

Agenda Item 12

NORTH LONDON WASTE AUTHORITY

REPORT TITLE ANNUAL REPORT OF NLWA DIRECTORS OF LONDONWASTE LTD	
REPORT OF DEPUTY CLERK/NLWA DIRECTORS OF LONDONWASTE LTD	
FOR SUBMISSION TO THE NORTH LONDON WASTE AUTHORITY	DATE: 24 JUNE 2009
SUMMARY OF REPORT <p>This report sets out the activities of Members of the Authority serving as Directors of LondonWaste Ltd in 2008/9.</p> <p>Local Government Act 1972 – Access to Information: No documents required to be listed.</p> <p>Contact Officer: Frances Wake, Deputy Clerk, NLWA Camden Town Hall Judd Street, London WC1H 9JE (020 7974 5726) Frances.wake@Camden.gov.uk</p>	
RECOMMENDATIONS <p>That the Authority notes this report and the attached report of the A Directors of LondonWaste Limited</p>	
Signed by the Deputy Clerk: Date:	

1. Introduction

- 1.1 On 25th June 2008, the Authority's Annual General Meeting made temporary A Director appointments to LondonWaste Ltd (LWL) for the period until the 30th September 2008. The Authority appointed Councillors Melvin Cohen and Councillor Eric Sizer as temporary directors. The Authority then appointed Councillor John Boast, Dr. Chris Elliott and Mr. Ray Georgeson as A directors for the period 1st October 2008 to 24th June 2009.
- 1.2 Directors attend LWL Board meetings which are usually monthly (although they are more frequent if required). The latest signed copies of Board minutes are submitted to each meeting of the Authority for information. These appear on the exempt part of the agenda (the part II section) as they contain information relating to the business affairs of LWL
- 1.3 This report is an annual report from the directors appointed in October 2008 summarising the issues arising from their work on the Board over the 2008-09 Authority year.
- 1.4 The appointment of the Chair of the Board of LWL alternates between the A-Directors appointed by the NLWA and the B-Directors appointed by Sita UK Ltd. Following the Company's Annual General Meeting in May 2008 it was the turn of the B-Directors and Councillor Haley was re- appointed to the position of Chair. Following the change of A directors in June 2008, the B Directors offered the position to Councillor Cohen and then in October 2008 to Councillor Boast.
- 1.5 The A Directors Annual Report is attached as Appendix 1.

2. Comments of the Legal Adviser

- 2.1 There are no legal comments

3. Comments of the Financial Adviser

- 3.1 There are no finance comments

Appendix 1

ANNUAL REPORT OF THE 'A' DIRECTORS APPOINTED BY THE AUTHORITY TO THE BOARD OF LONDONWASTE LIMITED

1. Introduction

- 1.1 The Environmental Protection Act 1990 required waste disposal authorities to divest themselves of their waste disposal operations and submit their waste disposal needs to competitive tender. In 1992 a tendering process took place leading to the formation of a Local Authority Waste Disposal Company and subsequently a joint venture company in which the NLWA and Sita (UK) Ltd each have a 50% interest was formed (LWL). LWL successfully tendered for the waste disposal contract and in December 1994 a 20 year contract was awarded to LWL.
- 1.2 The company's Annual General Meeting was held on 28th May 2009 and the shareholders were advised of the Company's progress. LWL Board minutes are confidential as they may contain information which is commercially sensitive and Members are required to respect this.

2. Finance and Operations

- 2.1 The LondonWaste group profit before taxation for the year ended 31st December 2008 was £2,393,000 compared with £5,963,000 in 2007. The main reason for the fall in group profit was a trading loss by the subsidiary Polkacrest which provides a clinical waste collection and disposal service to hospitals and medical centres. Polkacrest is expected to return to profitability in 2009.
- 2.2 The profit after taxation was £1,430,000 compared with £3,757,000 in 2007. The directors proposed that no dividend should be paid for the year and the shareholders agreed the proposal.
- 2.3 In 2008, there was a growth of 1.7% in the Company's net assets. The Company repaid £3,000,000 in loans during the year leaving a balance outstanding of £11,000,000 at 31 December, 2008.
- 2.4 The Company's Energy Centre operated successfully during the year although damage was suffered to one of the turbine on 8th November 2008 and this is undergoing repair. Electricity prices have been contracted forward to September 2011 at favourable rates and this provides a degree of certainty over continuing revenue.
- 2.5 Polkacrest, the Company's clinical waste subsidiary, continued to face high prices for third-party clinical waste disposal. The clinical autoclave plant at Edmonton ceased operations on 1st February, 2008 whilst the process engineering was redesigned to comply with the requirements of the new PPC

permit which replaced the former Waste Management Licence and this impacted profitability for much of 2008. The autoclave plant reopened on 2nd September, 2008.

3. Business Review

- 3.1 The Company has not invested in any new facilities on the EcoPark during the year but will continue to monitor this situation and remains committed to exploring technologies such as Anaerobic Digestion to improve its waste management infrastructure, particularly at the EcoPark. In the meantime the Company has developed a Vision for the EcoPark which, if fulfilled, will not only benefit the Company and its shareholders but make a significant contribution to sustainability within north London.
- 3.2 Recycling activity continued to flourish in 2008 and the Company is committed to development of its recycling activities.
- 3.3 The Company fulfilled its commitment to construct an additional building to enclose the maturation pad, screening operation and finished product bay within the Compost Centre. This project was completed in April 2008.
- 3.4 The compost produced at the Compost Centre retained its accreditation to the British Standards Institute's Publicly Available Standard No. 100 (PAS100). The majority of the product is used in agriculture but increasing amounts are being returned to North London boroughs and local allotment societies. The Company ran Compost Awareness Week again this year with the object of educating the local community about the Compost Centre. The Company also partnered the London Borough of Islington in an initiative in which residents visiting the Reuse & Recycling Centre at Hornsey Street were offered a free bag of compost.
- 3.5 Safety and security are key issues for the Company and major work was conducted to install up-to-date CCTV at the EcoPark. This network of cameras is capable of evolving to meet the needs of future developments in the EcoPark.

4. Personnel Matters

- 4.1 The Company remains committed to the development of its employees and has invested heavily in training and development during the year.
- 4.2 Over and above the Company's regular contributions paid into the Company Pension Scheme the Company made an additional contribution of £82,000 into the scheme in order to increase funding levels in accordance with the funding plan agreed with the actuaries.

5. Community Awareness

5.1 The Company continued its series of eco-competitions in local newspapers in the North London area aimed at raising community awareness of waste management and recycling issues.

6. Other Matters

6.1 The Company has continued its annual donations to the Mayors' charities of the NLWA boroughs. This initiative now has a successful track record of providing momentum to each Mayor's charitable objectives at the start of the mayoral year.

6.2 The company continues its involvement with other local community organisations such as the Resource Forum, the London Community Recycling Network, the Sea Cadets and Street Hawks.

6.3 The EcoPark remains popular with tour parties including visiting foreign delegations, students, residents and representatives of other local authorities. Tours are conducted on a weekly basis.

7. Comments of the Legal Adviser

7.1 There are no legal comments.

8. Comments of the Financial Adviser

8.1 There are no finance comments.

REPORT ENDS