

NORTH LONDON WASTE AUTHORITY

REPORT TITLE: GOVERNANCE OF LONDONENERGY LTD

REPORT OF: MANAGING DIRECTOR

FOR SUBMISSION TO: AUTHORITY MEETING

DATE: 30 SEPTEMBER 2024

SUMMARY OF REPORT:

This provides a regular report on the Governance of LondonEnergy Ltd.

RECOMMENDATIONS:

The Authority is recommended to note the comments on the Company's performance and activities in the Q2 2024 Report

SIGNED:  Managing Director

DATE: 18 September 2024

1. INTRODUCTION

- 1.1. Following decisions made at the February 2010 meeting of the Authority covering a range of issues connected with the control of LondonEnergy Ltd (LEL) by the Authority, this is the regular report to up-date Members on the governance of the Company and its financial performance.
- 1.2. The Authority is the 100% shareholder of LEL. The Authority officer team manage a close relationship with LEL, providing both challenge and support – and ensuring both organisations act in alignment to deliver sustainable waste disposal services. The LEL Executives and Board have the key responsibility to deliver their services and to operate in a safe, sustainable and cost-effective manner.

2. QUARTERLY REPORTS

- 2.1. LEL provides quarterly reports to the Authority covering the financial performance of the Company and the main operational issues experienced. This provides shareholder information to enable Members to be briefed on key information concerning the operation of LEL. The report covering the second quarter 2024 is at Appendix A.
- 2.2. The Energy from Waste (EfW) facility exceeded its budgeted capacity during this period. The facility treated 119k tonnes of residual waste against a budget of 116k tonnes. Overall, for the first half of the year, the energy centre treated 250k tonnes of waste against a budget of 251k tonnes.
- 2.3. There were planned outages on three of the five boilers within the energy centre during the quarter. The outages involve replacing corroded boiler tubes (required to convert water into steam for the turbines), repairs to furnace roller grates, the flue gas treatment plant and other essential equipment. This year, the outage period also includes planned maintenance on one of the five steam turbines used to generate electricity. This is technically complicated work made harder by the fact that the equipment is over 60 years old, and the original manufacturer no longer exists.
- 2.4. There were also unplanned outages in this period:
 - 2.4.1 Boiler 3 Roller Grate had broken segments and required repairs – total 67 hours of downtime.
 - 2.4.2 Boiler 5 developed a tube leak shortly after returning to service from outage and then had high vibrations on the secondary air fan which resulted in 61 hours of downtime.

- 2.4.3 Boiler 1 suffered a blockage in the economiser which required cleaning before the unit could be returned to service.
- 2.5 Alongside the good performance in terms of tonnes of residual waste treated, the energy centre also delivered an improved performance in Q2 for electricity generated, with 49.7MWh of electricity exported against a budget target of 49.6MWh. Despite the positive performance in the period, the company continues to face significant challenges in operating aging facilities.
- 2.6 The percentage of materials recycled at reuse and recycling centres averaged 74.7% in Q2 2024 (on a weighted average basis), this was very similar to the same period last year (75.3%).

CAPITAL PROJECTS

- 2.7 Following the energy from waste facility condition survey which reported in 2023, the LEL budget for 2024 includes £7.3m of capital projects to support the resilience of the plant. This involves 11 projects in the current year. In addition, the company was developing further projects which could be initiated if there is adverse performance in the year which shows particular investments need to be brought forward to maintain the operation of the facility. The four largest investments relate to:
 - 2.7.1 Boiler House Asbestos Abatement – value £2.3m. The programme was completed in August 2024 ahead of schedule and under budget.
 - 2.7.2 Boiler refurbishment for boilers 1 and 3 – value £2.1m. Contracts have been let for this work. Boilers 2 and 4 are planned for 2025
 - 2.7.3 Flue gas treatment structure repairs – £0.7m
 - 2.7.4 Bottom ash conveyor steelwork – value £0.7m
- 2.8 One other project has been completed, replacing storage tanks for de-mineralised water (essential for the operation of the boilers) – value £0.3m.

