

## **NORTH LONDON WASTE AUTHORITY**

At a meeting of the **NORTH LONDON WASTE AUTHORITY** held on **THURSDAY, 16TH DECEMBER, 2021** at 2.30 pm in The Council Chamber, Crowndale Centre, 218 Eversholt Street, London, NW1 1BD

### **MEMBERS OF THE AUTHORITY PRESENT**

Councillors Clyde Loakes (Chair), Peter Zinkin (Vice-Chair), Kate Anolue, Rowena Champion, Robert Chapman, Mete Coban, Dean Cohen, Isidoros Diakides, Paul Douglas, Satnam Gill, Mike Hakata, Adam Harrison, Richard Olszewski and Hass Yusuf

**The minutes should be read in conjunction with the agenda for the meeting. They are subject to approval and signature at the next meeting of the North London Waste Authority.**

### **MINUTES**

#### **1. GUIDANCE ON HYBRID MEETINGS**

##### **RESOLVED –**

THAT the hybrid meetings procedures set out on the agenda be agreed.

#### **2. APOLOGIES**

There were no apologies for absence.

#### **3. DECLARATIONS BY MEMBERS OF PECUNIARY, NON-PECUNIARY AND ANY OTHER INTERESTS IN RESPECT OF ITEMS ON THIS AGENDA**

Councillors Clyde Loakes and Peter Zinkin declared an interest in items on the agenda relating to LondonEnergy Ltd (LEL) as they had been appointed as Non-Executive Directors of LEL by the Authority. They noted that they had been given dispensations from their local authorities to participate and vote on the items.

#### **4. ANNOUNCEMENTS**

##### **Broadcast of the meeting**

The Chair announced that the meeting was being broadcast live by Camden Council to the Internet and could be viewed on its website for twelve months after the meeting. After that time, webcasts were archived and could be made available upon request.

Those who had asked to address the meeting, whether seated in the meeting room or participating via Teams, were deemed to be consenting to having their contributions recorded and broadcast and to the use of those sound recordings and images for webcasting and/or training purposes.

### **Waltham Forest membership**

The Chair announced that, since publication of the agenda, Councillor Rosalind Doré had stood down from the Authority and London Borough of Waltham Forest had appointed Councillor Paul Douglas. Councillor Doré was thanked for her contribution to the North London Waste Authority.

### **Order of Agenda items**

The Chair announced that he had agreed to receive a number of deputations on Item 10: North London Heat and Power Project Energy Recovery Procurement. To effectively manage the meeting and assist Members in their consideration of the issues, the item on deputations was being moved to immediately precede Item 10.

### **5. NOTIFICATION OF ANY ITEMS OF BUSINESS THAT THE CHAIR DECIDES TO TAKE AS URGENT**

There were no items of urgent business.

### **6. DEPUTATIONS (IF ANY)**

This item was heard after Item 9: North London Heat and Power Project Update and Reports.

The Chair announced that he had agreed to receive ten deputations.

In accordance with Standing Order 19.1, it was agreed to extend the meeting by 30 minutes to finish at 5pm.

The Chair proposed that the deputations would be heard until 4pm to ensure that the business of the meeting could be concluded in the time available and the order in which the deputations would be heard had been prioritised based on objective criteria.

Standing Order A17 was suspended to allow a pre-recorded deputation and consideration was given to the video from Olivia Eken of EnCaf Youth.

Consideration was given to the deputation from Dr Ed Tranah. In response to questions about what practical steps could be taken to increase recycling to the extent that the Authority would not have to deal with the predicted scale of residual waste in North London, Dr Tranah commented that while he was not an expert on waste management, he considered that the loan of £1 billion could be better utilised to boost recycling rates using innovative ideas such as the Authority's mattress

recycling initiative. The Environment Act had been passed which would have implications for the amount of waste being produced. It was acknowledged that there was a role for incineration to handle residual waste, but it was a shame that the discussion regarding the construction of a new Energy Recovery Facility came within the context of low recycling rates.

Consideration was given to the deputation from Sydney Charles. In response to a question about whether disposal of waste through an energy from waste facility was better for the environment than sending to landfill, Mrs Charles suggested that the first step to managing residual waste was to improve recycling rates with SMART targets and to utilise new technologies to separate waste. The alternative to the Energy Recovery Facility was not sending residual waste abroad or to landfill but to send reduced levels to other incinerators or quarries using electric vehicles.

