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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.

<b>NORTH LONDON WASTE AUTHORITY</b>
<b>REPORT TITLE:</b> GOVERNANCE OF LONDONENERGY LTD
<b>REPORT OF:</b> MANAGING DIRECTOR
<b>FOR SUBMISSION TO:</b> AUTHORITY MEETING
<b>DATE:</b> 24 SEPTEMBER 2020
<b>SUMMARY OF REPORT:</b>  This provides a regular report on the Governance of LondonEnergy Ltd.
<b>RECOMMENDATIONS:</b>  The Authority is recommended to:  A. note the comments on the Company’s performance and activities B. delegate authority to the managing director to enter into a waste management contract variation with LondonEnergy Ltd in connection with the proposed transfer of operations from Hendon to Wembley as described in section 5 C. note the report for the Second Quarter 2020 on the Company's activities at Appendix A.

**SIGNED:** ..... *Zati Capstick* ..... Managing Director

**DATE:** 14 September 2020

## 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 officer team manage a close relationship with LondonEnergy Ltd, providing both challenge and support. The LEL executives and board have the key responsibility to deliver their services and to operate in a cost effective manner. The relationship with the Authority ensures that there is constructive exchange of information between both organisations on strategic issues.

## 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 First Quarter of 2020 is at Appendix A.
- 2.2. The Company's operational result is a loss for the second quarter of [REDACTED] against a forecasted loss of [REDACTED].
- 2.3. Revenue was worse than forecast by [REDACTED], disposal costs were better than forecast by [REDACTED] (18.9%) and overheads were [REDACTED] (2.0%) better than forecast.
- 2.4. The revenue position of [REDACTED] reflects slightly higher NLWA waste tonnages and increased third party waste being treated, offset by lower revenues from Hertfordshire and recyclates.
- 2.5. Direct operational costs of [REDACTED] for the period were above forecast, with an adverse variance of [REDACTED] (2.3%), with increased labour costs offset by lower maintenance and other direct costs.
- 2.6. Overhead costs of [REDACTED], were [REDACTED] better than forecast. The overhead costs include [REDACTED] in support of the defined benefit pension scheme deficit reduction plan.



- 3.3. The closure of the re-use and recycling centres had a negative impact on recyclates revenue as reported in the financial results.
- 3.4. The Company had nine employees who were shielding, under the government guidelines, until 1 August 2020. From an overall Covid related absence peak of 10% absences, with some departments such as RRCs and engineering maintenance having a peak absence of greater than 20%, by the end of the quarter this had decreased to 2% with no absences since the end of June outside of the wait period for testing.
- 3.5. To mitigate the impact of high absences the Company stopped all operational leave between April and June and paid employees in lieu of lost holiday entitlement. This is reflected in the labour costs being reported as above forecast in the financial statements.
- 3.6. The company undertook the statutory formal external risk assessments at all LEL sites in July and has been certified as Covid Secure.

#### **4. INTRODUCTION OF WEIGHBRIDGE SOFTWARE**

- 4.1. Page 8 and 9 of the company's attached report provides LEL's perspective on the introduction of this software, including the benefits of the system and measures to deal with issues which arose on implementation. A fuller update on the impact on the Authority's systems has been provided in the Strategy and Services report in Part I
- 4.2. Authority officers recognise the significant efforts by LEL to deal with problems which have arisen. However, the wider picture conveyed in the reports is that the overall process of managing the introduction of this software reflects poorly on the level of communication and coordination between LEL and Authority officers. As Members will be aware, the relationship between the two organisations is currently subject to review.

#### **5. NEW TRANSFER STATION IN THE WEST OF THE AREA**

- 5.1. The Programme Committee has approved a proposal for the Authority to enter into a lease for the Seneca Recovery Facility in Wembley. This would provide transfer capacity, allowing early demolition of the existing bulky waste facility at the EcoPark to avoid delays to the North London Heat and Power Project. For the period of its lease, the facility would be operated by LEL as a replacement transfer station for the current Hendon transfer station – receiving waste from Barnet and Camden.
- 5.2. It is planned that LEL would start to occupy the Seneca facility from November. In order to allow that, it will be necessary to agree modifications to the existing waste management contract between LEL and the Authority, which has a number of

Hendon-specific sections. It is proposed that the key performance indicators, reporting obligations and payment arrangements would remain unchanged in the amended contract. This includes LEL securing an end destination for waste which cannot be accommodated in the energy from waste plant at the EcoPark (this waste currently goes by rail to the FCC operated EfW at Greatmoor; LEL would retender for disposal of this waste). The current contract imposes obligations on LEL as regards rail transportation arrangements and management of train traffic, and it is proposed to remove such references as not being relevant to the Seneca site.

- 5.3. Delegated authority is requested to the managing director to agree a variation to the waste management contract reflecting the principles in section 5.2 above.

## **6. NORTH LONDON HEAT AND POWER PROJECT (NLHPP)**

- 6.1. Work resumed on site at the EcoPark in June 2020, with sewer diversion enabling works and construction of a new transport depot re-commencing.

