

NORTH LONDON WASTE AUTHORITY

REPORT TITLE: GOVERNANCE OF LONDONENERGY LTD

REPORT OF: MANAGING DIRECTOR

FOR SUBMISSION TO: AUTHORITY MEETING

DATE: 13 FEBRUARY 2025

SUMMARY OF REPORT:

This provides a regular report on the Governance of LondonEnergy Ltd. The Authority is the 100% shareholder of the company. This report covers the company's performance from October to December 2024.

RECOMMENDATIONS:

The Authority is recommended to:

- A. Note the comments on the Company's performance and activities in the Q4 2024 Report;
- B. Note the Board Minutes for October and December 2024

SIGNED:  Managing Director

DATE: 3 February 2025

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 fourth quarter 2024 is at Appendix A.
- 2.2. The Energy from Waste (EfW) facility fell just short of operating to its budgeted capacity during this period. The facility treated 131k tonnes of residual waste against a budget of 136k tonnes. This was a positive result considering that there was a major unplanned outage caused by a third-party incident outside the EcoPark in November. More details of this are in para 2.4.2 below. Overall for the year as a whole the Energy Centre operated 1% below planned capacity (496k tonnes against a budget of 501k tonnes).
- 2.3. There were no planned outages on the boilers within the Energy Centre during the quarter. The period did see the conclusion of 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. The causes of unplanned outages in this period included:
 - 2.4.1 Roller Grate failures on boilers 3 and 4. On investigation, it was unclear whether the root cause related to over-sized items within the waste stream or component failure of the roller grate segments. Samples were sent away for material testing and further investigation.
 - 2.4.2 An unexpected power outage across the Energy Centre caused major disruption to business-as-usual operations for approximately 12 days. The root cause was the failure of a UK Power Networks (UKPN) high-voltage

export cable due to damage caused by excavation works undertaken by a third party. A contractor working on development of a site several hundred metres from the EcoPark struck a cable on the UKPN network which exports power from LondonEnergy's energy from waste plant. UKPN required there to be an immediate cessation of power transmission using that cable. The age and design of the current facility means that if it cannot generate and transmit electricity, it cannot treat waste (this constraint will not apply in the new facility). LondonEnergy was therefore required to carry out an emergency power down of the facility, following which it had to be brought carefully back into service when the power cable was confirmed to be operating safely. Powering down at short notice risks damaging components in the boilers and turbines of the facility and it was to the LondonEnergy team's credit that the procedure was executed without the need for major repairs to the facility itself. In total it was 12 days before the facility was back up to full operation.

- 2.5 Despite the outage, the Company generated and exported 55MWh of electricity against a budget target of 60MWh (for the year as a whole the company exported 210MWh compared to a budget of 219MWh). Despite the positive performance in the period, the company continues to face significant challenges in operating aging facilities which can be unreliable. While reflecting on a good performance in the quarter, it is therefore important to draw attention to ongoing financial and operational pressures in the company.
- 2.6 The percentage of materials recycled at Reuse and Recycling Centres averaged 71.6% in Q4 2024 (on a weighted average basis), this is lower than the previous quarter (Q3_74.2%). Rates of recycling usually reduce in the last quarter of the year reflecting lower volumes of garden waste over winter months.

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 involved 11 projects in 2024. 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. Given the limited life of the existing Energy from Waste plant, all project costs are treated as an expense, rather than capitalised. 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

3. HEALTH AND SAFETY

3.1 The Board of LondonEnergy Ltd 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 six compliments and four complaints, for the fourth quarter 2024. The complaints were in relation to staff conduct (investigated and response provided); closure of drop off area due to redevelopment works at Hornsey Street; refusal of entry to site within 5 minutes of site closure (website clearly states minimum 10 minutes before); height of barrier at Hornsey Street (website provides clear height clearance details). The compliments were in relation to the good staff customer service and good housekeeping at sites, providing tidy site for users. These came from both members of public and borough employees.

4.2 LondonEnergy Ltd'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". This is supported through the Company's Sustainability Strategy. Throughout 2024, LEL undertook a range of activities, in addition to delivering waste and recycling services. These were designed to help key stakeholders, access our services delivered across environmental, social and governance initiatives. These activities included:

4.2.1 Publication of the 2023 Sustainability Report which can now be found on the LEL website and sets out key environmental, social and governance work carried out during the financial year. The main focus of the 2023 report was on social value and other key environmental and governance initiatives executed during 2023 by the Company.