3. HEALTH AND SAFETY

- 3.1 The Board of LEL is legally responsible for Health and Safety matters and closely monitors the company's performance. The report at appendix A sets out the continued improvements which have been achieved in reducing the accident frequency rate by employees and contractors in the last year. This is welcome progress but requires continued drive and initiative to maintain high levels of safety management.

4. PUBLIC RELATIONS

- 4.1. There were four compliments and one complaint, for the second quarter 2024. The complaint related limits on hardcore allowed to be brought to site. The compliments were in relation to the paint recycling service being offered, on information received from site operatives on recycling and regarding the cleanliness of the sites.
- 4.2. LEL's employees take pride in delivering essential services for the people of north London, with the company's vision being to "reuse, recycle and create energy-from-waste for the benefit of our community". Each year, LEL undertakes a range of activities, in addition to delivering waste and recycling services designed to help residents access our services and deliver social value. During the first half of 2024, these activities included:
- 4.2.1 A video guide to help residents make the most of the new EcoPark RRC.
 - 4.2.2 A "Powering up Literacy" campaign, encouraging residents to donate children's books to support a free book giveaway at the Reuse Shop.
 - 4.2.3 A mentoring and work experience programme for A-level students from Harris Academy School in Tottenham.

Further information on these initiatives is included in Appendix A.

5. LONDONENERGY LTD BOARD

- 5.1 The following directors served during the period:

Don Lloyd (Non-executive Director) – Chair
Ulla Rottger (Non-executive Director)
Martha Desmond (Non-executive Director)
Clyde Loakes (Non-executive Director)
Peter Zinkin (Non-executive Director)
Rebecca Rennison (Non-executive Director)
Rowena Champion (Non-executive Director)
Mete Coban (Non-executive Director)
Ian Williams (Non-executive Director)
Doug Wilkinson (Non-executive Director)
Martin Capstick (Non-executive Director)
James Kendall (Managing Director)
Justin Price (Finance Director)

6. EQUALITIES IMPLICATIONS

6.1 There are no equalities issues arising from this report.

7. COMMENTS OF THE LEGAL ADVISER

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

8. COMMENTS OF THE FINANCIAL ADVISER

8.1 The Financial Adviser has been consulted in the preparation of this report and comments have been incorporated.

List of documents used:

None

Contact officer:

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LondonEnergy

Powering the Circular Economy

Quarterly Report to North London Waste Authority

Second quarter (April - June) 2024



Second Quarter 2024 Report

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1. EXECUTIVE SUMMARY

1.1 Overview of the second quarter 2024

Operations

The Reuse and Recycling Centres (RRCs) performed well over the period, returning a weighted average recycling rate of 74.7% (an increase from Q1 – 70.6%). Schemes to recycle carpets, mattresses and hard plastics all continued to perform well.

The Reuse Shop at the Kings Road Recycling Centre (which reopened in December 2023 after repairs to the roof were completed) continued to be popular with residents with takings over the first half of 2024 exceeding £94k.