## **7. HEALTH & SAFETY**

- 7.1. The Board of LondonEnergy Ltd is legally responsible for Health and Safety matters and closely monitors the Company's performance. There has been one reportable or dangerous occurrence during the period, as defined by the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR). The injured party was an employee of a contractor. He was working in the boiler house and a large piece of equipment (known as a return roller) fell on him as a result of a retaining bracket failure. He suffered a fractured vertebrae. The HSQE investigation identified that the issued permit to work did not authorise the individual to be in the area where he sustained the injury. The roller had fallen due to the support bracket being corroded and failed.

## **8. PUBLIC RELATIONS**

- 8.1. There have been six compliments and six complaints in the quarter. The compliments relate the helpfulness and knowledge of RRC staff, the new booking system, and the social distancing measures in place. One complaint is in relation to information on the borough website regarding opening hours at the RRC. Three were regarding having to book an appointment and one member of the public was unhappy with having to carry recycling further as a result of implementation of social distancing.

In July 2020 the Company designed and carried out a face to face customer survey at all RRCs over a two week period. The results were reported to the LEL Board and are attached as Appendix C to this report.

- 8.1.1. A total of 906 customers who had booked and visited RRCs were interviewed
- 8.1.2. 798 (88%) customers scored between 8 and 10 out of 10. When asked – ‘How has your experience been on site?’
- 8.1.3. 697 (76%) customers scored between 8 and 10 out of 10 when asked ‘How was your experience using the booking system?’
- 8.1.4. 387 (42%) customers selected ‘Better’ - when asked ‘Do you think that your experience with the booking system (compared to coming on site without having to book) is better, the same or worse’ 23.5% selected ‘Worse’.

## **9. LONDONENERGY LTD BOARD**

- 9.1. The following directors served during the period:
  - 9.1.1. Paul Wynn (Chairman)
  - 9.1.2. Ray Georgeson (Non-executive Director)
  - 9.1.3. Don Lloyd (Non-executive Director)
  - 9.1.4. Tania Songini (Non-executive Director)
  - 9.1.5. Ulla Rottger (Non-executive Director)
  - 9.1.6. Peter Sharpe (Managing Director)
  - 9.1.7. Mary Czulowski (Finance Director)
- 9.2. Ms Songini was re-appointed as non-executive director and Chair of the Audit Committee on 18 June 2020.
- 9.3. Mr Georgeson was re-appointed as senior non-executive director on 30 June 2020.

## **10. LONDONENERGY LTD BOARD MINUTES**

- 10.1. Signed copies of Board minutes are submitted to meetings of the Authority for Information. As a result of the LEL Board meeting virtually since the outbreak of the coronavirus pandemic Board minutes have been approved at the Board meeting and confirmed electronically. The LEL approved Board minutes for meetings held since the last meeting of the Authority can be found at Appendix B.

## **11. EQUALITIES IMPLICATIONS**

- 11.1. There are no equalities issues arising as a result of this report.

## **12. COMMENTS OF THE LEGAL ADVISER**

[Redacted]

## **13. COMMENTS OF THE FINANCIAL ADVISER**

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

### **List of documents used**

Those provided as appendices to this report

### **Contact officer:**

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**APPENDIX A      LONDONENERGY LTD QUARTERLY REPORT – APRIL TO JUNE 2020**



**LondonEnergy**

Powering the Circular Economy

# **Quarterly Report to North London Waste Authority**

## **Report to June 2020**



# **LondonEnergy Limited**

## **Quarterly Report to North London Waste Authority**

### **Quarter to June 2020**

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## **APPENDIX A**

Approved Board Minutes – 2<sup>nd</sup> Quarter 2020



## 1.1. Key Year to Date Financial Indicators

[Revenue & Contribution QTD Summary dashboard redacted]

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[Cost & Contribution QTD Summary dashboard redacted]

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### 2020 AGM

The Company's AGM was held in May 2020, the financial statements were approved and the Company's auditors BDO re-appointed.

### Key Events/Activities/Performance Issues

Having closed re-use and recycling centres in line with the Government's lock-down measures in March they were successfully re-opened with a partial service in early May 2020 returning to a close to normal service being offered from early June. On re-opening, the Company introduced a customer booking system which has had a positive impact in demand management and also been well received by visitors to sites.

The closure of the re-use and recycling centres had a negative impact on recyclates revenue as reported in the financial results.

The Company had nine employees who were shielding, under the government guidelines, until 1<sup>st</sup> August 2020. From an overall Covid related absence peak of 10% absences (but over 20% in certain departments such as RRCs) had fallen to 2% by the end of the quarter with no absences since the end of June post quarter outside of the wait period for testing.

The company undertook the statutory formal external risk assessments at all LEL sites in July and has been certified as Covid Secure.

### Operational Activity

Production in the quarter was impacted by a significant fault in TA2, resulting in the turbine being out of service for two months of the quarter. The annual maintenance programme for three boilers also commenced in May, therefore operational capacity was constrained for the entire quarter.