4.2.2 The LEL Commuter Survey, a key component of the development of the Company's workplace travel plan to design and promote sustainable travel options and reduce single-occupancy car use, was carried out in 2024. The survey, which gathers insights into employee commuting habits, preferences, and challenges, will be expanded in future for greater participation and to capture a more comprehensive data set.

- 4.2.3. The Sustainability Steering Committee (SSC) spearheaded an Internal Recycling Infrastructure action plan, which aims to develop better internal waste disposal and sorting capabilities within the Company. New recycling bins are to be installed, and educational materials developed to guide staff on proper waste separation.
- 4.2.4 LEL is also developing a corporate Climate Action Plan (CAP). The SSC will continue to oversee the project's progress and further updates will be provided as the plan commences.
- 4.2.5 The SSC successfully organised a Staff Christmas Toy and Book Campaign, part of its drive to get staff involved in recycling while building better community engagement. A total of 350 individual pre-loved toys and books were donated to the Galaxy Children's Ward at the Royal Hospital of Barnet. Staff were volunteered to wrap and deliver the presents to the Children's ward in time for Christmas. The aim is for this to become an annual event and to widen our reach with other North London Children's charities.



Figure 1: Staff volunteering at Royal Hospital of Barnet



Figure 2: Staff wrapping gifts for Galaxy Children's Ward

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)
Mike Hakata (Non-executive Director)
Ian Williams (Non-executive Director)
Doug Wilkinson (Non-executive Director) – *resigned 4th October 2024*
Craig Miller (Non-executive Director) – *appointed 9th December 2024*
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 the 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

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LondonEnergy

Powering the Circular Economy

Quarterly Report to North London Waste Authority

Fourth quarter (Oct - Dec) 2024



Fourth Quarter 2024 Report

CONTENTS

1. EXECUTIVE SUMMARY

1.1. Overview of the fourth quarter 2024

2. OPERATIONS

- 2.1. Energy Centre Operations
- 2.2. Recycling and Waste Operations
- 2.3. North London Heat and Power Project

3. SHAREHOLDER MATTERS

3.1. Number and names of directors in fourth quarter 2024

4. HSQE

- 4.1. Update on compliance matters
- 4.2. Accident data

5. COMMUNICATIONS & PEOPLE

- 5.1. HR report
- 5.2. Communications

6. SUSTAINABILITY STRATEGY UPDATE

6.1 Sustainability Initiatives for 2024

1. EXECUTIVE SUMMARY

1.1 Overview of the fourth quarter 2024

Operations

Performance at the Energy Centre was affected by a fault with one of the export cables linking the facility to the national grid. The cable is owned by UKPN and was damaged by construction activity away from the EcoPark. Despite this issue, the Energy Centre finished the year having achieved 99% of budgeted waste treatment.