Consideration was given to the deputation from Dr Rembrandt Koppelaar. In response to questions, Dr Koppelaar confirmed that there were no other existing sorting facilities operational at the scale proposed in the UK. However, it was expected that a facility would be built in the future. There was a facility in the Netherlands with total capacity of 1 million tonnes that undertook mixed waste/residual waste sorting. There were also smaller facilities in the UK but not at the scale in North London. The facilities were modular so could be built at different sizes. Dr Koppelaar went on to suggest that the net emissions of the proposed plant would be 210,700 tonnes of CO<sup>2</sup> based on updated guidelines by the Department for Business, Energy & Industrial Strategy. The gap between levels of CO<sup>2</sup> emissions from the proposed plant and landfill was not very large. A short postponement of one to three years would not result in a significant environmental impact as emissions would need to be calculated over a twenty to 50 year period. There might be an impact on transport for a short duration if waste had to be delivered to other facilities. In response to questions about sorting techniques, Dr Koppelaar highlighted optical sorting undertaken in Norway and proposed a site visit to the IVAR LKS facility there.

Kate Osamor MP had given apologies for absence and consideration was given to her written deputation statement.

Consideration was given to the deputation from Nick Earl. The Chair noted that the Authority did follow the World Health Organisation guidance which stated that after prioritising waste prevention and recycling, if incineration was unavoidable, then combustion technology with strict emission controls was critical. The modern Energy Recovery Facility would be a carefully managed facility. Mr Earl highlighted his concern about the emission of fine particulates from PM<sub>2.5</sub> to PM<sub>10</sub>s within the London basin and the impact on the NHS.

Consideration was given to the deputation from Professor Vyvyan Howard. In response to questions, Professor Howard noted the Mayor of London's comments about over capacity of energy from waste plants in the London area. The Cory Riverside Energy Recovery Facility in Belvedere was not included in the London Plan and not taken into account. The existing capacity in London should be used and taken into account in deliberations. Professor Howard considered that there would

be a reduction in waste arisings and the banning of single use plastics would have an impact on the waste stream. By pursuing a new Energy Recovery Facility, the message would go out to businesses that they could continue without prioritising reduction in waste. It would also slow the Authority's efforts to increase recycling rates. In response to comments that the proposed new plant would replace a 50 year old facility that had severe limitations in meeting high environmental standards, Professor Howard reiterated that there would be health impacts from the decision of the Authority and the potential for leaving a white elephant for rate payers.

Consideration was given to the deputation from Councillor Charith Gunawardena. In response to questions, Councillor Gunawardena highlighted a letter that a law firm had published regarding issues with the procurement. Following suggestions that there was need for independent and expert scrutiny, a Member noted that within Enfield Council, councillors could consider the project.

Consideration was given to the deputation from Malcolm Stow. The Chair informed Mr Stow that all recycling destinations were on the North London Waste Authority website. If the depute contacted him, he could send the link to him. The Chair also noted that due to the amount of plastics that the Authority had brought to the market, Biffa had been able to open a facility to process and recycle plastics within the UK. In response to questions, Mr Stow considered that public engagement was necessary to increase recycling. It appeared that recycling was discouraged in North London and he highlighted the difficulty in getting delivery of bin bags and that his food waste bin had gone missing many times. He also requested recycling bins in retail parks. Mr Stow was asked to contact councillors if there was a problem with bins. The Chair supported the Government introducing a deposit return scheme. He noted that most boroughs had at least one reuse and recycling centre and Enfield would be receiving a second centre at the EcoPark.

Consideration was given to the deputation of Iain Thomson. The Chair confirmed that the Acciona tender did meet the Authority's requirements as set out in the procurement ask. In response to questions, Mr Thomson clarified that he was not against incineration and understood that waste needed to be treated. His concern was about the procurement and public value for money for North Central London ratepayers.

The Chair thanked all the deputations for their presentations and responding to questions.

## **7. MINUTES**

### **RESOLVED –**

- (i) THAT the public minutes of the Authority meeting held on 7<sup>th</sup> October 2021 be approved and signed as a correct record; and
- (ii) THAT the public minutes of the Programme Committee meeting held on 11<sup>th</sup> November 2021 be noted.

