

**NORTH LONDON WASTE AUTHORITY**

**REPORT TITLE:** NORTH LONDON HEAT AND POWER PROJECT UPDATE

**REPORT OF:** PROGRAMME DIRECTOR

**FOR SUBMISSION TO:** AUTHORITY MEETING

**DATE:** 7 FEBRUARY 2019

**SUMMARY OF REPORT:**

This report provides an update on the North London Heat and Power Project, specifically on the first Community Liaison Group meeting, and the requirements for Apprenticeships for the NLHPP. The report further provides an update on the organisation of the Authority Project team and progress on the Preparatory Works procurements.

**RECOMMENDATIONS:**

The Authority is recommended to:

- A. Note the update on the Community Liaison Group in Section 2.
- B. Note the proposal on Apprenticeships in Section 3.
- C. Note the proposal for the Authority Programme Management Organisation in Section 4.
- D. Note the progress on the procurement of the early works contracts in Section 5.
- E. Comment on the proposals for improving Member oversight of the NLHPP delivery and provide guidance on whether the proposal for a new Programme Committee or for an enhanced MPSG is preferred.

**SIGNED:** .....**Programme Director**

**DATE:** 28<sup>th</sup> January 2019

## **1. INTRODUCTION**

- 1.1. A Development Consent Order (DCO) was granted to the Authority in 2017 to construct and operate an Energy Recovery facility (ERF) on Edmonton EcoPark for the treatment of waste. This DCO includes associated works to support the ERF and the management of waste onsite, including a Resource Recovery Facility (RRF), Reuse and Recycling Centre (RRC) and EcoPark House for offices, visitor reception and space for community use and for waste related education.
- 1.2. This report provides an update as the North London Heat and Power Project (NLHPP) prepares for the construction phase.
- 1.3. The report covers the outcomes from the first Community Liaison Group meeting, the planned benefits to the local community through delivery of apprenticeships through the project, the planned structure of the Authority Programme Management Organisation, and an update on the procurement of the Preparatory Works contracts.

## **2. COMMUNITY LIAISON GROUP**

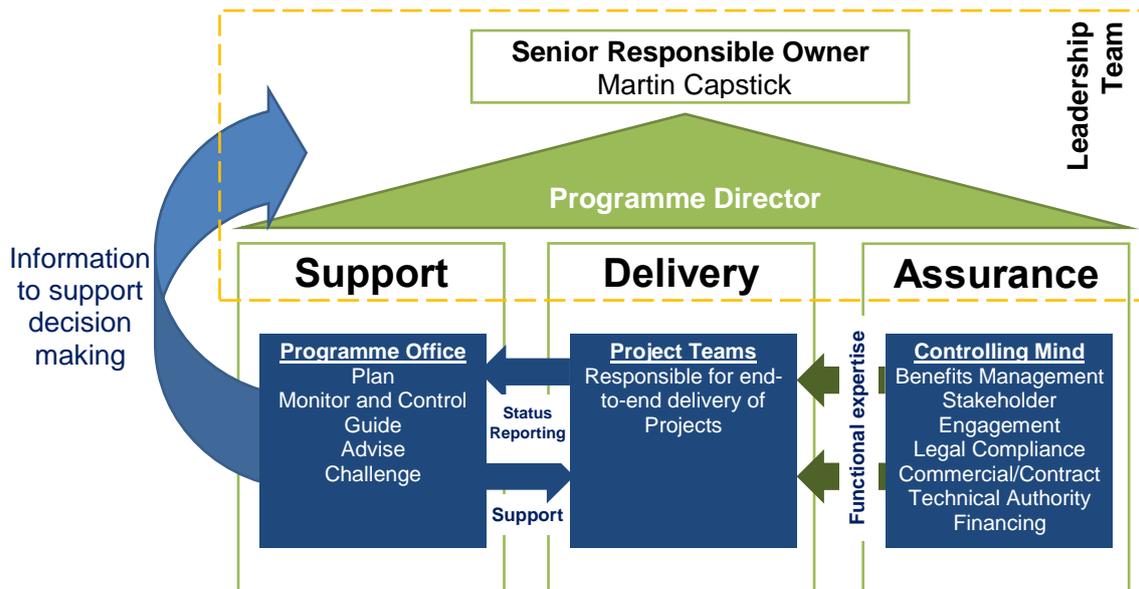
- 2.1. As reported at the December Authority Meeting, the first meeting of the Community Liaison Group took place on Wednesday 5 December 2018. Invitees to the meeting included local residents groups, ward members, business groups, Lee Valley Regional Park Authority and London Energy Ltd. There were eight community attendees at the meeting, representing all of these groups. The terms of reference were agreed by the meeting.
- 2.2. During discussion in the meeting, attendees raised a number of issues, including:
  - 2.2.1. engagement with local residents directly surrounding the Edmonton EcoPark;
  - 2.2.2. liaising with Meridian Water Development and White Hart Lane Development to ensure cumulative effects on residents were recognised;
  - 2.2.3. requesting NLWA to consider roadshows as a way to better explain the Project;
  - 2.2.4. being available to talk to community groups; and
  - 2.2.5. making a presentation of the Project to those who work on Eley Industrial Estate.
- 2.3. Minutes of the meeting were prepared and will be made available through the project website after the next meeting, and going forward, agendas and minutes will be available publicly. Officers are carrying out the required action, including contacting LB Enfield concerning the proposed timeline for works at Meridian Water and stakeholder engagement on that.
- 2.4. The next Community Liaison Group meeting is planned to take place on Wednesday 27 February 2019.

