would mean the existing containers are more promptly returned, it is proposed to purchase additional rail containers that will enable LEL to continue receiving waste and to store greater quantities at the RTS at any one point in time. LEL has initially indicated that it would like an additional thirty rail containers, but it may be sufficient to purchase just twenty-two rail containers as these would be sufficient to hold 350 tonnes (equivalent to over a whole day's residual waste) on the sidings until the next train arrives. Depending on the number of containers finally agreed, there will be a one-off cost of between £150k and £210k.
- 3.4. It is recommended that NLWA agrees with LEL that LEL purchases between twenty-two and thirty rail containers, that the Authority reimburses LEL in full, and that the main waste contract and lease from NLWA to LEL are varied to provide that LEL is required to yield up to the Authority these additional rail containers along with the original 120 rail containers at the end of the lease.
- 3.5. Rail containers last up to twenty years, and will have at least a scrap metal value when they are no longer needed by NLWA. The payment from the Authority to LEL will be a capital sum.

4. CHARITY SHOP WASTE

- 4.1. The Authority recently received an enquiry from the charity sector asking whether waste produced by a charity shop selling donated goods which have originated from domestic property would (a) be accepted at our Reuse and Recycling Centres (RRCs) and (b) whether a charge to dispose of such items would be made.
- 4.2. Officers are reviewing relevant legislation and its implementation elsewhere and aim to bring specific proposals to the next Authority meeting.

5. WOOD RECYCLING

- 5.1. Officers are aware the Environment Agency (EA) is investigating the practical classification and treatment of waste wood across the country, particularly wood that may have been treated with any form of chemicals. The EA is working with waste disposal authorities and the wood recycling industry.
- 5.2. If this results in any substantial change to the wood recycling industry that has an adverse impact on the current balance of supply and demand of waste wood (as from our RRCs and LEL's bulky waste facility), the cost of this element of our recycling services could increase, or the market may be simply unable to take all the wood waste that is available. The alternative to recycling that is available to the Authority is to shred such wood waste at the Edmonton EcoPark and to use it for energy recovery.
- 5.3. Some 12,000 tonnes per year of wood waste are currently sent for recycling from the RRCs managed by the Authority and from the bulky waste recycling facility at the EcoPark. If this were all to be used for energy recovery rather than being recycled, the Authority recycling rate could fall by as much as 3%.

6. RRC SERVICE

- 6.1. At the time of writing this report the arrangements for the future provision of the Gateway Road RRC with the incumbent contractor, Bywaters (Leyton) Ltd are near to conclusion and a verbal update will be provided at the Authority meeting.
- 6.2. As reported to Members at the 5th April 2017 meeting of the Authority, on 27th February 2017 LB Haringey's Full Council agreed to the closure of the Park View Road RRC. LB Haringey officers have now requested the last day of accepting wastes from residents at the RRC be Monday 23rd October 2017 with the site handed back to LB Haringey on Friday 27th October 2017. This allows sufficient time for the removal of deposited materials, equipment and skips from the site. LEL has been informed and is working to this timeline.
- 6.3. In relation to the 2017/18 budget forecast elsewhere on this agenda, Authority officers have agreed with borough colleagues that the Authority will continue to budget for the cost of disposal of 50% of the total tonnes that was forecast to be received at Park View Road by reference to the visitor survey, as it is likely these tonnes will appear at other RRCs in north London. Should these amounts not arise then the balances will be used to fund the next year's levy in the usual way.
- 6.4. Both NLWA and LB Haringey communications staff have begun work to ensure Haringey residents are aware of the closure and alternative RRC provision, and there are signs and leaflets at Park View Road.

7. HENDON/BRENT CROSS DEVELOPMENT AND CPO

- 7.1. NLWA and LEL have agreed terms with LB Barnet for the provision by LB Barnet of a new waste transfer station at Geron Way, NW2 and have withdrawn our objections to LB Barnet's application for a compulsory purchase order that included the current Hendon rail transfer station. It is currently expected that the new waste transfer station will be ready early in 2020. Additional detail is provided in Appendix 1 (on Part 2 of this agenda).

8. GENERAL OPERATIONAL SERVICES UPDATE

MRF Services

- 8.1. One of the Authority's MRF (Materials Recycling Facility) Services contractors commenced improvement works 8th September 2017 to improve the quality of the recyclates it sells to reprocessors nationally and internationally. During the works the MRF is unable to process mixed dry recyclables, but by managing stock levels before and after the works it will be able to continue receiving the Authority's direct deliveries (but not the Authority's bulker loads from Hornsey Street and Hendon, which will go to the other MRF Services contractor). Officers have negotiated a rebate from the MRF Services contractor for each tonne the Authority has diverted from its facility during the period of its works.
- 8.2. Members will recall the sad news of a fatality at the Bywaters MRF in June. By way of an update the incident is still subject to a police and an HSE investigation and Bywaters can report no further progress. Officers will update Members when the findings of these investigations are known.

