

**NORTH LONDON WASTE AUTHORITY**

**REPORT TITLE:** GOVERNANCE OF LONDONENERGY LTD

**REPORT OF:** MANAGING DIRECTOR

**FOR SUBMISSION TO:** AUTHORITY MEETING


**DATE:** 22 JUNE 2023

**SUMMARY OF REPORT:**

This provides a regular report on the Governance of LondonEnergy Ltd.

**RECOMMENDATIONS:**

The Authority is recommended to note the Company's activities in the first quarter of 2023.

**SIGNED:**  ..... Managing Director

**DATE:** 12 June 2023

## **1. INTRODUCTION**

- 1.1. Following decisions made at the February 2010 meeting of the Authority covering a range of issues connected with the control of LondonEnergy Ltd (LEL) by the Authority, this is the regular report to up-date Members on the governance of the Company and its financial performance.
- 1.2. The Authority is the 100% shareholder of LEL. The Authority officer team manage a close relationship with LEL, providing both challenge and support - and ensuring both organisations act in alignment to deliver sustainable waste disposal services. The LEL Executives and Board have the key responsibility to deliver their services and to operate in a safe, sustainable and cost-effective manner.

## **2. QUARTERLY REPORTS**

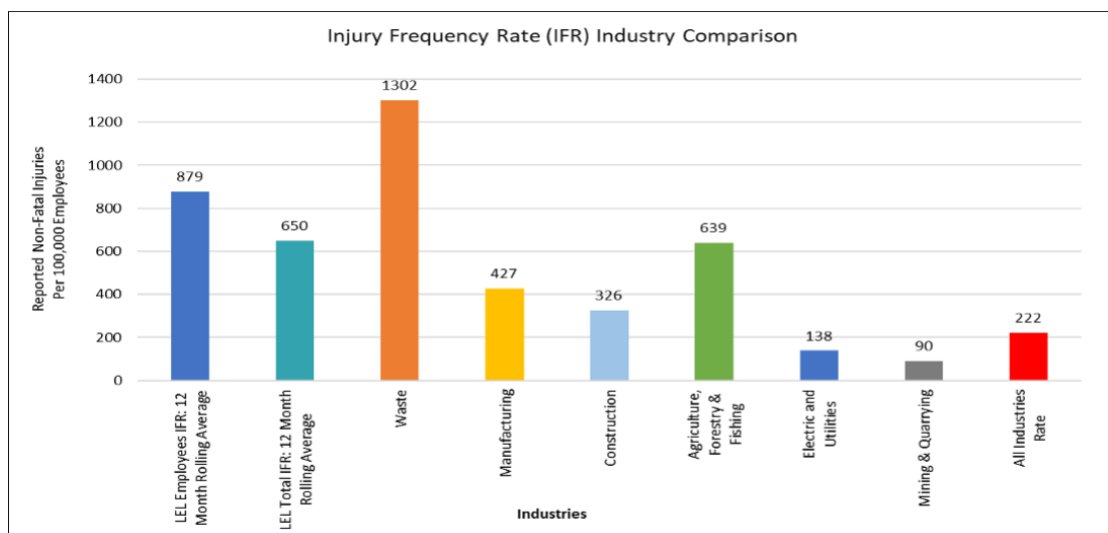
- 2.1. LEL provides quarterly reports to the Authority covering the main operational issues experienced. The report covering the first quarter of 2023 is at Appendix A. Highlights are referenced in this summary.
- 2.2. Plant availability at the energy from waste facility was high, at 96.45% for the first three months of the year. An explanation of how plant availability is calculated is provided in the report at Appendix A. This was especially advantageous as the facility generates electricity, and electricity prices are at their highest in the winter months. 133,000 tonnes of waste was burnt in the energy from waste plant and 68,000 MWh of electricity generated.
- 2.3. The percentage of materials collected at reuse and recycling centres which was recycled averaged 75.1% in March, giving a quarterly average of 74.6%.
- 2.4. Mattress recycling continues to go extremely well with 23,200 recycled in the quarter.

## **3. CAPITAL PROJECTS**

- 3.1. As previously reported, a fifth turbine, operating as a reserve turbine was commissioned successfully. This turbine is currently in service as turbine four is being overhauled and its alternator being rewound. Without the spare turbine LondonEnergy would have to operate the plant at reduced capacity. This would have meant some waste having to be diverted to other facilities at increased cost and would have meant a reduction in electricity generation.
- 3.2. Upgrades are being implemented to the ash conveying system in the Flue Gas Treatment systems. The work will start in quarter 2 which is intended to improve reliability and should reduce the risk of fugitive emissions caused by blockages.