### **3. APPRENTICESHIPS**

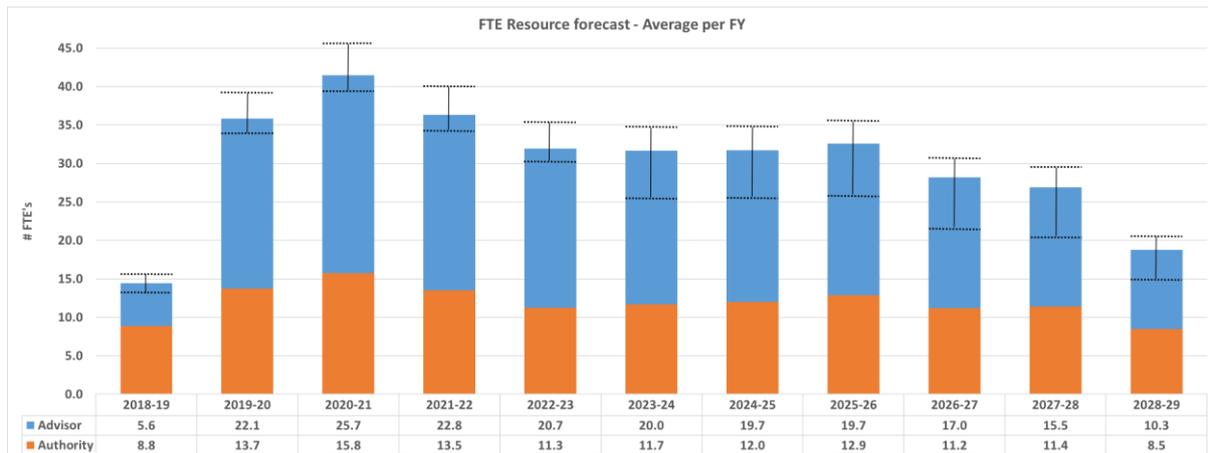
- 3.1. As required by the Section S106 Agreement entered into between NLWA, LondonEnergy and LB Enfield in conjunction with the application for the DCO, the Authority will provide or procure the provision of at least 100 Apprenticeships and 225 On-Site Skills Training Placements over the duration of the NLHPP works. An Employment, Skills and Training Strategy (ESTS) for the Initial Construction Phase (which covers the preparatory works, and also the construction of the Resource Recovery Facility and EcoPark House) was submitted to London Borough of Enfield (LBE) on 10 December 2018.
- 3.2. The Initial Construction Phase will run for a period of approximately two and a half years. The ESTS for this period requires the provision of 20 apprenticeships each with a duration of 12 consecutive months as well as providing 50 one-week long on-site skills training placements. Further ESTSs are to be submitted to LBE for both the ERF Construction Phase and the EfW Demolition Phase.
- 3.3. For each works contract to be let, there will be obligations on the contractor to provide apprenticeships and on-site skills training weeks. The number of apprentices and onsite skills training weeks will be determined to be appropriate for the type and length of contract.
- 3.4. Officers are working with LB Enfield officers to deliver an apprenticeship and training programme that will provide opportunities for new entrants into the areas of work covered by the programme of works to be delivered. This will include contacting and making arrangements with local colleges for provision of apprenticeships to supplement their courses.