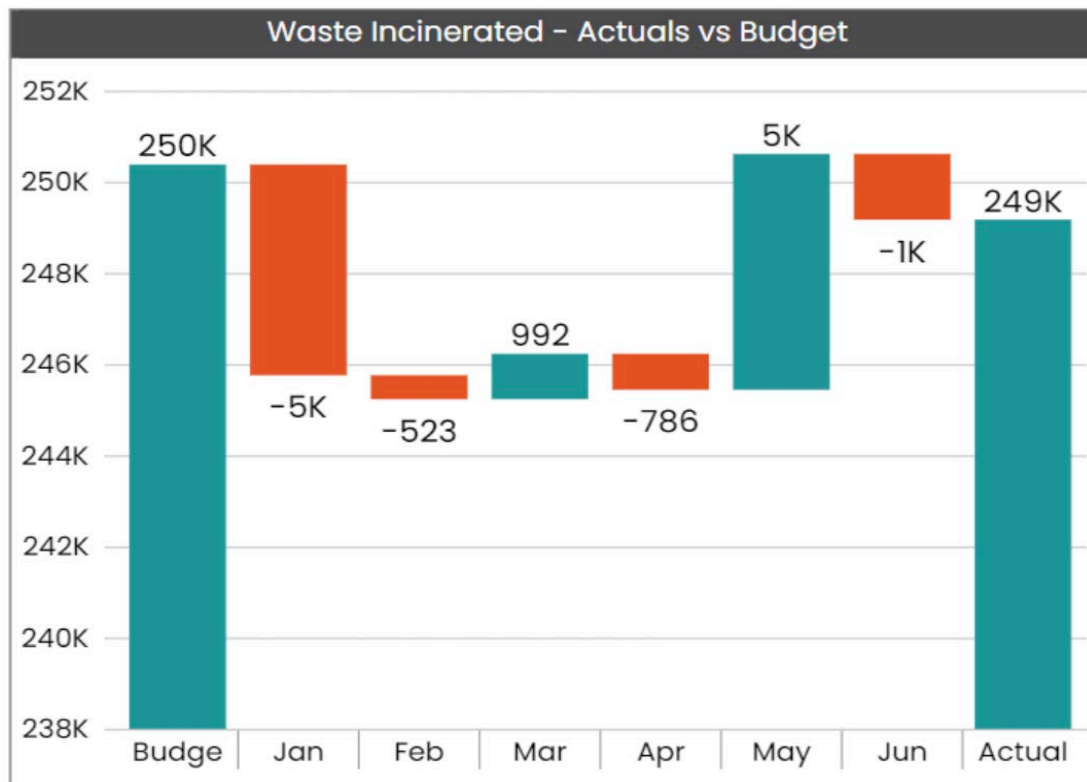
The existing EfW entered its annual maintenance (outage) period during Q2, with 3 of the 5 boilers undergoing planned maintenance works. A planned outage on turbine TA3 also commenced in June, with the works expected to conclude in Q3.

LEL continued to work closely with colleagues at NLWA and NLHPP during the period to ensure the smooth ramp-up of operations within the RRF after the facility was handed to LEL in March.

2. OPERATIONS

2.1 Energy Centre (EC) Operations

Quarter 2 saw the Energy Centre miss budget expectations for waste throughput in April and June but significantly exceed them in May. This performance means that the Energy Centre delivered 99.6% of the budget for waste throughput over the first half of 2024, despite the ageing facility suffering from a range of equipment failures (unplanned downtime) that required the maintenance teams to work around the clock to return the plant to service.