## **8. SERVICES UPDATE**

Consideration was given to the report of the Head of Strategy and Services

Members commended the successful initiative to recycle mattresses and the work underway to introduce coffee pod recycling collection at Reuse and Recycling Centres. It was noted that the Authority was taking bold steps to remove challenging items from the residual waste stream.

In response to a suggestion that officers co-produce a plan to reduce waste with the community, the Managing Director confirmed that the Residual Waste Reduction Plan was due for renewal. Officers would consider how to increase engagement with the community in the Plan's development.

The Managing Director of LondonEnergy Ltd explained that Turbine 4 in the existing energy from waste plant had been taken offline for planned maintenance. A number of problems had arisen due to the age of the unit. A programme of work was put in train and the turbine had now recommenced operations. He noted that there were staffing challenges with the need to recruit people with the technical skills to maintain very old equipment. Technical challenges arose with increasing frequency as the plant continued to age.

A Member highlighted the free bulky waste collections that that Enfield Borough Council had introduced.

In response to a question about what more could be done to increase recycling rates, officers confirmed that the Residual Waste Reduction Plan was due to be updated. With regard to schools, in the past the Authority had focused on working with secondary schools but could look to work with primary schools and exploit pester power.

### **RESOLVED –**

THAT the Authority:

- (i) Noted progress on initiatives to expand the Authority's recycling services;
- (ii) Noted the communications activity supporting service delivery and supporting north London residents in reducing waste and increasing recycling;
- (iii) Noted the update on operations delivering services to boroughs and residents across north London, including an assessment of waste volumes; and
- (iv) Noted the planned return of normal opening hours at the Reuse and Recycling Centres from 3 January 2022, following the temporary introduction of COVID-19 safe precautions on the 13 May 2021.

## **9. NORTH LONDON HEAT AND POWER PROJECT UPDATE AND REPORTS**

Consideration was given to the report of the Programme Director.

In response to a question about how the Authority could address the discrepancy between the proportion of male and female trainees, officers noted that the gap between the numbers of men and women was a historic problem in the construction industry. The social value team was working with the College of Haringey, Enfield and North East London to introduce special sessions with prospective candidates from under-represented groups, including females, introducing them to role models in the construction and waste management industry.

Officers confirmed that, while the North London Heat and Power Project sought to prioritise Enfield for trainees, the numbers would go up and down, month by month. At least one trainee had been taken on as an employee by Taylor Woodrow. However, trainees were in a good position to find employment even if they were not retained by the Project.

Officers explained that the concrete used for the Temporary Bulky Waste Facility contained no cement and it was the first time this product had been used in the UK. The cement industry produced high levels of carbon dioxide emissions globally. Other projects were interested in the trials being carried out by the North London Heat and Power Project in using Ultra-low Carbon Concrete. It would be used again within the Project given the right application.

#### **RESOLVED –**

THAT the Authority noted the contents of the report.

#### **10. NORTH LONDON HEAT AND POWER PROJECT ENERGY RECOVERY PROCUREMENT**

Consideration was given to the report of the Programme Director, which was introduced by the Clerk to the Authority, Managing Director and Financial Adviser. They highlighted:

- The need to build a new energy from waste facility had been agreed at previous meetings. The information related to the decision had been considered at Authority meetings and within the constituent borough councils.
- The decision to carry out a major investment was supported by a business case. The business case had been reviewed and reconfirmed and was reported in Appendix D to the report. Alternative solutions for waste management had been considered but the report concluded they did not meet the scale required.
- The facility was sized on the basis that further progress would be made on recycling rates and offered flexibility if waste levels were reduced.
- It was considered better value to proceed with the procurement than to redesign and reprocure for a facility of a different size as any modest savings on potential cost would be outweighed by inflation in the energy recovery facility procurement market.