### **4. AUTHORITY PROGRAMME MANAGEMENT ORGANISATION**

- 4.1. Following the appointment of the Programme Director, and informed by experience from other major public infrastructure projects, Authority officers have developed a resourcing and structure plan. This will provide an effective “client” for delivery of the NLHPP reflecting the delivery strategy approved by Authority under which the Authority directly manages the Project. In order to be an intelligent and informed client and to retain a controlling mind capability, the Authority will put in place the right leadership, delivery team, governance, controls and control information relevant and proportionate to a project of this nature. A “programmatic” approach will be adopted in the team structure and governance practice. A Programme is a “temporary, flexible organisation created to coordinate, direct and oversee the implementation of a set of related projects and activities in order to deliver outcomes and benefits related to the organisation’s strategic objectives” (*Managing Successful Programmes by the Office of Government and Commerce*).
- 4.2. The Programme Management Organisation is constructed around the functional structure indicated below.



- 4.3. Within this structure the key pillar is the central delivery teams. These oversee and drive the individual construction projects within the NLHPP.
- 4.4. The functions under the support pillar are the programme office which monitors progress across the programme as a whole, keeping the schedule, costings and risks under review. The programme office raises concerns and challenges delivery teams as necessary to address any emerging problems.
- 4.5. The pillar titled “assurance” includes the cross-cutting responsibilities such as legal compliance, stakeholder management, commercial management, financing and technical assurance. They contribute to all packages, making sure that their particular area of responsibility is properly covered in plans.
- 4.6. The functional concept model translates into an organisational structure as indicated in Appendix A.
- 4.7. The organisation functions as an integrated management team and incorporates the Programme Management Advisors, Arup, who primarily drive the functions of Programme Office and Project Delivery, responsible to the Authority’s Programme Director. The remaining functional lines are led by the Authority and are considered key to the intelligent client capability. The use of Arup brings infrastructure programme and project delivery expertise which is not present in the Authority and is not its core business. Additionally, the use of Arup provides resourcing flexibility to ensure that the team is right-sized, i.e. scalable and responsive to the demands of the programme at any time.
- 4.8. A preliminary estimate of the numbers within the team is as follows;



4.9. The numbers are currently believed to be the minimum requirement but are suitably representative for development of the Resource Management Strategy. The Authority is currently benchmarking the resource assessment against client teams for major infrastructure programmes of a similar nature. This study is ongoing but initial assessments indicate a team cost norm of around 7 to 9% of the capital cost of major programmes. The NLHPP resource forecast above sits at 6% of which the Authority-only costs are around 2%. The Authority will make risk provision in its budget forecast for future growth of the team.

4.10. There is a significant ramp-up of programme management resource required in 2019/20 compared with the current financial year. This is associated with the increase in procurement and construction activity across all projects. The priorities for recruitment into the Authority team to support the intelligent client capability are;

4.10.1. A Commercial Management Lead to increase the Authority's ability to shape procurements and manage contracts anticipating the requirements off the supply chain

4.10.2. Finance Officer supplementing the Authority's existing Finance team to ensure borrowing strategy for the project is effectively implemented and managed.

4.10.3. Legal Officer supplementing the Authority's existing team to ensure that there is capacity to advise on legal dimensions of tenders and contracts as the project ramps up

4.10.4. Technical Assurance Engineers (two roles) to ensure that the Authority specifies and manages contracts to deliver the programme's objectives in a cost effective way, including challenging the Authority's technical advisers on costs and risks in their proposals.