Whilst boiler availability and incinerated tonnes remained above target other key indicators are slightly worse than budget, although as a result of mitigation measures no waste was sent to RDF facilities or landfill in the quarter.

The main operating indicators for the period are:

## QTD Waste Ops Variance To Forecast

	Actual	Variance to Forecast (+/Better, -/Worse) in %
Boiler Availability	98.37%	10.76%
ThroughPut (Tonnes/hr)	12.96	-6.4%
Incinerated (Tonnes)	138,581	1.2%
Electricity Genarated (MWh)	69,212	-1.1%
Electricity Exported (MWh)	57,891	-4.4%
Disposal (Tonnes)	0	+761
Totals Tonnes Received	179,532	-4.4%

## 2020 Q2 Waste Ops Actual Vs Forecast

	Actual	Forecast
Totals Tonnes Handled	179,532	187,977
Incinerated (Tonnes)	138,581	132,586
Disposal (Tonnes)	0	761
Recycled/Recovered (Tonnes)	40,951	54,630
Totals Tonnes Received	179,532	187,977
% diverted from Landfill	100.0%	99.6%



## **2. OPERATIONS**

### 2.1 Commercial and Operational Developments

#### Electricity Contract – Kinect

Kinect traded in accordance with the agreed strategy. During the period the forward sold price was impacted by the downturn in electricity pricing resulting from the pandemic. In July 2020 prices achieved fell to an average of [REDACTED] / Mwh.

LondonEnergy had planned to have a three week shutdown in August 2020 for the installation of new switchgear. However, as reported in the last quarterly report, the manufacturer was declared bankrupt due to disruption of their supply chains due to COVID and the programme was deferred to 2021. As a result, the Company was selling electricity for the three weeks of August as markets turned down.

The impact of this on the Company's financial results will be reported in Q3.

#### ERP Implementation

The waste operations module was implemented on 1<sup>st</sup> June 2020.

This was the most complex of the modules in the ERP implementation, as it involved an interface between weighbridge software and D365 and also has the most extensive usage interface, including touch points with LEL operational staff in all areas, borough drivers and other third party customers and suppliers.

Inevitably, there were some issues, some of which were software related but most resulting from lack of user familiarity. These were swiftly dealt with for the most part with a small number of system issues taking more time to resolve. There is ongoing work to do on reporting to ensure that all users can access the exact information they need but the system is now settling well.

As part of this implementation there is also a requirement to provide datasets to NLWA for upload to their system. This proved to have some unseen problems with the upload from D365 to the NLWA WDMS system but once engaged by NLWA, excellent support was given by their system providers who were able to resolve the issue within 24 hours.

With the upload resolved by the third week in June, NLWA have direct access to the LEL system to upload this report as they require. All borough transactions have been recorded and reported in real time.

The number of errors which have affected the Boroughs in being able to access live data are detailed below:

	Number of Transactions	Net Tonnage	Number of Corrections
June	17340	56792	82
July	17927	57771	63
August	16584	51245	167
TOTAL	51851	165807	312

There is a further issue which is currently being addressed. As a result of not having a written specification of reporting requirements there has been some incorrect interpretation of the required data for DEFRA reporting of waste data flows.

This was highlighted on 28<sup>th</sup> August by NLWA officers. All borough waste flow information has now been provided, on time for submission, and internal transfers which are required by NLWA will be provided by 11<sup>th</sup> September, in time for the quarterly reporting due on 30<sup>th</sup> September 2020.

LEL have now also delivered a portal for NLWA and the boroughs to amend vehicle details in the live environment. NLWA are sensibly limiting use of this to themselves whilst they become familiar with it, before rolling it out to the boroughs, with LEL providing support in making vehicle changes as requested.

### Procurement

The new turbine was delivered to the EcoPark. Installation is now underway with commissioning planned to be complete by the end of the year.

### RRCs

The RRC recycling rate for the period was 47.63% which is a 27.25% decrease on the same period last year due to the impact of RRC closures in April. By June volumes had recovered to 76.82%, only 1.41% below the same month last year.

### Transport

No prohibition notices have been issued.

## 2.2 Key Technical Issues

### Production

The loss of TA2 as a result of significant fault has led to a loss of capacity for an eight week period.

In order to mitigate for some of the shortfall boiler outages for boilers 4 and 5 were brought forward.

Planned boiler outages have continued throughout the summer period, successfully concluding on September 2nd 2020.

### Environmental

There were minor exceedances/breaches of our half hourly and daily limits in the period.

There were three exceedances submitted to the EA; TOC due to poor combustion, HCL due to poor fluidisation of lime in FGT plant and CO as a result of a fan inverter failure.

All monthly reports have been submitted as required by the Company's Permit.

## 2.4 Long-term issues including variance from Business Plan

Except as stated in this report, there have been no variances from the Business Plan to report.

## 2.5 Staffing Issues

The Company is dealing with the issues resulting from the Coronavirus pandemic.

