

NORTH LONDON WASTE AUTHORITY

REPORT TITLE: ESTABLISHING RESPONSIBLE ASSET STEWARDSHIP

REPORT OF: MANAGING DIRECTOR

FOR SUBMISSION TO: AUTHORITY MEETING

DATE: 10 FEBRUARY 2022

SUMMARY OF REPORT:

This report summarises the Authority's approach to establish long-term responsible asset stewardship over the assets to be created through the North London Heat and Power Project

RECOMMENDATIONS:

The Authority is recommended to note the contents of the report.

SIGNED:  **Managing Director**

DATE: 31 January 2022

1. INTRODUCTION

- 1.1. Through the North London Heat and Power Project (NLHPP), North London Waste Authority (the Authority) is investing substantially in the creation of major new, high quality infrastructure assets to meet the waste management needs of north London's residents for the long term.
- 1.2. The Authority requires a programme for successful stewardship of these assets over their lifetime – maximising their value whilst minimising environmental impacts and the need for future capital investment. This includes ensuring that all actors (users, contractors, operators, maintainers, other) are provided with clear information, guidance, and direction on the Authority's requirements for responsible asset stewardship, meaning working in a way that safeguards the function and maximises the life of assets, known as 'Asset Management'.
- 1.3. As the asset owner, the Authority has the responsibility to monitor the overall health of assets it owns across the EcoPark. Among other objectives, the Authority must be able to:
 - 1.3.1. determine where improvements must be made to prevent the premature failure, depreciation or demise of assets;
 - 1.3.2. identify opportunities to extend the life of assets, to minimise the need for future capital investment;
 - 1.3.3. identify assets that are not being used, operated, and maintained as designed or as agreed by the Authority.
- 1.4. This paper summarises details on:
 - 1.4.1. The team the Authority is recruiting to lead in this new business function (the 'Asset Management Team'); and,
 - 1.4.2. The overall programme and key projects that the Asset Management Team is designing and implementing to achieve responsible asset stewardship (the 'Asset Management System').
- 1.5. The programme is being designed and implemented in collaboration with LondonEnergy Limited (LEL), who are the owners of current facilities and will be the operators of the new assets being established under the NLHPP.

- 1.7 Future papers will detail the progress the Authority has made in the development and implementation of its Asset Management System, as well as information on the health of the assets within the stewardship of the Authority.

2. THE AUTHORITY'S ASSET MANAGEMENT TEAM

- 2.1. In October 2021 an appointment was made to the role of Head of Strategic Asset Management (HOSAM), to lead in establishing the Authority's new Asset Management function and team. Working with the NLHPP project team, the HOSAM has created a programme (the Integrated Asset Management Improvement Programme (IAMIP)) to design and embed internationally recognised asset management ways of working across the Authority (the Asset Management System (AMS)).
- 2.2. These ways of working will be adhered to by the Authority's supply chain, including the maintainers, operators and care-takers of the Authority's assets.
- 2.3. The AMS will allow the Authority to build its competence, capability, and confidence in its new role as asset steward in owning assets and safeguarding its investments.
- 2.4. The Authority's Asset Management Team will act at a strategic level and in coordination with LEL and other contracting organisations to ensure decisions made on the installation, operation, maintenance, replacement, upgrade, etc. of assets will support the optimisation of the Authority's investment.

3. THE AUTHORITY'S INTEGRATED ASSET MANAGEMENT IMPROVEMENT PROGRAMME

- 3.1. Currently, the Authority's IAMIP consists of two primary projects: 1) Creation of the Asset Management System; and 2) Creation of the Asset Information Management System. Other projects may be required to establish and embed responsible asset stewardship.

4. ASSET MANAGEMENT SYSTEM PROJECT

- 4.1. The first project – Asset Management System (AMS) Project – will create the suite of documents and tools detailing the ways of working to which the Authority will require adherence from all organisations working on, operating, and maintaining the Authority's assets.
- 4.2. These will include an Asset Management Policy, a Strategic Asset Management Plan, as well as tools to assess asset risks and opportunities, and the health of assets.

5. ASSET INFORMATION MANAGEMENT SYSTEM PROJECT

- 5.1. The second project – Asset Information Management System (AIMS) Project – will capture data and information on the Authority’s highest-value assets over their lifetime.

Good asset information will be required to ensure the health of key assets are monitored and reported on periodically.

6. OVERALL PURPOSE OF ASSET MANAGEMENT (RESPONSIBLE ASSET STEWARDSHIP)

- 6.1. Through both projects combined (AMS and AIMS), the Authority will be able to implement good governance over assets – with up-to-date information kept on those assets, the application of consistent procedures to maintain them and hence the ability of the Authority to manage the condition of the facilities with such action as is needed, including the efficient management of future capital investment (Responsible Asset Stewardship).