Hornsey Street

- 8.3. LEL has recently commenced works at the Hornsey Street waste transfer station to repair areas of the tipping hall floor damaged by the use of loading shovels transferring and loading waste from these areas. The works are such that specialist contractors using hydro-blasting equipment are required and the works are set to continue until the middle of October.
- 8.4. Appropriate control measures have been put in place by LEL to ensure the safety and wellbeing of all staff and visitors (including those in borough delivery vehicles) based at or using the facility.
- 8.5. The planned installation of the additional weighbridge in the tipping hall area of the site needed to help improve the turnaround times of delivering vehicles and reported to Members at the April meeting of the Authority has been postponed until these works are complete and will be installed as soon as possible thereafter.

Other activities

- 8.6. Officers have continued to liaise with WasteDataFlow on behalf of boroughs for adjustments to certain boroughs' recycling rates in 2015/16, following omissions relating to the then new question 100 reporting requirements. This has resulted in DEFRA writing to each affected borough individually confirming what the recycling rate should have been in that year. Although individually the recycling rate would have increased for those boroughs affected, the Authority wide recycling rate remained at 32%.

9. WASTE PREVENTION ACTIVITY - Reusable nappies subsidy

- 9.1. Members reviewed the Authority's promotional work on reusable nappies and the uptake of the financial incentive given at the April Authority meeting, and requested that officers review the amount of the financial incentive per child provided by the Authority. It is recommended that the incentive remains unchanged for the reasons set out below.
- 9.2. Officers have assessed whether the current incentive value, which is paid in the form of either a voucher or cash back for parents who wish to use re-usable nappies on their babies, properly reflects the avoided waste disposal cost that the Authority would have incurred had those parents decided to use disposable nappies on their baby.
- 9.3. The NLWA real nappy support programme started in 2005, after a short pilot study which investigated appropriate levels of subsidy. The current nappy subsidy value of £54.15 for a child using reusable nappies (as opposed to disposable nappies) was initially agreed at the Authority meeting in December 2006 and is based upon the following assumptions:
 - It is assumed that 225kg of waste is avoided per child per year if they are in reusable nappies rather than disposables.
 - The value of this avoided waste (using NLWA costs for transport and disposal to landfill) was estimated in 2007 as between £45.24 and £54.29 depending

on whether the child is in nappies for 2.5 or 3 years i.e. avoiding 562.50 kg of waste or 675.00 kg of waste.

- Initially it was agreed that the figure would be based upon 3 years avoided disposal costs.
- Following a review of the scheme in February 2008, and based upon more recent research available at that time, it was decided that 2.5 years in nappies is more accurate than 3 years.
- However, it was agreed at the Authority meeting in February 2008 not to reduce the amount payable for each child using reusable nappies but instead that the subsidy should be “frozen” against future rises until the value matches the cost of disposal over a 2.5 year period rather than 3 years.

9.4. Now that a greater proportion of NLWA’s residual waste goes to energy recovery at either the Edmonton or the Greatmoor energy from waste plants, officers consider that an avoided landfill diversion cost is no longer appropriate (only 9% of the municipal waste in north London was disposed to landfill in 2016/17). Based upon the cost per tonne of chargeable household waste going to the Edmonton EfW plant (this cost excludes some overheads), and excluding transport costs, the 2017/18 budgeted cost per tonne is £78.83. Applying this per tonne cost to the diversion of 0.5625 tonnes per child gives an avoided disposal cost of £44.34 – lower than the current subsidy value of £54.15, although as stated above this cost excludes transport and some overheads. Officers therefore recommend that the current position, agreed by the Authority in February 2008, i.e. that the subsidy is frozen against future rises until the value matches the cost of disposal over a 2.5 year period remains.

10. COMMENTS OF THE FINANCIAL ADVISER

10.1. The purchase of containers was not included as part of the approved capital programme for 2016/17. However due to changes in the timing of other capital transactions this financial year, the purchase of containers will not breach the Prudential Indicators for external debt and treasury management agreed by Members at the February meeting.

11. COMMENTS OF THE LEGAL ADVISER

11.1. The Legal Adviser has been consulted in the preparation of this report and comments have been incorporated

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