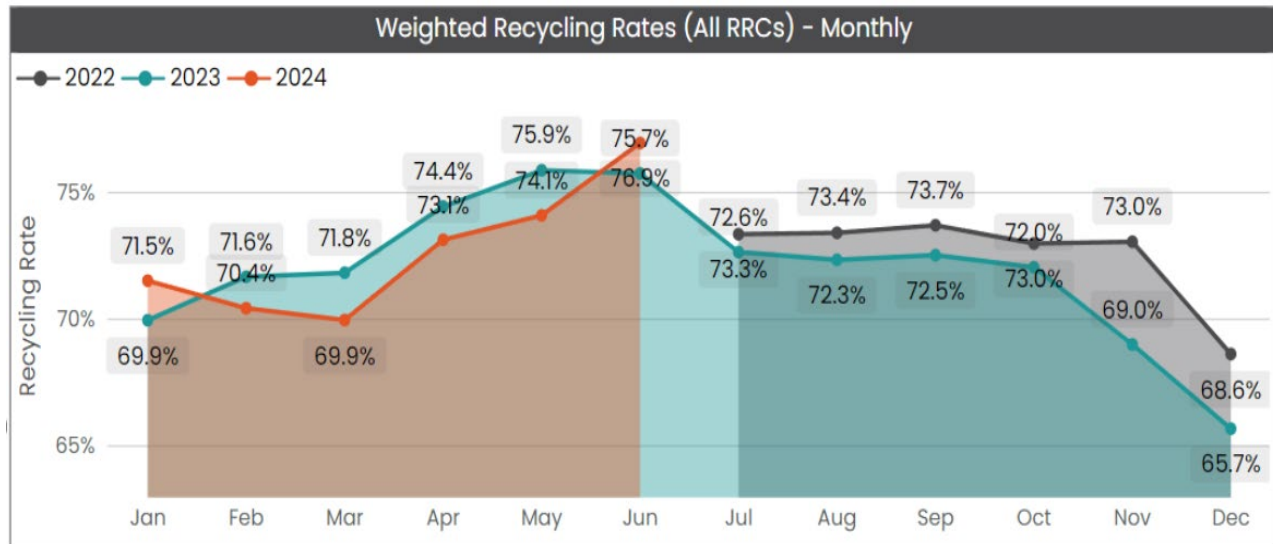


2.2 Recycling and Waste Operations

RRCs

The average recycling rate across the RRCs in the reporting period was just under 75% which represents an excellent performance. The recycling of hard plastics contributed to the positive figures, with over 30 tonnes collected and sent for recycling during the period.

The Kings Road Reuse shop continued to be popular with residents, taking over £50,000 in the reporting period. Schemes to recycle mattresses and hard plastics continue to divert significant quantities of waste to recycling outlets, and a new scheme to offer carpet recycling to residents is also performing well. The carpet recycling scheme was initially trialled at a small number of RRCs before being rolled out more widely – the expanded service enabled the collection of over 11 tonnes of carpet in June alone.



Transport

There have been no prohibition notices issued, nor MOT failures or roadside checks undertaken by the DVSA. LEL has FORS Gold Accreditation for the next twelve months and will maintain green Operator Compliance Risk Score (OCRS).

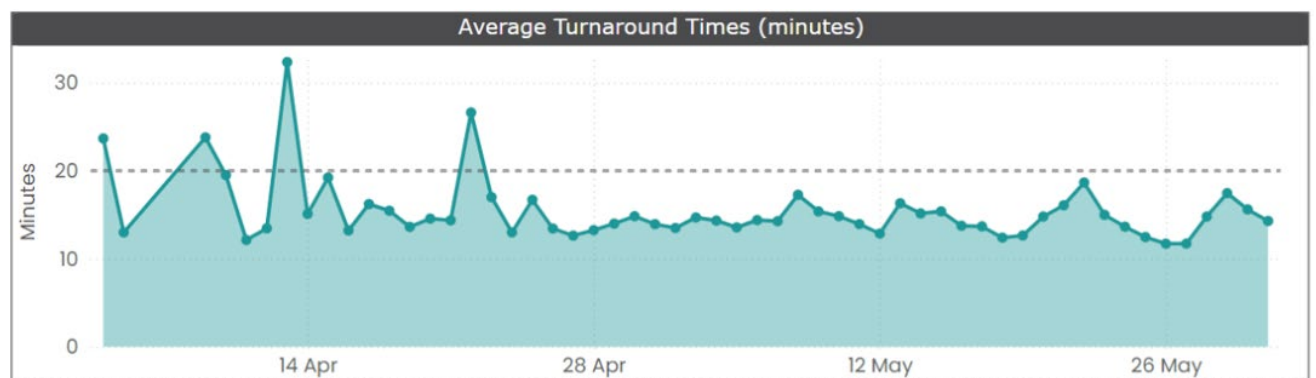
The OCRS a measure used by DVSA to decide which vehicles should be inspected. OCRS is used to calculate the risk of an operator not following the rules on roadworthiness (the condition of its vehicles) and traffic, for example drivers' hours or weighing checks. It's more likely that an operator's vehicles will be inspected if the OCRS is high – LEL's score is very low as measured by the "Green" status.

2.3 North London Heat and Power Project (NLHPP)

EcoPark South – including the Resource Recovery Facility (RRF)

Following the handover of the Resource Recovery Facility (including the RFPF, RRC, and the surrounding areas) on Friday, March 15th, the LEL operations team, working with NLWA and borough partners, conducted a full suite of operational trials to ensure the RRF could meet the design criteria and deliver the required service. The team worked hard through Q2 to overcome a number of snags and adapt to the new ways of working needed for a modern facility.