7. COLLABORATION IN THE CREATION AND IMPLEMENTATION OF THE NEW ‘WAYS OF WORKING’

- 7.1. LEL’s Head of Asset Management has been engaged in the development of both projects (AMS and AIMS).
- 7.2. The Authority will host regular Asset Management Steering Committee (AMSC) meetings over the lifetime of the assets, inviting key senior personnel from all organisations contracted or with delegated responsibilities over the Authority’s assets. The AMSC will work to achieve exemplary levels of collaboration and continuous asset management improvement.
- 7.3. When appropriate, the Authority may seek certification to ISO 55001 – the international asset management standard (a marker of responsible asset stewardship).
- 7.4. Organisations acting to operate and maintain the Authority’s assets will be expected to demonstrate the competencies required to safeguard the Authority’s investments. This may also include certification to ISO 55001 and other international standards.

8. THE PLAN FOR THE NEXT 2 YEARS

- 8.1. Figure 1 below provides the high-level plan the Authority is working to. The aim is to ensure all strategies, policies, processes, and tools are agreed, implemented, and working in advance of the Authority’s highest capital investment asset – the Energy Recovery Facility (ERF) – is operational.

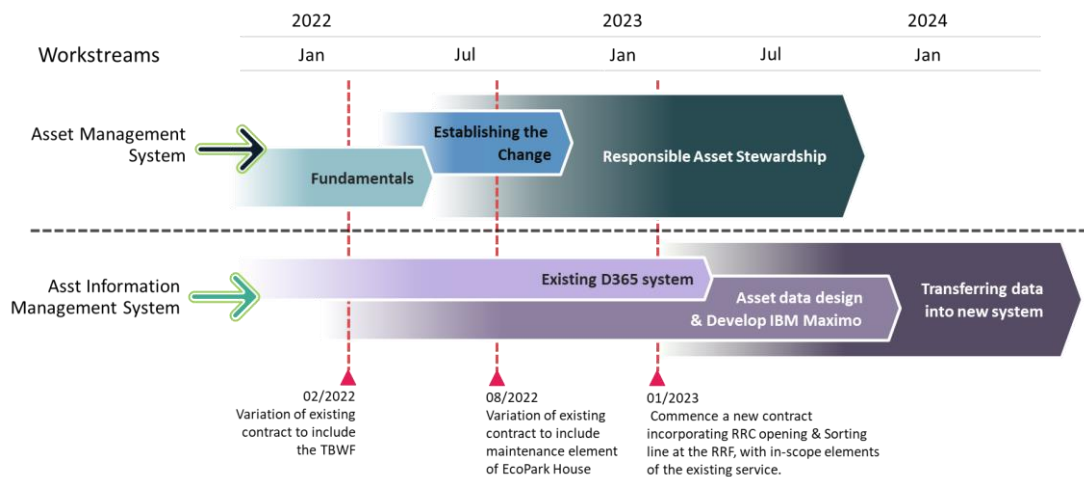


Figure 1: Outline plan for the two primary projects within the Authority's Integrated Asset Management Improvement Programme (IAMIP)

9. CHALLENGES WITH IMPLEMENTING RESPONSIBLE ASSET STEWARDSHIP

Building up competence

- 9.1. Taking ownership of assets on the scale of those being provided at the EcoPark will be a new demand on the Authority. While LEL owns the current facilities at the EcoPark, the new construction will create facilities with much more modern systems and operations. The Authority and LEL have taken steps to recruit senior staff with asset management/asset operator experience. The programme they are leading needs to encompass the development of competencies in both organisations to develop and sustain effective arrangements.

Change in relationships and responsibilities

- 9.2. The relationship between the Authority and LEL will evolve with the new facilities. The Authority will become the owner of assets created through the NLHPP. LEL will provide a service using those assets, with day-to-day responsibility for their operation and management. Therefore, roles and responsibilities between the Authority and LEL will need to be clearly redefined, while also ensuring that the organisations coordinate to provide an integrated service for the boroughs and residents

10. NEXT STEPS

- 10.1. Officers will take forward the work to develop the AMS and AIMS as set out in section 4 above. This will involve particularly close engagement with LEL and with

the companies contracted to construct the new assets. Further reports on progress will be provided to the Authority.

11. EQUALITIES IMPLICATIONS

11.1. The strategy has no implications upon equality.

12. COMMENTS OF THE LEGAL ADVISER

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

13. COMMENTS OF THE FINANCIAL ADVISER

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

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