The overall levels of absence related to the pandemic experienced in the quarter peaked at 10%, although some departments such as RRCs and engineering maintenance had a peak absence of greater than 20%, with June running at 3-5%, however these have decreased since the end of quarter, in line with a general lower level of infection but also as a result of access to quick testing with reports being available within 24-48 hours of the test being carried out. This has ensured that staff are absent for a minimum period.

## **FINANCE**

### **3.1 Management Accounts for the Period**

As a result of the deferral of the implementation of new switchgear to 2021 the budget no longer reflected the operational or financial position of the Company and a new forecast was drawn up in April 2020. With the agreement of NLWA officers, it was decided that the Company would report against the forecast for the remainder of the year as this reflected the operational capacity and targeted results more accurately.

The Company's operational result is a loss for the second quarter of [REDACTED] against a budgeted loss of [REDACTED].

The year to date result is a profit of [REDACTED], [REDACTED] better than budget.

Revenue was worse than budget by [REDACTED], disposal costs were better than budget by [REDACTED] (18.9%) and overheads were [REDACTED] (2.0%) better than budget.

The revenue position of [REDACTED] reflects slightly higher NLWA waste tonnages and increased third party waste being treated, offset by lower revenues from Hertfordshire and recyclates recovery.

Direct operational costs of [REDACTED] for the quarter were above budget, with an adverse variance of [REDACTED], with increased labour costs offset by lower maintenance and other direct costs.

Overhead costs of [REDACTED] were [REDACTED] better than budget. The overhead costs include [REDACTED] in support of the defined benefit pension scheme deficit reduction plan.

Balance Sheet			
	Q2 2020	December 2019	Q2 2019
£000			
Fixed Assets			
Working Capital			
Cash			
<b>Total</b>			
Other Liabilities			
<b>Total</b>			
<b>Total</b>			

The quarterly cash movement of [REDACTED] and net working capital movement of [REDACTED] is driven by a [REDACTED] reduction of debtor balances and a [REDACTED] increase of creditor balances.

The quarterly debtor balance reduction results from settlement of past due balances. Of the total [REDACTED] trade debtor balance, 87% ([REDACTED]) relates to the NLWA customer account and 20% ([REDACTED]) of this balance is overdue at 30th June 2020.

The quarterly creditor balance movement results from increasing trade creditor balances([REDACTED]) resulting from greater maintenance and boiler outage work carried out in the quarter.

[Debtor Summary - June 2020 table redacted]

At 30<sup>th</sup> June 2020, total trade debtors amounted to [REDACTED] of which [REDACTED] related to NLWA and [REDACTED] to third party customers. 25% of third party debtors was not yet due and a further 37% was between 0 and 30 days overdue.

There were no new liquidations during the quarter and no old, uncollectable debts were written off during the period.

### 3.2 Staffing Report

The headcount summary shows that as at 30<sup>st</sup> June 2020 LondonEnergy employed 327 employees compared to the budget of 355. Gapped vacancies include seven positions supporting NLHPP which are scheduled to be phased in later in the year.

	June 2020
In employment	327
Active Vacancies	16
Gapped Vacancies	12
<b>Total</b>	<b>355</b>

## Sickness Absence

Absence has averaged 5.2% for the period, against a budget of 3% and prior year experience of 2.0%. The results mainly reflect the impact of Covid-19. In order to ensure continuity of service the Company cancelled leave for operational staff between April and June.

### 3.3 Summary of Loans

The Company remained completely debt free in the quarter.

### 3.4 Amendments to the agreed Business Plan

Other than as set out in this report, there are no amendments to the agreed business plan.

## **4 SHAREHOLDER MATTERS**

### 4.1 Number and names of directors in period

The following directors served during the period:

- Paul Wynn (Chairman)
- Ray Georgeson (Non-executive Director)
- Don Lloyd (Non-executive Director)
- Tania Songini (Non-executive Director)
- Ulla Rottger (Non-executive Director)
- Peter Sharpe (Managing Director)
- Mary Czulowski (Finance Director)
- Jim Kendall (Operations Director)

### 4.2 Director attendance at Board meetings

There were three board meetings in the period and the following table indicates the attendance of individual directors. Mr Capstick attended two of the meetings as an Observer.

<u>Director</u>	5 <sup>th</sup> May	21 <sup>st</sup> May	23 <sup>rd</sup> June
Paul Wynn	Present	Present	Present
Ray Georgeson	Present	Present	Present
Don Lloyd	Present	Present	Present
Tania Songini	Present	Present	Present
Ulla Rottger	Present	Present	Present
Peter Sharpe	Present	Present	Present
Mary Czulowski	Present	Present	Present
Jim Kendall	Present	Present	Present
Martin Capstick (Observer)		Present	Present

Ms Songini was re-appointed as non-executive director and Chair of the Audit and Risk Committee on 18th June 2020.

Mr Georgeson was re-appointed as senior non-executive director on 30th June 2020.

#### 4.3 Pension Trustees

There were no changes to pension trustees during the quarter. There are three trustees, an independent Chair, one member nominated trustee and one employer nominated trustee.