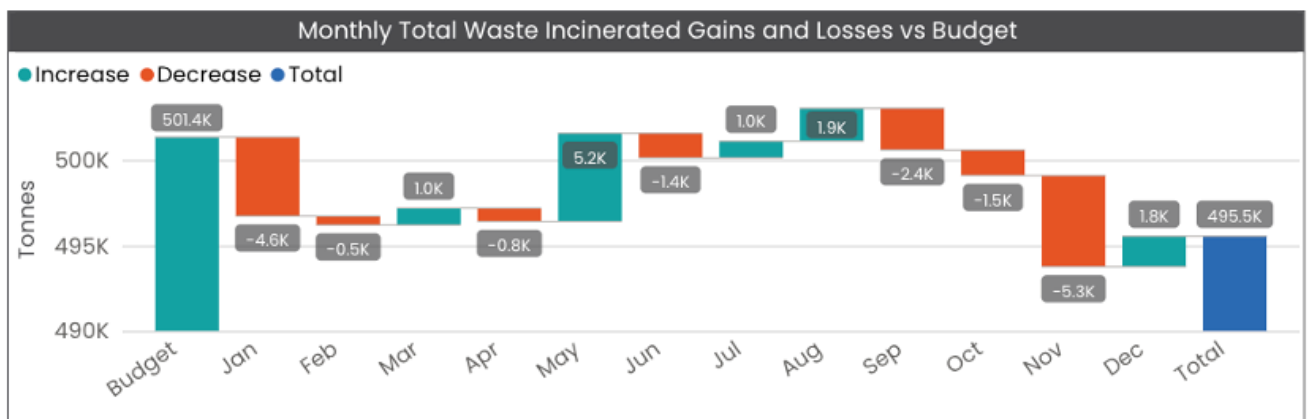
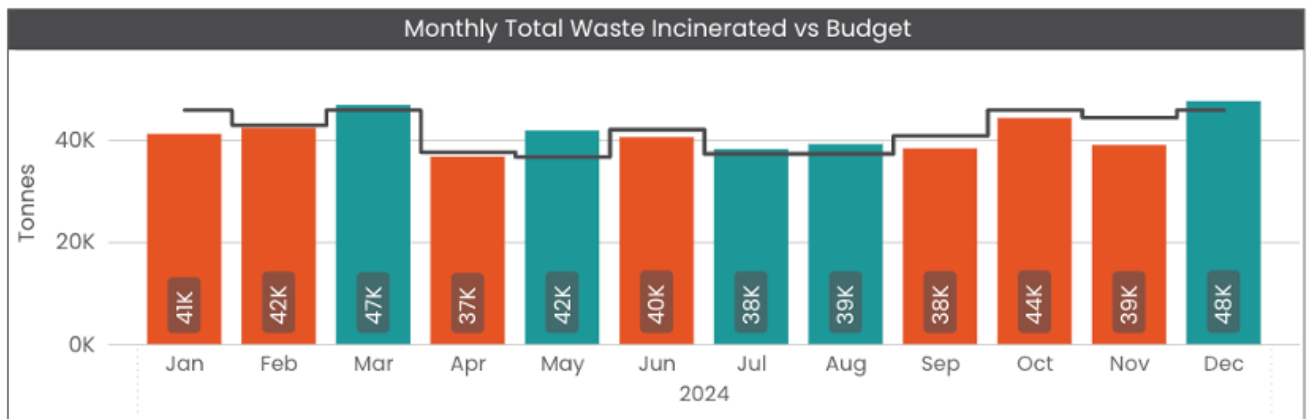
Safety performance across the organisation continues to improve, with lower accident frequency rates being recorded compared to the same period in 2023.

LEL continued to work closely with colleagues at NLWA and NLHPP during the period, contributing to the design development for the ERF and commencing the operation and maintenance of EcoPark House, which saw the first meetings and external visits take place during the period.

2. OPERATIONS

2.1 Energy Centre (EC) Operations

Performance at the Energy Centre in quarter 4 was affected by a fault with one of the two high-voltage cables which connect the facility to the national grid and allow electricity to be exported. These cables are owned and maintained by UK Power Networks. As a result of the fault, the Energy Centre was forced to limit electrical generation, and therefore waste throughput from 20th November until Monday 2nd December. Despite this incident, LEL was able to exceed budget targets for waste treatment in December and achieve 99% of the budgeted throughput for the year. Had the incident not occurred, the team would have beaten budget.