The extensive planning and preparation paid off, and the RRF passed all operational tests and passed into "business as usual" operation in May. Now the facility is in full use, one of the key performance indicators is the speed at which borough vehicles are safely received into the facility before tipping and then leaving to continue collections. These "turnaround times" are measured using ANPR from the moment the borough vehicle enters the EcoPark, to the point at which it leaves. LEL has a contractual obligation to turn vehicles around in an average of 20 minutes or less. The graph below shows the performance of the RRF facility since handover. As can be seen from the graph, the trial operations period in March and April showed a number of issues – these were resolved through testing, with turnaround times since full operations commenced consistently meeting the 20-minute KPI target.



Energy Recovery Facility (ERF)

LEL technical staff continued to support the ERF programme during the period with work including supporting a joint Access, Lifting and Maintenance (ALM) study and a risk and cost workshop. Plans for handover between the EfW and ERF were further developed during the reporting period – this included the thinking around the potential dual running of the existing EfW and the new ERF during the period around handover from one facility to the other.

3. SHAREHOLDER MATTERS

3.1 Number and names of directors for second quarter 2024

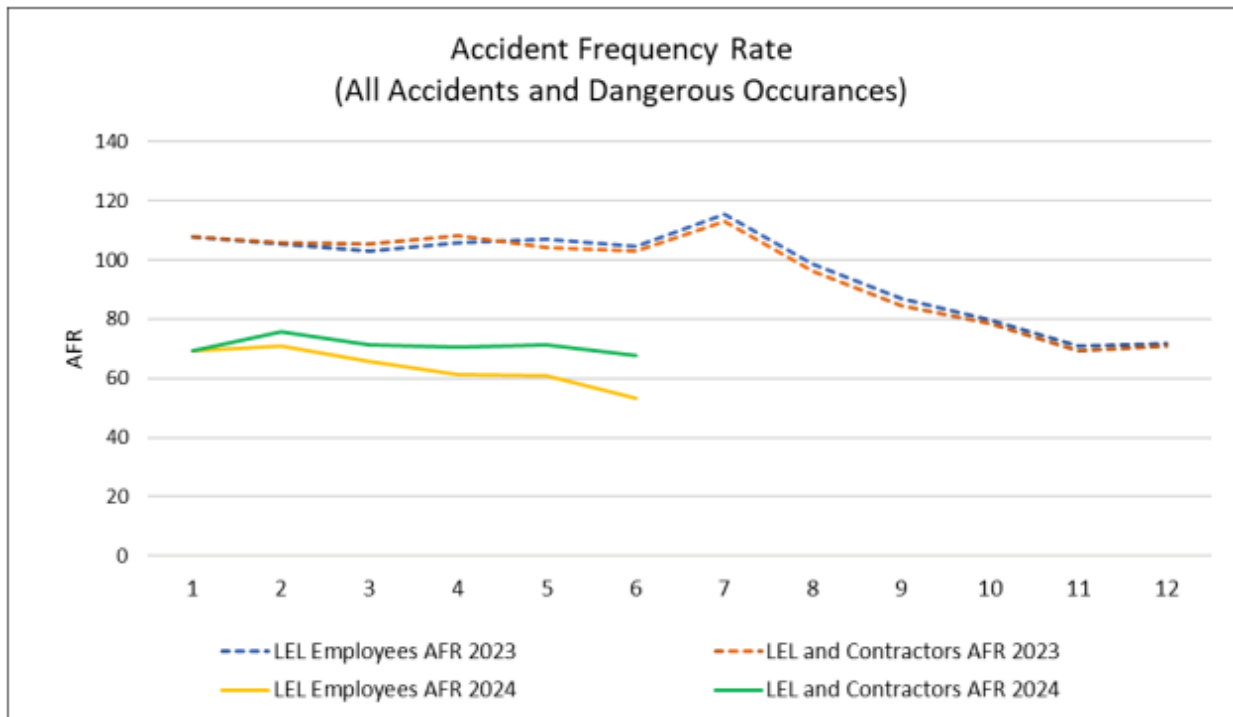
There were 13 serving directors on the LEL Board for the period, they are as follows:

- Don Lloyd (Non-executive Director) – Chair, Board
- Ulla Rottger (Non-executive Director) – Chair, Transition Committee
- Martha Desmond (Non-executive Director)
- Clyde Loakes (Non-executive Director)
- Rowena Champion (Non-executive Director)
- Mete Coban (Non-executive Director)
- Peter Zinkin (Non-executive Director) – Chair, Audit & Risk Committee
- Rebecca Rennison (Non-executive Director) – Chair, Remuneration & People Committee
- Ian Williams (Non-executive Director)
- Doug Wilkinson (Non-executive Director) – Chair, Operations, Health, Safety, & Sustainability Committee
- Martin Capstick (Non-executive Director)
- Jim Kendall (Managing Director)
- Justin Price (Finance Director)

4. HEALTH, SAFETY, QUALITY AND ENVIRONMENT (HSQE).

4.1 Update on compliance matters

There were no prohibition notices, improvement notices or prosecutions in the quarter.



As can be seen from the graph above, the accident frequency rate (relating accidents recorded to hours worked) continues to be significantly lower than it was during the same period in 2023.

The improvement has been seen after the Health & Safety leadership team at LEL initiated a fatality prevention programme, focussing on the implementation of 9 "life-saving rules". The training uses highly interactive virtual reality technology to allow members of staff to experience realistic scenarios in a safe environment.

Despite the improvements seen, the environment remains a challenging one with an ever-present need for vigilance. There were no RIDDOR reportable accidents or injuries during the period, but one dangerous occurrence involving lifting equipment.

April – There were no reportable accidents or dangerous occurrences in the month.

May – There were no reportable accidents or dangerous occurrences in the month.

June – There were no reportable accidents in June, but there was one dangerous occurrence. This happened when one of the cranes used to load waste into the Energy Centre boilers descended without full control. The crane was taken out of service, and repairs were undertaken to the brake mechanism. The issue was resolved, and the crane returned to service. No one was injured during the incident, but failures of lifting equipment must be reported to the HSE.

4.2 Prosecutions

There are no prosecutions pending.

5. PEOPLE

5.1 Social Value – Giving back to the community.

LondonEnergy's employees take pride in delivering essential services for the people of north London, with the company's vision being to "reuse, recycle and create energy-from-waste for the benefit of our community". Each year, LEL undertakes a range of activities, in addition to the delivery of waste and recycling services, which are designed to help residents access our services and deliver social value. During the first half of 2024, these activities included:

EcoPark RRC - Public Experience Video

Throughout Q2, the LondonEnergy team produced a range of public wayfinding materials in preparation for the opening of the EcoPark Reuse and Recycling Centre.

Part of this work involved finalising a video guide to the new EcoPark Reuse and Recycling Centre, which included information about the centre's significance, how to find us, the types of materials that can be recycled, and general safety tips.

It will be used for both internal and external purposes across our intranet, social media channels and website. The video can be watched on YouTube here:

<https://www.youtube.com/watch?v=P0TivTw89Z8>

Reuse Shop "Powering Up Literacy" Campaign

Ahead of the school holidays, the LEL team at the Kings Road Reuse shop launched a "Powering up Literacy" campaign, encouraging residents to donate children's books to support a free book giveaway. According to the National Literacy Trust, around 1 in 12 children in the UK do not own a book of their own, so during the summer holidays, the shop offered free books to local children, promoting reuse and education.



The feedback from residents was overwhelmingly positive, with LEL employees proud to drive an initiative that promoted reuse, education and the circular economy.

Harris Academy Mentoring Programme

During May, LEL successfully delivered a mentoring and work experience programme for A-level students from Harris Academy School in Tottenham.

The five-day program saw students participate in workshops across multiple disciplines, including communications, human resources, legal, IT, finance, engineering, operations, and more. They also received tours of our Energy Centre and Resource Recovery Facility.

Feedback from the students was overwhelmingly positive, with one student commenting that the *"experience at LondonEnergy has expanded my horizons beyond my chosen career path. The workplace helped me understand how different parts of the business work together to achieve success. This experience has benefited my career and given me an advantage over my peers who chose not to take this opportunity."*

Credit goes to the whole LEL management team for ensuring that the students received an engaging and enriching workplace experience.