#### 4. HEALTH AND SAFETY

- 4.1. The Board of LondonEnergy Ltd is legally responsible for Health and Safety matters and closely monitors the Company’s performance.
- 4.2. Regrettably the waste sector has a high injury rate, and it is important to the company and the Authority as shareholder that LEL seeks to perform contrary to this trend.
- 4.3. LEL’s performance is shown in the two left hand columns – measuring for LEL employees only and for all incidents on LEL sites which includes thousands of members of the public visiting reuse and recycling centres and employees of other companies (including borough waste services) visiting LEL sites in the course of their work. The injury frequency rate for both employees only and when considering employees, contractors and members of the public using LEL sites (LEL Total) is lower in comparison with the wider waste industry – the sectors with the lowest scores tend to have strong safety rules excluding members of the public, which is not realistic for a company operating reuse and recycling centres.



#### 5. PUBLIC RELATIONS

- 5.1. There were four compliments and six complaints, for the first quarter 2023. The compliments related mainly to good housekeeping and the complaints were in relation to staff behaviour (for which a disciplinary process is being considered), van bookings, early site closures, errors on opening times on the website and trade vans usage of site.

#### 6. LONDONENERGY LTD BOARD

- 6.1. The following directors served during the period:

Don Lloyd (Non-executive Director) Chair  
Ulla Rottger (Non-executive Director)  
Clyde Loakes (Non-executive Director)  
Peter Zinkin (Non-executive Director)  
Rebecca Rennison (Non-executive Director)  
Rowena Champion (Non-executive Director)  
Metecoban (Non-executive Director)  
Ian Williams (Non-executive Director)  
Doug Wilkinson (Non-executive Director)  
Martin Capstick (Non-executive Director)  
James Kendall (Managing Director)  
Justin Price (Finance Director)

## **7. EQUALITIES IMPLICATIONS**

7.1. There are no equalities implications arising from this report.

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

8.1. The Legal Adviser was consulted during the preparation of this report and comments were incorporated.

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

9.1. The Financial Adviser was consulted during the preparation of this report and comments were incorporated.

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**LondonEnergy**

Powering the Circular Economy

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



# First Quarter Report 2023

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## 1. **EXECUTIVE SUMMARY**

### 1.1 Overview of the First Quarter 2023

The existing EfW continued to perform well with availability over Q1-23 measuring over 96%.

The project to install and commission the new turbine (TA5) made good progress during Q4 2022 and the new turbine successfully completed a reliability run prior to the end of the year. TA5 is now operational and has been used during Q1-23 whilst TA4 was on its scheduled outage.

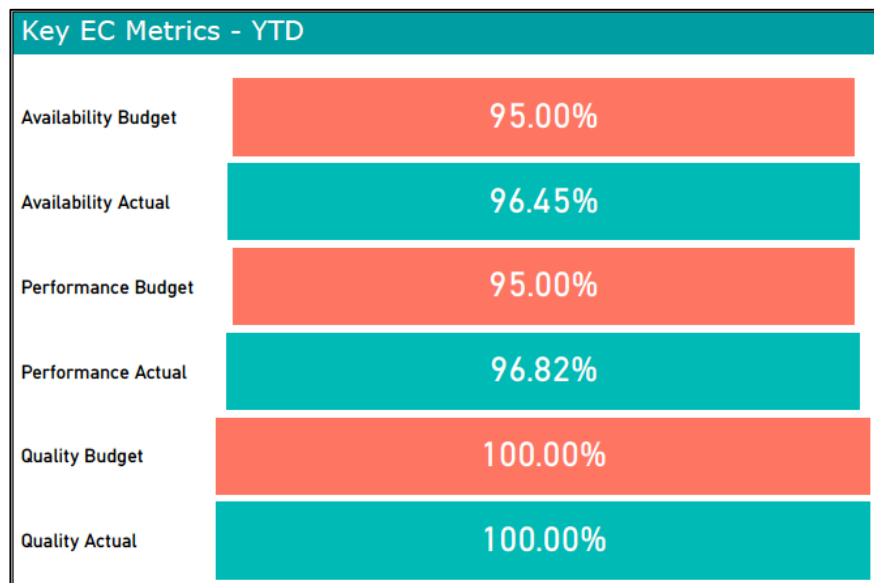
LEL continues to work closely with colleagues at NLWA and NLHPP during 2023 to ensure effective preparations for the takeover of the RRF.