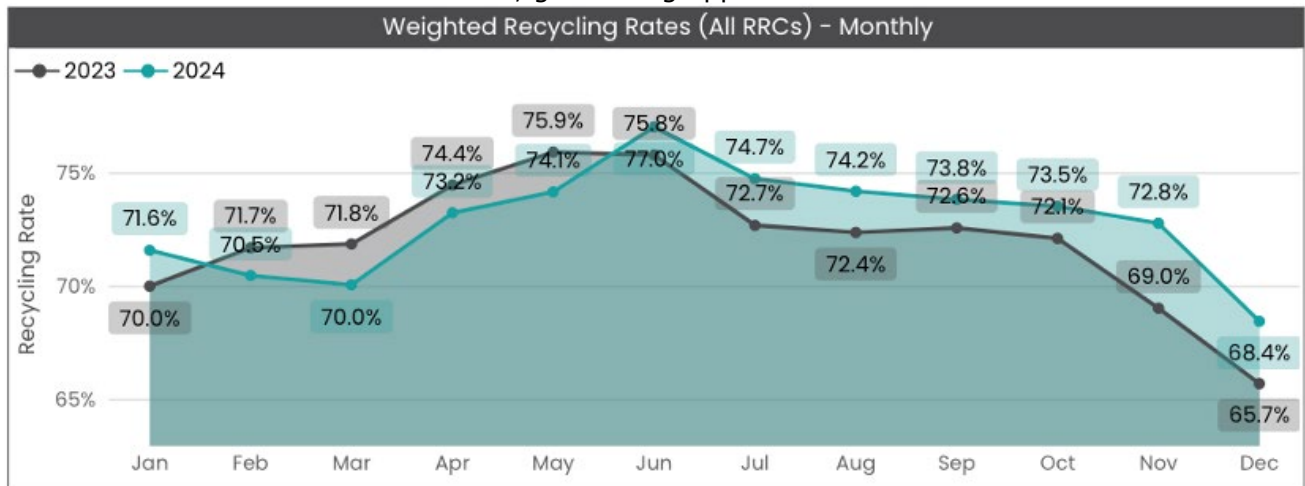


2.2 Recycling and Waste Operations

Reuse and Recycling Centres (RRCs)

The average recycling rate across the RRCs in the reporting period was 71.6%. This represents a significant increase against the same period in the previous year (68.9%). The good performance is despite the seasonal reduction in attendance as people prepare for the festive period. Despite the decrease in visitor numbers, the sites saw an increase of circa 500 tonnes of recyclable materials compared to the same period in 2023.

The Kings Road Reuse shop continues to be popular with residents and sold (or donated) 5.7 tonnes of reusable items in December, generating approx. £10k of income.



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 is more likely that an operator's vehicles will be inspected if the OCRS is high - LEL's score is extremely low as measured by the "Green" status.

2.3 North London Heat and Power Project (NLHPP)

EcoPark South

EcoPark House (EPH) Handover: EcoPark House was successfully handed to LEL on 13th September, with the first use for internal NLWA/LEL meetings happening in November. Colleagues at the NLWA have developed a programme for educational visits, with the first test visit by a local school taking place in December. The Sea Cadets are expected to move back into the EcoPark in Q1 2025

Reuse & Recycling Centre (RRC): The EcoPark RRC has successfully ramped up since opening to the public on 15th July 2024. From an operational perspective, the EcoPark RRC is now considered business as usual.

3. SHAREHOLDER MATTERS

3.1 Number and names of directors for fourth quarter 2024

There were a total of 14 serving directors on the LEL Board during the period, with one resignation in October and one new appointment in December, resulting in the total number of directors at the end of the period at 13. They are as follows:

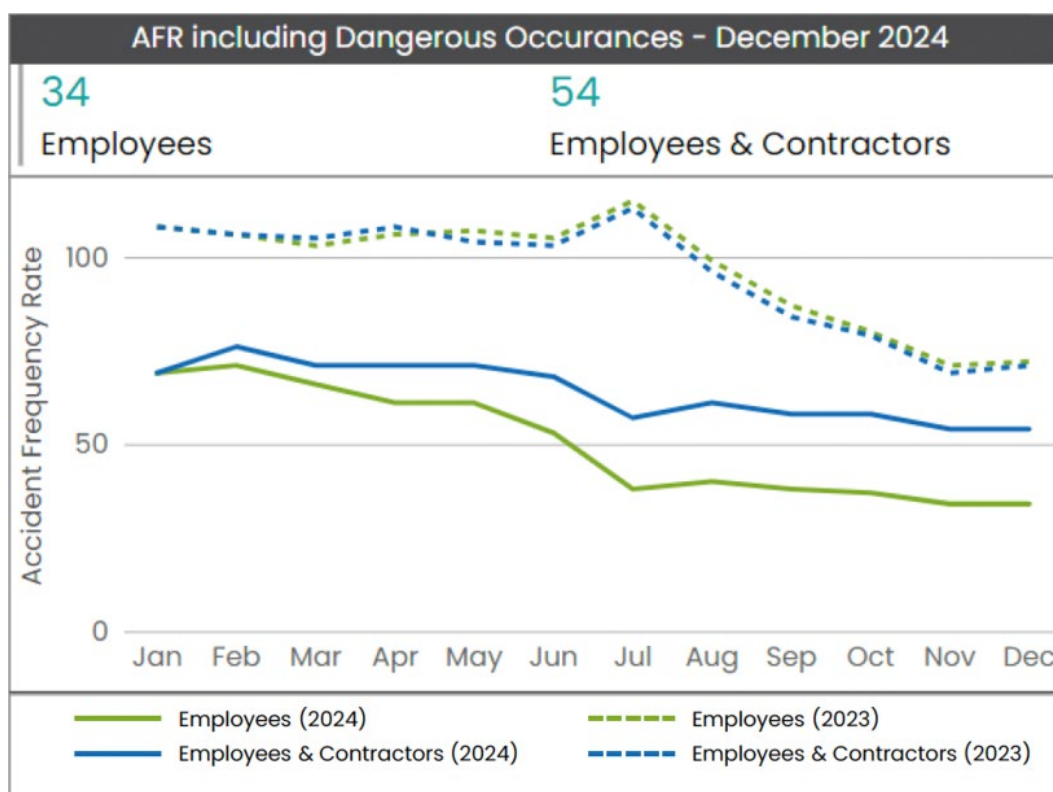
- Don Lloyd (Non-executive Director) – Chair, Board
- Ulla Rottger (Non-executive Director) – Chair, Transition Committee
- Martha Desmond (Non-executive Director)
- Clyde Loakes (Non-executive Director)
- Rowena Champion (Non-executive Director)
- Mike Hakata (Non-executive Director)
- Peter Zinkin (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 – *resigned 4th October 2024*
- Craig Miller (Non-executive Director) – *appointed 9th December 2024*
- 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 or improvement notices issued by regulatory bodies in the quarter. □