#### 4.5 LondonWaste Defined Benefit Pension Scheme

The LondonWaste Pension Scheme closed to future accrual on 31<sup>st</sup> December 2018.

#### 4.6 Insurance Cover

The Company maintains the following insurance policies:

- Property/Business Interruption
- Excess Property/Business Interruption
- Engineering Damage
- Combined Liability
- Excess Employers Liability



- Excess Public Liability
- Motor Fleet
- Business Travel/Personal Accident
- Engineering Inspection
- Directors & Officers
- Pension Trustee Liability
- Environmental Liability
- Cash in Transit

The Company's insurance was renewed as at 31<sup>st</sup> December 2019.

All insurances except for Property Damage and Business Interruption have been written in full on the same terms as the previous year.

The Company has secured a total of [REDACTED] coverage for business insurance and product damage, on the following terms:

[REDACTED]

This level of insurance is below the requirement laid down in the Shareholder Agreement. The Company previously advised NLWA of the position and that as a result the Main Waste Contract is frustrated in respect of the insurance clause.

#### 4.7 Insurance Claims and Incidents

There have been no insurance claims against the Company in the period.

#### 4.8 Capital and Revenue Expenditure with Business Plan

Other than as set out in this report, capital and revenue expenditures were contained within the limits set by the Business Plan.

#### 4.9 Asset Disposals

No assets with a net book value were disposed of in the quarter to date.

#### 4.10 Borrowing/Lending

There were no borrowings or lending in the quarter.

The Company has an agreed a £5,000,000 lending facility with its bank, Lloyds, in accordance with the approval given by the Authority at the meeting of 9<sup>th</sup> February 2017. The facility is to be used in the event of short term cash flow fluctuations.

The facility is securitised by way of a debenture on the Company.

#### 4.11 Legal Proceedings

There were no legal proceedings in the quarter.

### **5. HSQE**

#### 5.1 Update on compliance matters:

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

There has been one reportable or dangerous occurrences during the period. The injured party, an employee of a contractor, sustained fractured vertebrae when he was struck by a return roller in the boiler house as a result of a retaining bracket failure. (RIDDOR).

The HSQE investigation identified that the issued permit to work did not authorise the individual to be in the area where he sustained the injury. The roller had fallen due to the support bracket being corroded and failed.

#### Prohibition Notices

No prohibition notices were issued in this quarter.

#### Improvement Notices

No improvement notices were issued in this quarter.

#### Prosecutions

There are no prosecutions pending.

## **6. COMMUNICATIONS**

### **Mental Health Week**

Mental Health Week 18-24 May was recognised with promotion of wellbeing across the Company through virtual webinars on mental health and wellbeing.

### **Pride Month 2020**

To celebrate the diversity embodied in Pride month the Company

- wrapped two trucks transporting waste across north London with the Pride Rainbow colours.
- Changed the LEL logo on the website and social media accounts to the rainbow colours.
- Launched a #PrideMonth2020 campaign on social media to publicly demonstrate commitment to diversity and inclusion.
- Commenced diversity and inclusion focus groups

### **London Living Wage**

LondonEnergy is now an accredited London Living Wage Employer. The Company has always paid this as a minimum to employees and ensured that it is also paid by Contractors who have employees working on LondonEnergy sites, the accreditation is the official recognition for it.

### **National Recycling Awards 2020**

LondonEnergy employee has been shortlisted for an award in MRW National Recycling Awards 2020 (NRA). ██████████, the RRC Contract Manager, has been shortlisted for the Rising Star award. The award entry recognises his passion and commitment to drive good practices across our Reuse and Recycling Centres. The Rising Star Award will be presented to a young employee, aged 35 or under, in the waste and recycling sector.

### **Career Transition Partnership (CTP)**

The Company continues to work with CTP to attract ex-services leavers into careers with LEL and promote the LondonEnergy brand. Two events were attended in June with a further event in July.

### **International Women in Engineering Day**

On 23rd June, the Company supported International Women in Engineering Day 2020 celebrating all female engineers. The theme this year was #ShapeTheWorld. Interviews with LEL women engineers were shared on the website and social media.

**APPENDIX B      LONDONENERGY LTD BOARD MINUTES**

**Meeting of the Board of Directors  
Tuesday 5th May at 15.45  
Meeting held via Videoconference**

**Present**

Ms. M. Czulowski, Finance Director & Company Secretary  
Mr. R. Georgeson, Non-Executive Director  
Mr. J. Kendall, Operations Director  
Dr. D. Lloyd, Non-Executive Director  
Ms. U. Rottger, Non-Executive Director  
Mr. P. Sharpe, Managing Director  
Ms. T. Songini, Non-Executive Director  
Mr. P. Wynn, Non-Executive Director (Chairman)

**1. Apologies/Quorum**

The meeting was quorate.

**2. Declaration of Conflicts of Interest**

No Conflicts of Interest were declared.