## 2. **OPERATIONS**

### 2.1 Key Events & Technical Issues

#### **Energy Centre (EC) Operations**

The Company undertook both planned and reactive maintenance works to a range of plant and equipment over the period. Works included repairs to turbines, boiler lines and the flue gas treatment system. As a result, plant availability during the quarter was over 96% with 133,000 tonnes of waste processed and 68,000 MWh of electricity generated - this is an excellent achievement, especially given the age of the Energy Centre.



The graphic (left) shows the key operational metrics for the Energy Centre over the period.

The availability percentage measures the amount of time the plant was operational, the performance number is derived from the average throughput of waste, and the quality measure shows plant effectiveness in treating waste without generating rejects.

#### **Third Party Waste Transfers**

The Temporary Bulky Waste Facility (TBWRF) closed in February as part of the planned handover of the area to facilitate ERF construction works. The closure of the TBWRF meant that waste which would previously have been received by LEL has had to be diverted to third-party contractors pending the completion and commissioning of the RRF.

LEL worked closely with officers at the NLWA to ensure that agreements with suitable third-party contractors were put in place in a timely manner, such that borough services have been largely unaffected.

#### **Capital Projects**

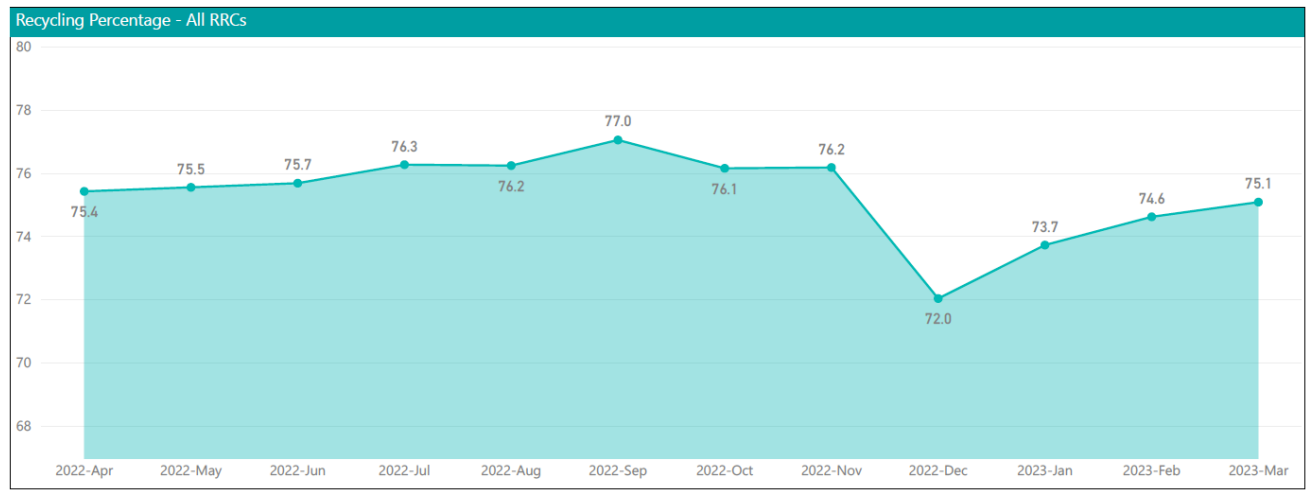
Several capital project works were progressed in the period, including an upgrade of the flue gas treatment (FGT) system and installation of an air extraction system within the bunker house (waste storage area). These improvements are targeted at both increasing plant resilience and reliability, but also at improving safety for operators. Both projects have progressed well as a

result of close collaboration between various LEL departments and external contractors. To further improve project delivery, LEL will soon centralise its project management activity under the oversight of the Asset Management team.

### **RRCs**

The RRC recycling rate for the quarter averaged 74.6% which is an excellent performance and a credit to the staff at all sites.

Mattress recycling continues to go extremely well with over 23,200 mattresses diverted from landfill over the quarter.



*The graph above shows the average recycling rate for the six Reuse and Recycling Centres operated by LEL, on a rolling 12-month basis.*

### **Transport**

There have been no prohibition notices issued, nor MOT failures or roadside checks undertaken by the DVSA. LEL has FORS Gold Accreditation for the next twelve months and will maintain green Operator Compliance Risk Score (OCRS).

