

NORTH LONDON WASTE AUTHORITY

REPORT TITLE: ASSET MANAGEMENT STRATEGY

REPORT OF: MANAGING DIRECTOR

FOR SUBMISSION TO: AUTHORITY MEETING

DATE: 31 OCTOBER 2022

SUMMARY OF REPORT:

This report summarises the Authority's progress with establishing long-term responsible asset stewardship (an Asset Management System) over the assets created through the North London Heat and Power Project and its other existing assets

RECOMMENDATIONS:

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

SIGNED:  Managing Director

DATE: 19 October 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 is developing a programme for successful stewardship of these assets over their lifetime – ensuring that we maximise their benefit whilst minimising environmental impacts and the need for future capital investment. This work is underway, and will work to ensure all actors (users, contractors, operators, maintainers, other) are provided with clear information, guidance, and direction on the Authority's requirements for **'responsible asset stewardship'** (*i.e., to work in a way that safeguards the function and maximises the value and life of assets – 'Asset Management'*).
- 1.3. As the 'Asset Owner', during the life of our assets, the Authority has the responsibility to govern them and monitor their 'health'. The Authority will need 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; or to enhance the performance of the assets;
 - 1.3.3. identify assets that are not being used, operated, and maintained as designed or as agreed by the Authority;
 - 1.3.4. report accurately on the status (condition) of its assets and investment.
- 1.4. This paper summarises details on:
 - 1.4.1. Developments with the team that will lead in this new business role/function (the 'Asset Management Team'); and,
 - 1.4.2. Progress with a programme for improved asset management (the 'Integrated Asset Management Improvement Programme' (IAMIP)) across all relevant organisations with asset management responsibilities
- 1.5. The IAMIP has been designed (co-created) and is being implemented in close collaboration with LondonEnergy Limited (LEL) who are the owners and operators of several existing assets and facilities at the EcoPark. LEL is also the primary 'Asset Operator/Maintainer' of the new assets being created and operationalised through the NLHPP.
- 1.6. The IAMIP consists of several key projects, each designed to create the required artefacts, documents, tools, staff competencies, and frameworks which when

applied will provide the foundation for responsible asset stewardship (the Asset Management System).

- 1.7 We will continue to report the progress the Authority, LEL and other relevant contracted organisations have made with the implementation of the Authority's approach for responsible asset stewardship, as well as information on the 'health' of the assets under the Authority's stewardship.

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. The HOSAM has led in the creation of 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)) and its primary delivery body (LEL). Other organisations (e.g., third party maintenance contractors) with asset management responsibilities will also need to adhere to the Authority's approach.
- 2.2. In June 2022, the HOSAM recruited and appointed an internal assistant to support with the Authority's implementation of its responsible asset stewardship duties (an Asset Strategy Implementation Manager).
- 2.3. The asset management team is now working to ensure all decisions made on the installation, operation, maintenance, replacement, upgrade, etc. of assets (including within the NLHPP) will support the optimisation of the Authority's investment.

3. PROGRESS WITH THE AUTHORITY'S INTEGRATED ASSET MANAGEMENT IMPROVEMENT PROGRAMME

Asset Management Steering Committee

- 3.1. To ensure there is regular formal communication and asset assurance across all organisations with responsibilities for asset management, the Authority has established a cross-organisational 'Asset Management Steering Committee' (AMSC) – with permanent members from each organisation (covering HR, Finance, Engineering, Operations, etc.) – which meets quarterly.

Asset Management Strategy and Objectives

- 3.2. Chaired by the Authority's HOSAM, at present the committee is overseeing:

- 3.2.1. progress with asset creating projects (including the NLHPP) providing data and information that will support effective and efficient future asset operation and maintenance;
 - 3.2.2. the implementation of existing asset management transition plans; and,
 - 3.2.3. developing and implementing new plans to achieve the Authority's short and long-term provisional asset management objectives.
- 3.3. Once aligned with the forthcoming/new North London Joint Waste Strategy (NLJWS), the Authority's provisional asset management objectives will be finalised, formalised, and published in its Asset Management Strategy (in accordance with the international asset management standard the Authority is seeking to follow (ISO 55001)).

Asset Management System (approach to managing assets)

- 3.4. In consultation with the LEL, the asset management team has prepared first versions of a suite of documents that articulate the Authority's firm stance on responsible asset stewardship (the Asset Management System). Table 1 below outlines a number of these key documents. For these documents, it is the Authority's intention to follow the international asset management standard for their evolution (ISO 55001) – learning the lessons from asset ownership over time and continually improving our approach to achieve the Authority's objectives.