**3. Minutes of the Previous Meeting/Matters Arising**

The Minutes and Confidential Notes from the March Board Meeting were considered and approved.

**4. Any Other Business**

None.

**6. HSQE (for Noting)**

The Board noted and discussed the Report.

█ questioned the circumstances around the asbestos issue. █ explained that the demolition was carried out under licence by NLHPP's Contractor and liability lies with that contractor. There had been a LEL approved pre-demolition survey undertaken but the asbestos was not discovered at that time.

█ noted that the April Board Report was a good example of having moved to a more strategic report. A further improvement would be to

include a 'so what' paragraph summarising what would be done differently as a result of the reported issues.

██████████ stated that she would like this approach to be adopted for every departmental report.

It was agreed that this topic would be discussed at the May Board meeting where the board agenda is a priority item.

## **7. Priority Issues**

### **7.1) LondonEnergy Q1 Re-forecast**

The executive team presented the re-forecast for the remainder of 2020. The main changes from the budget were the deferral of some capital projects leading to the three week shutdown in August no longer being required and reduced boiler outages.

The Board discussed the profit and loss account and cash flow forecast and questions were satisfactorily answered.

The executives also presented a number of Covid-19 scenarios and the potential impacts on the Company's financial position. These were carefully reviewed by the Board and it was agreed that the scenarios were realistic. The analysis showed that the Company's cash reserves and borrowing facility would enable it to continue as a going concern under any of the presented scenarios.

The 2020 Q1 Re-forecast was approved by the Board.

### **7.2) Re-appointment of Auditors**

The Board agreed to re-appoint BDO as the Company's auditors. This will be confirmed at the Annual General Meeting.

## **8. Monthly management reports**

### **8.1) Finance and People (for Noting)**

The Finance and People Report was noted.

### **8.2) Operations (for Noting)**

The Operations Report was noted.

**8.3) Central Services (for Noting)**

The report was noted.

**8.4) Development and Property (for Noting)**

The report was noted.

**9. Dates of Next Meetings**

Thursday, 21<sup>st</sup> of May - AGM and Board Meeting

The Meeting was adjourned at 15:45 and reconvened at 16:00. The Meeting was closed at 16:15.

**Board Minutes Approval**

Signature \_\_\_\_\_

Name \_\_\_\_\_

Date \_\_\_\_\_

**Meeting of the Board of Directors  
Thursday 21st May at 12.00  
Meeting held via Videoconference**

**Present**

Ms. M. Czulowski, Finance Director & Company Secretary  
Mr. R. Georgeson, Non-Executive Director  
Mr. J. Kendall, Operations Director  
Dr. D. Lloyd, Non-Executive Director  
Ms. U. Rottger, Non-Executive Director  
Mr. P. Sharpe, Managing Director  
Ms. T. Songini, Non-Executive Director  
Mr. P. Wynn, Non-Executive Director (Chairman)

██████████, Legal Manager (Minutes)

**Observer**

Mr. M. Capstick, NLWA Managing Director

**1. Apologies/Quorum**

The meeting was quorate. The Chair welcomed Mr Capstick as Observer.

**2. Declaration of Conflicts of Interest**

No Conflicts of Interest were declared.

**3. Minutes of the Previous Meeting/Matters Arising**

The Minutes and Confidential Notes from the 5<sup>th</sup> May Board Meeting were considered and approved.

**4. Any Other Business**

There is no other business.

**5. Outstanding actions**

██████████ confirmed that there are no outstanding items.

**6. HSQE (for Noting)**

The report was noted and discussed.



██████████ noted that the Company had achieved the RoSPA Silver Award. As RoSPA vice chair for nine years he knows well that this is a demanding award to achieve and feels that the Company's aspiration to achieve the Gold Award in the next three years is a good aspiration.

As a general point it was noted that there has been a big improvement in the presentation of the HSQE report.

██████████ considered the types of incidents in Figure 6 and noted that a focus on safety behaviour will improve this area.

██████████ reminded the Board that a new role had recently been created, Head of Process Safety, to focus on breaches of safe practice and promote safety behaviours in the Energy Centre.

The Head of HSQE has left the Company within her probationary period. After discussions and agreement between ██████████, ██████████ and ██████████, ██████████ has agreed to step up to the role on an interim basis for the next three months. ██████████ will be supported by ██████████ and ██████████ and will report to ██████████.

## **7. Priority Issues**

### **7.1) Revised Board Agenda**

The Board reviewed and discussed the Revised Board Meeting Agenda.

The proposal is for Board Meetings to be timed to 4.5 hours, with the minute taker to be the timekeeper.

██████████ suggested that departmental reports to be linked to the Company's objectives to ensure a clearer focus and flow. Therefore, the financial, operations and HSQE reports would be ordered under the Fit for now, Ready for the Future objective, People report under Become a Great Place to Work and development and property report under Be a Key Partner in Delivery of NLHPP. This was agreed by the Board.

It was requested that the reports be more succinct, with a focus on key facts and changes against plan with comments on significant variances.