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- The likely levy cost to the constituent boroughs for the provision of waste management services would be £20m per year lower if the procurement proceeded than if the Authority relied on third party facilities for disposal of residual waste.
- The Authority had previously agreed to invest in rigorous emission controls and the new Energy Recovery Facility would be the first in the UK to use Selective Catalytic Reduction.
- Officer advice was that Acciona's proposal met the Authority's requirements across four elements. Firstly, detailed dialogue meetings had been held, in accordance with the highest public procurement standards. Secondly, the written tender proposal was subjected to a thorough evaluation process. Thirdly, Acciona was committed to enter into, and perform on a collaborative basis, a robust contract that would drive performance to meet the Authority's requirements. Finally, the contract and risk management procedures that the Authority was putting in place to manage the contract would include taking independent expert advice to deliver the project.
- The tender score considered only the written tender proposal as that is how a decision would be made between tenderers in a competitive tender process. As there was one tenderer, all four elements described were considered to give confidence that Acciona's proposal would meet the Authority's requirements.
- The proposal successfully addressed key requirements such as no dilution of environmental standards for the performance of the facility, maintenance of the first fire date of December 2025, guarantees related to the takeover of the plant, the application of NAECI employment terms, and the transfer of risks to the contractor on contract award.
- The contract award would fit within the current programme budget.
- There was a challenging financial environment which had influenced the specific proposals in the bid.
- Additional work had been undertaken to provide reassurance on the integrity of the procurement process and the outcome of the process. Appendix B to the report demonstrated that the recommendations represented value for money.
- The recommended contract award was in line with other similar projects on cost.

The Chair highlighted that the Authority had a significant and unique decision to make. The existing plant was in a fragile state and was the oldest in Europe. The Authority had a duty to deal with the residual waste of North London in the best possible way. It also had a duty to encourage recycling and all boroughs offered comprehensive recycling facilities. The Authority was building a Resource Recovery Facility and a Reuse and Recovery Centre at the Eco Park to support the 50% target for recycling. It also continued to add new materials that could be recycled, such as mattresses, which other areas in London and the country were not recycling. Exporting the area's waste to other parts of the country was not a solution.

Members made the following comments:

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- The recommended way forward was the most environmentally and socially responsible.
- There was determination to reduce waste and increase recycling rates.
- The sizing of the facility did not include all the waste generated in North London. For example, it did not include commercial waste collected by third parties.
- The plant would be of the highest standard in the UK.
- Waste would not be handed over to third party private companies.
- There was hope that this would be the last generation of incineration facilities.
- The proposed contract was the least undesirable option to manage residual waste.
- The deputations were welcomed as valuable input to the process. The Authority also wanted to see reduced waste and increased recycling. However, the deputations had not proposed deliverable alternative solutions which would deal with the levels of waste that the Authority had to manage.
- There would be a financial impact to any delay. Not going ahead with the proposed contract would result in greater cost to council tax payers and result in increased transport emissions.
- There had been a ten year process to replace the existing plant, with public consultation and rigorous local scrutiny.
- The new Energy Recovery Facility would supply a local heat network and additionally generate electricity.
- The procurement represented an interim plan to deal with residual waste as the Authority worked towards an ideal world with less waste.
- Deputations to previous meetings had accelerated existing work by the Authority to introduce carbon capture technology. Deputations were listened to and concerns addressed.
- Recycling was an important part of the longer-term solution to waste management. Recent actions taken included the Chair and Vice-Chair meeting with a Government Minister to discuss recycling and having the right policies in place. There were particular challenges to be addressed to increase recycling, for example for residents living in properties where recycling was not straightforward.
- The proposals to pause the procurement and the consequences had been discussed extensively but any delay would cause problems because of the state of the existing facility. The Strategy to replace the existing facility had been decided many years previously. It had been considered over the years whether the life of the existing facility could be further extended but engineers had predicted the problems that were now being experienced and on which LondonEnergy Ltd was reporting. It was necessary to move forward.

There was some disagreement over whether the contract represented value for money. While most Members considered that it did represent value for money and one was uncertain, one Member disagreed, expressing concern that the price proposed was higher than the pre-tender value, it appeared more expensive than other comparable projects, and the evaluation process implied that the proposal was



not scored highly. He suggested that care was needed to avoid inflation resulting in an unaffordable contract. He preferred to defer the decision to allow officers to examine possibilities with the tenderer for an improved bid and potentially review assumptions in the strategy. The Chair responded that advice had been given that the approach suggested would not be permissible within the current procurement under legislation and rules that the Authority had to adhere to.

The Managing Director confirmed that, having received the tender under public procurement rules, the Authority could not go back to the bidder to ask them to rethink their bid. If the tender was not accepted, a new procurement process would need to be started. The tender was the result of a more than two year process. The price would be likely to increase over that time. If the Authority decided not to award the contract or reprocure, it would need to enter into a contract with a new facility manage its residual waste. This could potentially result in a £20 million per annum increased cost. It was noted that when Turbine 4 was unavailable, while LondonEnergy Ltd did have a contract with third party companies to dispose of waste, additional capacity was also sought. Some of the waste ended up in landfill. LondonEnergy Ltd was looking at plans for next year and had found a real challenge in getting access to Energy from Waste capacity.