Table 1: Draft asset management documents co-created/agreed in principle between NLWA and LEL, or in the process of being finalised within the Authority prior to wider stakeholder consultation

Asset Management System Documents / Artefacts	Description
Asset Management Policy	A statement from the Authority that defines the key principles and requirements which must apply to its assets
Asset Management Strategy	Sets out the framework for managing assets and objectives for a three-to-five-year period
Asset Management Data Policy and Standard	Documents containing information on the Authority's requirements for asset data capture, its structure, use, analysis, etc.
Risk Management Framework	A framework to be applied across all organisations with asset management responsibilities for the scoring of risks that could impact the Authority's assets
Asset Assurance Framework	Details the methods the Authority will apply to assure the plans and actions of organisations managing, operating, and maintaining assets on the Authority's behalf (contractually and otherwise)

3.5. Whilst the Authority's approach to asset management is being developed in partnership with a variety of stakeholders, including co-creation with LEL where appropriate, the Authority is also issuing documents formally, so relevant organisations can undertake change impact assessment(s) and develop their own plans for implementation.

3.6. LEL is taking steps – with ongoing support from the Authority – to design and implement the changes needed to achieve the Authority's requirements for responsible asset stewardship. A substantial amount of work remains. The Authority and LEL recognise this, and the need to drive forward all necessary initiatives/projects to realise optimal value from the Authority's investment.

3.7. The details included in the documents listed in Table 1 (above) will form part of LEL's contractual asset management obligations.

4. THE PLAN FOR THE NEXT 6 MONTHS

4.1. In the coming months, the asset management team will engage Acciona (the Authority's primary contractor for the creation of the Energy Recovery Facility (ERF)) and LEL to devise a comprehensive approach for long-term asset health condition monitoring. This will include the creation and implementation of bespoke asset data/information capture techniques and statistical analysis tools from which condition reports can be prepared for the Authority's purview.

- 4.2. The team will ensure the comprehensive recording of information on assets being constructed by Taylor Woodrow, which will become operational in 2023.
- 4.3. The Authority will move to better characterise its existing asset base, to identify synergies and opportunities to align the various approaches currently applied for operation and maintenance – creating improved economies of scale through standardisation.
- 4.4. The Authority will also commence work to integrate existing assets as part of its overall Asset Management Strategy.
- 4.5. Future papers will detail progress with all elements of the Authority’s journey towards responsible asset stewardship as well as summary reports on the overall condition of its assets.

5. CURRENT CHALLENGES WITH IMPLEMENTING RESPONSIBLE ASSET STEWARDSHIP

Building up competence

- 5.1. 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 sophisticated systems and operations.
- 5.2. The Authority and LEL have taken steps to recruit officers with asset management/asset operator experience. Whilst good progress has been made in 2022, there remains a need to build competence across both organisations and ensure recognised practises to maximise the ongoing value and minimise the future costs of assets are implemented as ‘business as usual’.

Change in relationships and responsibilities

- 5.3. The relationship between the Authority and LEL will continue to 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 planning their operation and maintenance. Whilst the Authority and LEL are redefining their roles, more work is required to ensure an optimal, integrated, and seamless service is provided for residents.
- 5.4. The Authority has shared drafts of several key documents to articulate its asset management requirements (e.g., Asset Management Policy) implementing the internationally recognised standard for asset management (ISO 55001). The Authority is working to co-create these documents with LEL and having them agreed across organisations via the Authority’s AMSC. These documents are helping to redefine the relationships and responsibilities allocated and shared across organisations.

Transition

- 5.5. With input from the Authority, LEL is implementing an asset management transition plan. The Authority's requirements feature in LEL's plans (reflecting the ISO 55001 advised approach). The Authority will continue to support LEL in its work to embed robust asset management processes and procedures (responsible asset stewardship).
- 5.6. In response to growing attention required to achieve successful transition to the new resource recovery facility, LEL have dedicated additional resources from within their team to planning for transition and secured experienced adviser input. This is to drive their preparations to operate and manage the world class waste management assets from 2023.

6. NEXT STEPS

- 6.1. Officers will take forward the work to complete the plans detailed in sections 3 and 4 above. This will involve particularly close engagement with LEL, and other companies contracted to create new assets via the NLHPP (e.g., Acciona). Information on progress will be provided to the Authority in future reports.

7. EQUALITIES IMPLICATIONS

- 7.1. The strategy has no significant implications upon equality.

8. COMMENTS OF THE LEGAL ADVISOR

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

9. COMMENTS OF THE FINANCIAL ADVISOR

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

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