## 5. **PROGRESS ON WORKS PROCUREMENTS**

5.1. The first contract for the preparatory works relating to the eastern section of the Laydown Area was signed on 21 December 2018 and it is expected that the contractor will have access to the site on 21 January 2019. The contracts relating to the western section of the Laydown Area and the new Eastern Access onto the EcoPark from Lee Park Way, and relating to the Northern Access along Deephams

Farm road were advertised and bidders have been shortlisted. The invitation to tender for the contracts will be issued to the shortlisted bidders in the early part of 2019. The lease agreement for the Laydown area was completed, and the Authority has a lease of Laydown Area with effect from December 2018.

## **6. STRENGTHENING GOVERNANCE OF THE NLHPP**

- 6.1. The Authority requested advice at its 6 December 2018 meeting on options for improving Members' oversight of the delivery of the NLHPP programme of work. Member Project Steering Group has considered the issues, and stated that they would expect the level of Member engagement in the Project to increase now that the works are starting.
- 6.2. The Project issues for consideration by Members are:
  - 6.2.1. Strategic decision making including the decision on the waste management option to progress, the application for the Development Consent Order, and the strategic delivery basis for implementing the DCO. Decisions on these issues have been taken in Authority meetings, in particular in December 2016 and during 2017 and 2018. Updates to these strategies will be included in the specific reports prepared to support recommendations on procurement and contract letting, and so this area of decision making is likely to arise if there are changed policy circumstances justifying a review;
  - 6.2.2. Procurement and contract letting decisions. Decisions on the Preparatory works procurements have been taken, in line with the approved Delivery Strategy. Further decisions are required, in particular to authorise the start of the procurements of the Resource Recovery Facility, EcoPark House and the Energy Recovery Facility;
  - 6.2.3. Issues arising during contract management. The intention is to seek delegated authority to let and manage the contracts. Once let, the management of the contract would be on the contract terms, but unexpected issues will arise, and Member engagement will be important.
  - 6.2.4. General oversight and awareness of progress and issues arising. The intention is to provide members with information so that they can be assured that the Project remains on track to deliver its objectives.
- 6.3. It is proposed that Member decision making for procurement and letting of contracts should be maintained along the current lines, subject to decisions on a possible Programme Committee considered below. Sometimes, the timing of an Authority meeting will not fit precisely with the required timing of a decision to maintain the programme. When that happens, a view will be taken on whether to seek delegated authority to proceed, with appropriate consultation with Members, or whether to set up a special Authority meeting or Urgency Committee meeting.
- 6.4. Going forward, the information supporting delegations to let contracts will include not only the estimated contract value but also the assumed risk cost, which may crystallise during management of the contract. If an issue were to arise outside the

agreed parameters of contract management, a further decision of the Authority would be needed.

- 6.5. If an urgent issue requiring Member input arises when there is no planned meeting within the necessary timeframe, consideration will be given to holding an urgent meeting of the Authority or of the Urgency Committee, or, if the action proposed falls within the delegated authority to officers but Member views are wanted, to providing a briefing note and considering comments received in determining the way forward in exercising the delegation.
- 6.6. All Authority Members will receive regular programme performance information, and all Members will be provided with briefing papers prepared, whichever of the decision making routes below is agreed. In their role as Sponsors for the Project, the Members will want visibility that the key delivery mechanisms are suitable for achieving the required outcomes in all areas critical to success. A suggested programme of reporting on the key management strategies is provided in Appendix B of this report.
- 6.7. Decisions on the programme can be made either through the full Authority meetings or through the creation of a new Programme Committee. If decisions are made in a Programme Committee, those decisions would be reported to the next Authority meeting. Characteristics of that Committee are proposed in the next section. Alternatively, if decisions are made in Authority meetings, then an enhanced Member Project Steering Group could be used to brief Members and allow broader discussion of the issues. It is not proposed that there are more regular Authority meetings, as this would require an increased workload for all Members and would result in some planned meetings having Programme items only.
- 6.8. The characteristics of a new Programme Committee or an enhanced MPSG are set out in Appendix C to this report.
- 6.9. Members of MPSG have requested training to support their role as sponsors of the NLHPP, and this will be provided, after consideration with Members of the most appropriate training content and format. Borough Directors of Environment and Finance will continue to be involved in the NLHPP through the regular meetings held, and in particular Partnership Board, which forms the main point of liaison between NLWA and the Boroughs on NLHPP matters.
- 6.10. Members are asked to comment on the proposals for provision of information, and to provide guidance on whether the proposal for a new committee or for an enhanced MPSG is preferred, for officers to work up and implement.