On being put to the vote it was, with 12 votes in favour, one against and one abstention:

**RESOLVED –**

THAT the Authority:

- (i) noted the report on outcome of the procurement of the ERF construction works in Appendix A to the report with confidential information in Appendix C to the report;
- (ii) noted the value for money statement in Appendix B to the report with confidential information in Appendix C to the report;
- (iii) noted the terms of the contract proposed to be let set out in Appendix C to the report;
- (iv) agreed to delegate authority to the Managing Director (a) to finalise the terms of the contract; and (b) to award and enter into all necessary documentation to give effect to this decision including the Engineering, Procurement and Construction contract for the ERF to Acciona Industrial SA together with the associated documents (section 6 of the report);
- (v) agreed to delegate authority to the Programme Director to manage the design, build and commissioning of the ERF within a financial limit set out in Appendix C to the report; and
- (vi) noted the next steps to be taken set out in the report.

**11. 2021/22 FINANCE UPDATE**

Consideration was given to the report of the Financial Adviser.

**RESOLVED –**

THAT the Authority:

- (i) Approved the Prudential Indicators as laid out in paragraph 9 of the report;
- (ii) Noted the review of the 2020/21 revenue budget;
- (iii) Noted the current assessment of the budget and resource requirements for 2021/22 and the factors that could affect the level of the 2022/23 levy;
- (iv) Noted the issues that would need to be addressed in setting the budget and levy for 2022/23 at the Authority meeting on 10 February 2022;
- (v) Noted the annual audit letter for 2019/20 in Appendix C to the report; and
- (vi) Noted the Audit Strategy Memorandum for 2020/21 in Appendix D to the report.

**12. FORWARD PLAN**

Consideration was given to the report of the Managing Director.

**RESOLVED –**

THAT the Authority noted the contents of the report.

**13. ANY OTHER ITEMS THE CHAIR DECIDES TO TAKE AS URGENT**

There were no items of urgent business.

**14. LOCAL GOVERNMENT ACT 1972 - ACCESS TO INFORMATION**

**RESOLVED –**

THAT the press and public be excluded from the proceedings of the North London Waste Authority on 16<sup>th</sup> December 2021 during consideration of the following items on Part II of the agenda, on the basis that, were Members of the public to be present, there would be disclosure of exempt information as defined in Schedule 12A to the Local Government Act 1972, as amended.

Specifically:

Exempt Information Category 3 – Information relating to the financial or business affairs of any particular person, including the authority holding that information, and not required to be registered under various statutes: the reasons why the public interest favours withholding the information are that the release of such information would prejudice the Authority's conduct of a commercial operation OR because the disclosure of the information is likely to prejudice the commercial interests of the Authority and organisations engaged in commercial activities as the information related to commercial activities that are conducted in a competitive environment.

Exempt Information Category 5 - Information in respect of which there is a claim to legal professional privilege: the reasons why the public interest favours withholding

the information are that the release of such information could prejudice the safeguarding of openness in all communications between client and lawyer and the Authority's ability to ensure access to full and frank legal advice.

**15. MINUTES**

**RESOLVED –**

- (i) THAT the private minutes of the Authority meeting held on 7<sup>th</sup> October 2021 be approved and signed as a correct record; and
- (ii) THAT the private minutes of the Programme Committee meeting held on 11<sup>th</sup> November 2021 be noted.

**16. GOVERNANCE OF LONDONENERGY LTD**

Consideration was given to a report of the Managing Director.

**RESOLVED –**

THAT the recommendations set out in the report be approved.

**17. NORTH LONDON HEAT AND POWER PROJECT PROGRAMME UPDATE**

Consideration was given to the report of the Programme Director.

**RESOLVED –**

THAT the Authority noted the cost and commercial status summary.

**18. ANY OTHER EXEMPT ITEMS THE CHAIR DECIDES TO TAKE AS URGENT**

There were no exempt items of urgent business.

The meeting ended at 5.00 pm.

**CHAIR**

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**MINUTES END**