

NORTH LONDON WASTE AUTHORITY

REPORT TITLE

LONDONWASTE LTD – WASTE INCINERATION DIRECTIVE

REPORT OF

FINANCIAL ADVISER

FOR SUBMISSION TO

DATE

AUTHORITY MEETING

7 JULY 2004

1. SUMMARY OF REPORT

This report provides a brief update on the progress being made by LondonWaste Ltd (LWL) to meet the requirements of the Waste Incineration Directive and of the Company's progress in securing new borrowing facilities.

LWL is not yet in a position to seek the consent of its shareholders (NLWA and SITA UK) to the new borrowing facilities and therefore this report is for information only.

2. RECOMMENDATIONS

The Authority is requested to:-

- (i) Note the contents of this report.

Signed by the Financial Adviser:

Date:

3. **BACKGROUND**

- 3.1 At its meeting on 28th April 2004 Members were advised of the progress being made by LWL to meet the requirements of the Waste Incineration Directive (WID) at the Edmonton energy-from-waste-facility. LWL had tendered and selected a contractor to carry out the combustion improvements and work on one of the Company's five boilers commenced on 29th March 2004.
- 3.2 LWL was also in discussions with a number of banks to secure new borrowing facilities to fund the cost of the refurbishment works and also the development of the Edmonton EcoPark to provide recycling services in North London. Members were therefore advised that LWL expected to ask for consent to the detailed proposals from its shareholders in July (in accordance with the requirements of the Joint Venture Agreement between the NLWA and SITA UK).

4. **CURRENT PROGRESS**

- 4.1 LWL has now advised that it has yet to conclude negotiations for its new borrowing arrangements and that the LWL Board has resolved to defer its request for approval of the new borrowings, probably until October 2004. It is able to do so, because:-
- (a) LWL currently has sufficient cash on deposit which is adequate to meet payments at least until the end of September, and;
 - (b) SITA UK has confirmed the availability of funds should it be necessary for LWL to make payments before a more permanent source of finance is put in place.
- 4.2 LWL advise that the WID project works are proceeding satisfactorily. A great deal of the planned work to boiler four has been completed or is near to completion. Although there has been some slippage in undertaking/completing the refractory and electrical works and integration of the boiler control systems, the boiler will undergo a period of trial commissioning over the coming weeks and is expected to become fully operational by the end of July.
- 4.3 The engineering and design work for boilers three and five has also commenced and will take into account the experience from the first boiler outage, particularly with a view to reducing the commissioning time of the remaining boilers. The procurement process for boiler three is also about to commence.
- 4.4 A contract has been signed for the installation of the system for the reduction of oxides of nitrogen (NO_x).

5. **CONCLUSION**

- 5.1 It would appear the WID project is continuing to proceed well. The Company remains confident that the key requirement to make the Edmonton energy-from-waste facility WID compliant by 28th December 2005 is achievable.

6. **COMMENTS OF THE LEGAL ADVISER**

- 6.1 The Legal Adviser has been consulted in the preparation of this report and has no further comments to make.

Local Government Act 1972 - Section 100 as amended

No documents that are required to be listed have been used in the preparation of this report: -

Contact Officers: R A Bench
Finance Officer to the NLWA
Chief Executive's Department
Financial Services
London Borough of Camden
Town Hall
Argyle Street
London WC1H 8NG

Tel: 020 7974 5945
Email: robert.bench@camden.gov.uk

rb/nlwa/wid70704