

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: 27 th June 2007
SUMMARY OF REPORT This report sets out the activities of Members of the Authority serving as Directors of LondonWaste Ltd in 2006/7. Local Government Act 1972 – Access to Information: No documents required to be listed. Contact Officer: Thomas Ribbits, Deputy Clerk, NLWA Camden Town Hall Judd Street, London WC1H 9JE (020 7974 1915) Thomas.ribbits@Camden.gov.uk	
RECOMMENDATIONS That the Authority notes this report.	
Signed by the Deputy Clerk: Date:	

1 Introduction

1.1 On 28th June 2006, 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 2007. 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 2006 summarising the issues arising from their work on the Board over the 2006/7 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 2006, it was the turn of the B-Directors and Councillor Haley was re-appointed to the position of Chair, a position 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 25th May 2007 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 after taxation for the year ended 31st December 2006 was £4,148,000 compared with £656,000 in 2005. The directors proposed that no dividend should be paid for the year and the shareholders agreed the proposal.

2.2 In 2006, there was a growth of 8% in the Company's net assets. The Company's strong cash flow meant that despite having incurred capital expenditure in the region of £30 million on major projects in 2004 & 2005 the bank debt at 31st December 2006 remaining to be repaid stood at only £7 million. This has increased since the end of the financial year due to the acquisitions referred to in 2.4 below.

2.3 The Company completed its first full year of operation after the successful completion in December 2005 of the refurbishment of the Energy Centre required to

comply with the Waste Incineration Directive. Trading performance returned to satisfactory levels and was helped by stable electricity prices.

2.4 Polkacrest, the Company's clinical waste subsidiary, faced high prices for third-party clinical waste disposal and this impacted profits. This situation has been rectified subsequent to the year end through the acquisition of certain clinical waste plants which became available. Polkacrest now has sufficient in-house disposal facilities to handle all of its contracted waste and it is anticipated that profitability will return to satisfactory levels in 2007. Polkacrest now services over 30 major hospitals in London and is the second largest clinical waste operation in the UK with a market share of 22%.

3. Business Review

3.1 Unfortunately the Company was unable to reach agreement with the NLWA over the contractual framework which would enable the Company to build a Materials Recycling Facility. 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 There was a further increase in recycling levels in 2006 and this is pleasing because expanding this area of the business is a key part of the company's development plans.

3.3 The Compost Centre completed its first full year of operation during 2006. There was some adverse publicity relating to compost odours and operational changes were introduced to address the situation. In order to maintain good relations with its neighbours the company also decided to construct an additional building to enclose the maturation pad, screening operation and finished product bay. A planning application has been submitted and is awaiting decision.

3.4 The quality of compost produced at the Compost Centre is very good and earlier this year the Centre became the first In-vessel composting operation in the UK to receive PAS 100 accreditation for its product. The majority of the product is used in agriculture but increasing amounts are being returned to North London boroughs and local allotment societies.

3.5 Trials were conducted to prove the feasibility of transporting waste by water and the company will continue to develop this idea with the prospect of reducing road movements in the future.

3.6 With the recent acquisitions, the Group now operates out of a network of eleven sites. Effective links with sites is therefore of huge importance & the Company has kept IT & communications at the forefront of its expansion in recent years. This included transferring to a new accounting system on 1st January 2007. Introduction

of video conferencing facilities is under consideration as an environmental measure to reduce travel between sites.

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 £284,000 into the scheme in order to increase funding levels.

5. Environmental Awards

5.1 A Company IT project involving vehicle tracking was nominated at the finals of the British Computer Society Awards and was 3rd in its category.

6. Other Matters

6.1 The Company has continued its annual donations to the Mayors charities on the NLWA boroughs. In addition the Company has also made funding assistance payments to two local community environmental projects based in North London.

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

6.3 The company is proving ever more popular with tour parties including visiting foreign delegations, students, residents and representatives of other local authorities. The Company entertained officials from Beijing involved in the 2008 Olympics and received positive TV coverage when a film crew from the Politics Show wanted to show good practice in dealing with waste in the UK.

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