

# Agenda Item 13

## NORTH LONDON WASTE AUTHORITY

<b>REPORT TITLE</b> ANNUAL REPORT OF NLWA DIRECTORS OF LONDONWASTE LTD	
<b>REPORT OF</b> ACTING DEPUTY CLERK/NLWA DIRECTORS OF LONDONWASTE LTD	
<b>FOR SUBMISSION TO</b> THE NORTH LONDON WASTE AUTHORITY	<b>DATE:</b> 25 <sup>th</sup> June 2008
<b>SUMMARY OF REPORT</b> <p>This report sets out the activities of Members of the Authority serving as Directors of LondonWaste Ltd in 2007/8.</p> <p>Local Government Act 1972 – Access to Information: No documents required to be listed.</p> <p>Contact Officer: Vicky Wemyss-Cooke, Acting Deputy Clerk, NLWA Camden Town Hall Judd Street, London WC1H 9JE (020 7974 5726) Vicky.wemyss-cooke@Camden.gov.uk</p>	
<b>RECOMMENDATIONS</b> That the Authority notes this report.	
Signed by the Acting Deputy Clerk:  Date:	

## **1 Introduction**

- 1.1 On 27<sup>th</sup> June 2007, the Authority's Annual General Meeting made A Director appointments to LondonWaste Ltd (LWL) for the period until the Annual General Meeting of the Authority in 2008. The Authority appointed Councillors John Boast, Melvin Cohen and Brian Haley, with Councillor Eric Sizer as an alternate director.
- 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 2007 summarising the issues arising from their work on the Board over the 2007/8 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. In April 2007, it was the turn of the A-Directors and Councillor Haley was re-appointed to the position of Chair, a position that he has held since 2003.
- 1.5 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.
- 1.6 The company's Annual General Meeting was held on 23rd May 2008 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 31<sup>st</sup> December 2007 was £5,963,000 compared with £5,496,000 in 2006. The profit after taxation was £3,828,000 compared with £4,148,000 in 2006. The directors proposed that no dividend should be paid for the year and the shareholders agreed the proposal.
- 2.2 In 2007, there was a growth of 8.6% in the Company's net assets. The Company's strong cash flow meant that despite having invested £13.5 million in new subsidiaries the bank loan was only £7 million higher than at the previous year-end.

- 2.3 The Company's Energy Centre has continued to operate successfully since completion of the refurbishment in December 2005 required to comply with the Waste Incineration Directive. Electricity prices have remained relatively buoyant and this has contributed to stable operating results.
- 2.4 Polkacrest, the Company's clinical waste subsidiary, has faced high prices for third-party clinical waste disposal and this impacted profits over the last two years. This situation has been partially addressed through the acquisition of certain clinical waste plants which became available in February 2007. These acquisitions have increased the amount of in-house disposal facilities available to handle waste collected. Polkacrest has now grown to be the second largest clinical waste operator in the UK with a market share of 20% and was recently featured in an article in Resource Management magazine. The clinical autoclave plant at Edmonton ceased operations on 1<sup>st</sup> February, 2008 whilst the process engineering is redesigned to comply with the requirements of the new PPC permit which replaced the former Waste Management Licence. Approval for a variation to the operating regime will be sought with a view to recommencing operations later in the year. This will impact the profitability for much of 2008.

### **3. Business Review**

- 3.1 The Company has not invested in any new facilities on the EcoPark during the year as the NLWA is about to tender for waste disposal after 2014 and any new developments will be dependent on the requirements of that tender. The Company will continue to monitor this situation and remains committed to exploring opportunities to improve its waste management infrastructure, particularly at the EcoPark. The Board believes that the EcoPark project will not only benefit the Company and its shareholders but make a significant contribution to sustainability within north London. Further development phases of the EcoPark will take place whenever viable opportunities arise to introduce a new service or improve an existing one.
- 3.2 Recycling activity continued to flourish in 2007 and the Company is committed to development of its recycling activities.
- 3.3 The Compost Centre overcame the odour problems which were an issue in 2006. In addition the Company fulfilled its commitment to construct an additional building to enclose the maturation pad, screening operation and finished product bay. This project was completed in April 2008.
- 3.4 The compost produced at the Compost Centre has been accredited 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 compost was recently featured on BBC Gardeners World, being used on an allotment project in North London, and also on Sky News. The Company ran Compost Awareness Week again this year with the object of educating the local community about the Compost Centre.

- 3.5 Trials were conducted to prove the feasibility of transporting waste by water and the Company submitted a bid to the Olympic Delivery Authority (ODA) for waste management for the Olympic site using waste by water as an integral part of the waste transport solution.
- 3.6 Safety and security are key issues for the Company and a major project was launched 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 decided to make an additional contribution of £48,000 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 ran a series of 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 North London Recycling Forum (new renamed the Resource Forum), the London Community Recycling Network and the Sea Cadets.
- 6.3 The EcoPark remains popular with tour parties including visiting foreign delegations, students, residents and representatives of other local authorities.

#### **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**