██████████ explained the new format and elaborated on the new sections.

The Board agenda would on an annual basis cover a review of the Risk Register twice a year, with deep dives into strategic objectives in five

board meetings, one meeting focused on budget review and one strategic review meeting.

The Board agreed to 'Review the Meeting' after adjournment of each Board Meeting.

The Board agreed to the new format detailed in the proposal.

## **7.2) Be a key partner in the delivery of NLHPP**

Update on Northern Area Clearance Project

██████████ referred to the paper that was circulated highlighting the challenges as the rail transfer operations from Hendon is coming to an end. NLHPP construction is currently 8-12 months behind. ██████████ stated there may be an option to build a temporary transfer station in the north western corner of EcoPark which would gain some programme time. NLHPP has a number of options under consideration with the final decision expected in June.

The Company needs to consider how this development will affect it. There is potentially a significant programme benefit, which the Company wants to support as it continues to be a key partner of NLWA but safety of operation will be vital.

The Board discussed the options currently available including moving Hendon to operate on a 24-hour basis.

The Company and the Authority are committed to working together to find the most effective solution for all parties. The timescale cannot be forced, and a solution needs to be workable and have cost advantages.

## **7.3) Fit for now, ready for the future - Update on new main waste contract discussions**

██████████ advised there were two people working on this project, who have both since been moved to focus on other projects deemed more pressing by the Authority. Progression will depend on these two members of his team; ██████████ has become involved in the clearance area project, and ██████████ on the southern end contract.

## **8. Monthly management reports**

### **8.1) Finance and People (for Noting)**

The report was noted and discussed.

██████████ advised this is the first month of actual results being measured against the Q1 re-forecast and includes waterfall charts showing the main variances.

██████████ requested that the outstanding debtor position is stated in the balance sheet narrative each month.

Payment for RRC operational costs for March of ██████████ remain outstanding and overdue, although no dispute has been raised by NLWA.

There are currently seven people in sheltering due to underlying health issues. There are currently no other absences due to Covid-19 and the Company's current overall absence rate is 4%.

### **8.2) Operations (for Noting)**

The report was noted and discussed.

The re-opening of the RRCs, closed since 24 March and re-opened in the week commencing 11 May has been very successful. The Company was able to avoid many issues that other authorities have struggled with, particularly with queues forming at sites and one the public highway. The fast adoption of an online booking system has been a major tool in enabling this. The Board offered huge congratulations to all the hard work of the team.

Due to changes in the capital programme electricity planned for delivery to Ark is lower than expected with more electricity now being re-directed to N-power, through forward selling by Kinect. ██████████ noted that spot power prices have declined markedly, where it was budgeted at mid ██████████, but now is settling in the mid ██████████.

██████████ brought to the attention of the Board that National Grid has been given permission to switch off embedded electricity generators if electricity demand falls.

### **8.3) Central Services (for Noting)**

The report was noted.

**8.4) Development and Property (for Noting)**

The report was noted and discussed.

██████████ advised construction work has been suspended during the coronavirus lockdown and will re-commence in the 3rd week of June. The Company needs to ensure work re-commences in a safe and managed way.

**9. Dates of Next Meetings**

Thursday, June 23<sup>rd</sup> at 12:00

Time of adjournment: 2:34pm

**Board Minutes Approval**

Signature \_\_\_\_\_

Name \_\_\_\_\_

Date \_\_\_\_\_

**Meeting of the Board of Directors  
Tuesday 23rd June at 12.00  
Meeting held via Videoconference**

**Present**

Ms. M. Czulowski, Finance Director & Company Secretary  
Mr. R. Georgeson, Non-Executive Director  
Mr. J. Kendall, Operations Director  
Dr. D. Lloyd, Non-Executive Director  
Ms. U. Rottger, Non-Executive Director  
Mr. P. Sharpe, Managing Director  
Ms. T. Songini, Non-Executive Director  
Mr. P. Wynn, Non-Executive Director (Chairman)

**Observer**

Mr. M. Capstick, NLWA Managing Director

**1. Chair's Welcome**

The chair outlined the priorities for the meeting. [REDACTED] would give an update on the procurement of switchgear following the bankruptcy of the original supplier. [REDACTED] would lead on the deep dive, which is an update on green accounting and the options for developing a KPI for the business on measurement of its green credentials.

Following this, departmental reports would be considered.

**2. Apologies/Quorum**

The meeting was quorate. The Chair welcomed Mr Capstick as Observer.

**3. Declaration of Conflicts of Interest**

No Conflicts of Interest were declared.

**4. Minutes of the Previous Meeting/Matters Arising**

The Minutes and Confidential Notes from the 21<sup>st</sup> May Board Meeting were considered and approved, with two minor amendments.

## **5. Key HSQE Issues**

There were two issues to note that were outside the reporting period.