## **7. COMMENTS OF THE LEGAL ADVISER**

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

## **8. COMMENTS OF THE FINANCIAL ADVISER**

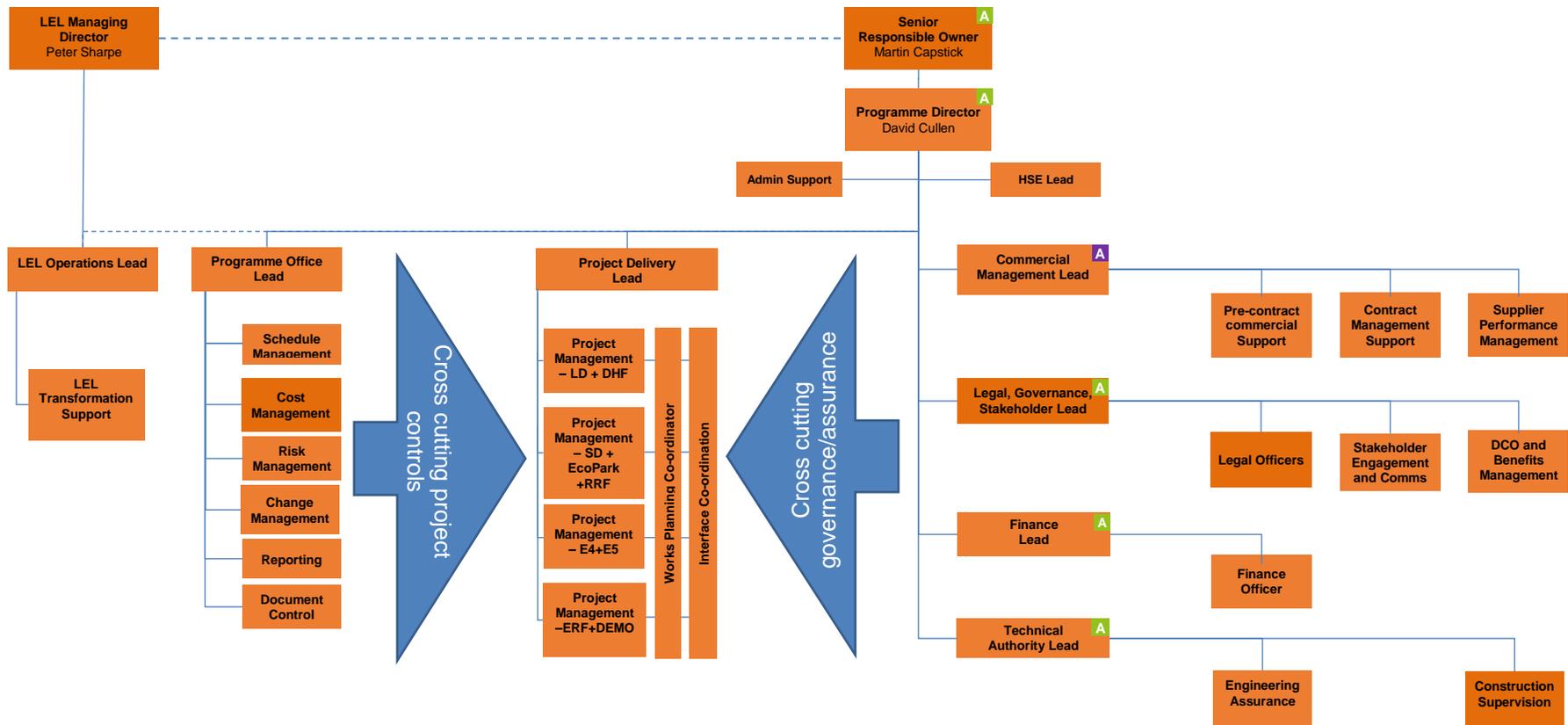
- 8.1. An estimate of the costs associated with the additional resource requirements in section 4 have been included in the 2019/20 budget elsewhere on the agenda. Where appropriate, these costs have been included as part of the capital