The OCRS a measure used by DVSA to decide which vehicles should be inspected. OCRS is used to calculate the risk of an operator not following the rules on roadworthiness (the condition of its vehicles) and traffic, for example drivers' hours or weighing checks. It's more likely that an operator's vehicles will be inspected if the OCRS is high – LEL's score is very low as measured by the "Green" status.

## **2.2 Commercial and Operational Developments**

### **Electricity Contract**

We have, in line with policy, hedged approximately 60% of forecast volumes for 2023. During Q1 of 2023 this is being increased to around 70%. This approach is to reduce the risk of an unplanned outage generating adverse mark to market costs.

We have met with Npower on how to manage electricity sales and hedging during the transition from old to new plant, and they are working on a proposal. We will meet with other suppliers this year to maintain competitive tension.



## **Legal & Procurement**

The following major tenders &/or Request for Quotation (RFQ) processes were completed in the first quarter 2023.

- Mobile Plant Equipment Hire at Reuse and Recycling Centres – due to the large potential number of suppliers. We conducted a pre-qualification with all suppliers. Following the evaluation of the PQQ 3 suppliers have been invited to the restricted tender.
- NLHPP EcoPark House – EcoPark House Procurement for Furniture – the RFQ for furniture to be used at EcoPark House is currently under evaluation.

## **NLHPP**

LEL's NLHPP team have continued to play a central role in ensuring Operations can continue unimpeded, whilst enabling the construction activity and plotting a path through the various conflicting requirements of those using the EcoPark.

Key highlights include:

- **Resource Recovery Facility (RRF):** The Business Change activity that supports the transition into the RRF began during the period with a series of kick-off workshops to build confidence in the transition process with RRF staff and the management layer of the wider business. The feedback from these workshops has been extremely positive and they provide a brilliant springboard for the Transition activity.

The Temporary Bulky Waste and Recycling Facility (TBWRF) ceased accepting waste in February and the process of preparing for handover commenced. Temporary accommodation for the staff has been identified and a plan has been devised for their utilisation across the business and most importantly within the RRF Transition activities.

- **Asset Management:** The LEL Asset Management team has been working to strengthen established asset management systems and integrate new assets and associated data from the Project into the operating business. Earlier work laid a strong foundation for managing the new assets, and LEL has initiated several key strategies and initiatives related to strategic asset planning and asset information management.

Despite potential challenges, including delays in the provision of asset data delivery from Taylor Woodrow and the impact of new processes on existing assets, our commitment remains to closely monitor progress and manage the effects of these changes. This will enable a smooth transition and maintain operational efficiency throughout the integration and implementation of the RRF project

- **Energy Recovery Facility:**  
A Hazard/Operability (HAZOP) study looking at the ERF balance of plant was successfully completed on Wednesday 8th March 2023. All comments have been captured and are currently under review by the NLHPP Technical Team.

LEL received and reviewed a further 173 technical documents in line with the Master Information Delivery Plan (MIDP) target of 10 days.

2 x ERF interactive stations are currently being installed in the Energy Centre to share both the 3D Model and technical documents with the current operations and maintenance teams.

LEL have engaged Zurich to complete a full review of all ERF technical design documentation to highlight any improvements which could reduce our insurance risk.

### **3. SHAREHOLDER MATTERS**

#### **3.1 Number and names of directors for the first quarter 2023**

There were 12 serving directors on the LEL Board for the period, they are as follows:

- Don Lloyd (Non-executive Director) – Chair, Board
- Ulla Rottger (Non-executive Director) – Chair, Transition Committee
- Clyde Loakes (Non-executive Director)
- Rowena Champion (Non-executive Director)
- Mete Coban (Non-executive Director)
- Peter Zinkin (Non-executive Director) – Chair, Audit & Risk Committee
- Rebecca Rennison (Non-executive Director) – Chair, Remuneration & People Committee
- Ian Williams (Non-executive Director)
- Doug Wilkinson (Non-executive Director) – Chair, Health, Safety, Environment & Operations Committee
- Martin Capstick (Non-executive Director)
- Jim Kendall (Managing Director)
- Justin Price (Finance Director)

### **4. HSQE**

#### **4.1 Update on compliance matters:**

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

### **5. PEOPLE**

#### **5.1 People Report**

As of 31<sup>st</sup> March 2023 LondonEnergy employed 366 people compared to the forecast of 381, with 23 active vacancies.