An Interserve employee working in the Energy Centre undertaking cleaning duties sustained an injury which led to a RIDDOR. Whilst working in the basement he went beneath a roller belt, a roller belt bracket failed, and a roller struck the individual in the lower back fracturing lower vertebrae. The investigation showed that the individual should not have been in that place. The RAMS stipulate that he shouldn't be between the belts but did not explicitly state that he should not be beneath the belts. A regime is in place to inspect brackets. Some are not easy to inspect due to their siting and will be routinely replaced. It was also found that Interserve colleagues had moved the individual before the first aider arrived.

██████████ asked if the bracket which failed was corroded. ██████████ affirmed that and also that this particular bracket was not part of the routine inspection regime but has now been added.

The employee was still off work, but the injury is not seen to be serious.

A NLHPP contractor cut through the town's main water pipe in the licenced area. Galldris acted very promptly when the incident happened. The NLHPP investigation was good and has highlighted the requirement for a duty manager and a review of procedures. No production was lost as a result of the incident.

██████████ questioned whether the construction site had been inspected by the contractor and the issuing authority before the permit to work was issued. ██████████ stated that this would come from the root cause investigation but re-iterated the real desire of Galldris to get to grips with the issues and take this as an opportunity to learn.

The Board asked that its appreciation of the handling of the incident be passed back to the NLHPP team.

## **6. Strategic Risks and Opportunities**

██████████ gave a verbal update on the 2021 Switchgear Capital Programme.

## 7. Priority Items

### Deep Dive – Green Accounting

██████████ lead on the subject, which had previously been discussed, where the Company wanted to establish a set of measures for green accounting which enabled a path of continuous improvement.

From 2020 the Company has to report energy usage under SECR (Streamlined Energy and Carbon Reporting) and it would therefore seem that this was the natural method to use.

Under SECR the Company reports usage of energy and associated greenhouse gas emissions in the Annual Report as part of the Directors Report.

The reporting requirement doesn't entirely cover the Company's position as it does not include the savings of CO2 which result from our activities which would be an enhancement to standard SECR.

The Board discussed the paper presented by ██████████, which had been researched by a graduate member of the team.

It was agreed that the paper was a good piece of work and that the measures highlighted were the right measures to use. Both ██████████ and ██████████ recommended that the work, when completed, be subject to external peer review.

**It was agreed that elements of the report were to be reviewed to ensure accuracy of the calculations, which ██████████ agreed would be undertaken as the next step.**

██████████ suggested that the report would thereafter be reviewed on a half yearly basis with one review aligned to the timing of the Annual Report.

██████████ asked what the strategy was to improve the current position. ██████████ thought that SECR would give the Company a baseline to report against. He also advised that the level of improvement in a plant of this age may be minimal.

**It was agreed to take the report forward for further evaluation.**

## 8. Departmental Reports

### Fit for now, Ready for the Future

### **8.1. HSQE (for Noting)**

The report was noted and discussed.

██████████ noted that the report layout and presentation of the data is very good. There were no incidents for the first time and while this would indicate a good result the Company must not become complacent. There is also an encouraging trend in the level of reporting on housekeeping.

### **8.2. Finance (for Noting)**

The report was noted and discussed.

██████████ advised that revenue was reduced as a result of TA2 being offline for repair and recyclates prices and volumes being below budget.

The Board recognised the effort of the finance team in achieving the level of insurance settlement.

██████████ updated the Board on the Directors of Finance meeting that she had attended on 24<sup>th</sup> May 2020.

### **8.3. Operations (for Noting)**

The report was noted and discussed.

The Company had suspended all leave for operational staff from April-June as a mitigation for the levels of sickness expected. The rest of 2020/1 and 2021/2 will be considered as one extended holiday year.

RRC re-opening continued to progress with an increase in booking slots offered to the public and a return to near normal service levels.

The Company is minded to continue to develop the booking system offering. It has certainly allowed North London to avoid the queuing that has been seen across many local authority areas.

In 2019 the Company advised the NLWA in writing about the damage being caused to boilers as a result of non-conforming waste and there was extended discussion on how to deal with the issue.

At the start of the Covid pandemic industry reports forecast that waste streams could increase by up to 20%. To protect the plant the Company stepped up inspection of waste deliveries and removed non-conforming waste. No waste delivered was rejected in this process.



██████████ suggested that by working together with the boroughs and the Authority a programme could be introduced to re-educate drivers to avoid these un-necessary costs to the business and the shareholder.

## **Become a Great Place to Work**

### **8.4. People (for Noting)**

The report was noted and discussed.

## **Be a key partner in the delivery of NLHPP**

### **8.5. Development and Property (for Noting)**

The report was noted and discussed.

Construction work has resumed with significant work undertaken to become covid secure.

RRF procurement is under review and the ERF tender will now be published on 10<sup>th</sup> July 2020.

██████████ left the meeting at this time.

## **9. Business Issues brought Forward**

No business issues were brought forward.

## **10. Date of Next Meeting**

Thursday, July 23<sup>rd</sup> at 12:00

Time of adjournment: 3.00pm

## **Board Minutes Approval**

Signature \_\_\_\_\_

Name \_\_\_\_\_

Date \_\_\_\_\_