programme, otherwise are part of the operating budget and included within the levy calculation.

**Contact officer:**

David Cullen  
Unit 1b Berol House  
25 Ashley Road  
London N17 9LJ  
020 8489 2112  
[David.cullen@nlwa.gov.uk](mailto:David.cullen@nlwa.gov.uk)

**APPENDIX A: NLHPP PROGRAMME MANAGEMENT ORGANISATION AND MATRIX-BASED APPROACH TO PROJECT MANAGEMENT**



**Key**  
A Authority only role TBC  
A Authority only role

Specialist Support (as required)

Supply Chain

Technical Advisors  
Contractors

**APPENDIX B: SUGGESTED PROGRAMME OF REPORTING ON THE KEY MANAGEMENT STRATEGIES**

The table below sets out potential key issues and frequency of reporting to Members. It is not expected that formal decisions will be required on these issues in each year, but Members will wish to be advised of the position, have a chance to raise questions and provide comments which assist the Programme team in successfully delivering the Project. Where the reporting is by way of update, discussions in a Member Project Steering Group would not necessarily be followed by a report to an Authority meeting.

<b>Issue</b>	<b>Frequency</b>
Regular programme performance “dashboard”	6x per year
Health and Safety Strategy	1x per year
Organisation and Leadership	1x per year
Planning & Control Strategy	1x per year
Risk and Issue Management Strategy	1x per year
LondonEnergy Operational Transformation	1x per year
Stakeholder Management Strategy	1x per year
In-year cost management/Funding/levy forecast	4 x per year
EDI, employment practices and social benefit strategy	1x per year
Quality & Assurance Strategy including review/lessons learned after each project within the programme	1x per year and lessons learned on completion of individual projects
Information Management	1x per year
Annual Report	1 x per year at AGM

## **APPENDIX C: THE KEY CHARACTERISTICS OF A NEW PROGRAMME COMMITTEE OR AN ENHANCED MPSG**

1. **Programme Committee:** a new committee would have the following characteristics:
  - 1.1. Membership of seven (one from each borough, with the possibility of substitution by the other Member from that borough), and a quorum of four (as for the Authority meetings). All Members are entitled to attend, though not vote unless member of the Committee;
  - 1.2. The terms of reference would allow it to take any decision on the Programme unless Members wished to retain any specific decision to the full Authority (eg a decision to procure the ERF works contract);
  - 1.3. Members of the committee would have a higher time commitment to the project and a greater level of engagement than other Members;
  - 1.4. Meetings would be set to accommodate likely timing of Member decisions on the Programme, with flexibility to set these during the year.
  - 1.5. If programme decisions are required at a time which fits with a planned Authority meeting, the report would be presented to that meeting not to a committee.
  - 1.6. Decisions of the committee would be reported to the following full Authority meeting.
2. **Enhanced MPSG** would have the following characteristics:
  - 2.1. Membership of seven, as now, one from each borough. All Members could attend;
  - 2.2. Meetings would be set both to allow prior discussion on topics for consideration at Authority meetings and for wider Programme discussion; it is likely that there would be eight to ten meetings scheduled in a year;
  - 2.3. Minutes would be taken, recording attendance and conclusions or key points raised, to inform decision making at the relevant Authority meeting;
  - 2.4. A structured agenda would be provided, with the intention of supplying information or papers prior to the meeting, supported by presentations in the meeting. Prior notification would be given of the topics likely to be discussed at forthcoming meetings.