4.2 Accident data



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

The data also shows a widening gap between the performance of LEL employees only and the performance when including contractors. A data review is being undertaken to explore this issue in more detail, and a health & safety workshop for all LEL's major contractors is being planned for February 2025.

5. PEOPLE

5.1 HR report

The headcount summary shows that as of 30th November, LondonEnergy employed 401 people with 10 active vacancies.

5.2 Communications.

External communication activities in the period included:

- Updated livery for 12 Volvo trucks emphasising the LEL's commitment to sustainability with the "Powering the Circular Economy" message.
- A Christmas initiative at the Kings Road Reuse Shop Christmas promoting waste reduction through half-price toys and free books, gaining media attention and social engagement.
- ITV's Tonight program filmed at the Reuse Shop, spotlighting reuse services and the benefits of "upcycling" ahead of its January airing.
- A tour of EcoPark House by students at Capel Manor College in Enfield, strengthening a 15-year educational partnership.

6. SUSTAINABILITY STRATEGY UPDATE

6.1 Sustainability Initiatives for 2024

LEL carried out a number of sustainability initiatives in 2024, led by its Sustainability Steering Committee (SSC) and supported by the Board. The initiatives reflect LEL's commitment to its sustainability strategy for the advancement of sustainable environmental, social, and governance activities which impact our key stakeholders and society as a whole.

Some key projects include the second publication of the Company's Sustainability Report. The **2023 Sustainability Report** can now be found on the [LEL website](#) and sets out key environmental, social and governance work carried out during the financial year. The focus of the 2023 report was on social value and other key environmental and governance initiatives executed during 2023 by the Company.

The **LEL's Commuter Survey**, a key component of the development of the Company's workplace travel plan to design and promote sustainable travel options and reduce single-occupancy car use, was carried out in 2024. The survey, which gathers insights into employee commuting habits, preferences, and challenges, will be expanded in future for greater participation and to capture a more comprehensive data set.

The Committee has spearheaded an **Internal Recycling Infrastructure action plan**, which aims at developing better internal waste disposal and sorting capabilities within the Company. New recycling bins are to be installed, and educational materials developed to guide staff on proper waste separation.

LEL commenced the development of its Climate Action Plan (CAP). The SSC will continue to oversee the project's progress and further updates will be provided as the plan commences.

The SSC successfully organised a **Staff Christmas Toy and Book Campaign**, part of its drive to get staff involved in recycling while building better community engagement. A total of 350 individual pre-loved toys and books were donated to the Galaxy Children's Ward at the Royal Hospital of Barnet. Staff were volunteered to wrap and deliver the presents to the Children's ward in time for Christmas. The aim is for this to become an annual event and to widen our reach with other North London Children's charities.

