

NORTH LONDON WASTE AUTHORITY

REPORT TITLE: ASSET MANAGEMENT STRATEGY

REPORT OF: MANAGING DIRECTOR

FOR SUBMISSION TO: AUTHORITY MEETING

DATE: 8 FEBRUARY 2024

SUMMARY OF REPORT:

This report provides an update on the implementation of the Authority's Asset Management Strategy following the acceptance of the Resource Recovery Facility (RRF) into operation.

RECOMMENDATIONS:

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

SIGNED:  Managing Director

DATE: 29 January 2024

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 waste management facilities to meet the needs of north London's residents for the long term. These include an Energy Recovery Facility (ERF), a Resource Recovery Facility (RRF) and EcoPark House (EPH).
- 1.2. Following the completion of construction works by Taylor Woodrow, the Authority will imminently be in partial-receipt of the new Resource Recovery Facility (RRF) – which consists of a Recycling and Fuel Preparation Facility (RFPR) and a Reuse and Recycling Centre (RRC).
- 1.3. To underpin the successful use, operation, and maintenance of these facilities, the Authority has driven forward its programme for improved asset management (the 'Integrated Asset Management Improvement Programme' (IAMIP)). The primary objective of the programme is to ensure all actors (users, contractors, operators, maintainers, other) are provided with, and implement, the guidance and direction provided by the Authority. Implementation of this guidance will result in 'responsible asset stewardship' (i.e., to work in a way that safeguards the function, maximises the life and minimises the ongoing costs of our facilities – '*Asset Management*').
- 1.4. This paper summarises details on:
 - 1.4.1. Progress with development and implementation of the Authority's programme for improved asset management (the 'Integrated Asset Management Improvement Programme' (IAMIP)) across relevant organisations with asset management responsibilities.
 - 1.4.2. The steps the Authority will take to build and embed 'responsible asset stewardship' across the NLHPP with particular focus on the Energy Recovery Facility in the coming year, as well as the other facilities and sites owned by the Authority.
 - 1.4.3. Plans to publish the Authority's Asset Management Strategy, following the publication of the forthcoming Joint Waste Strategy.

2. PROGRESS WITH THE AUTHORITY'S INTEGRATED ASSET MANAGEMENT IMPROVEMENT PROGRAMME (ASSET MANAGEMENT STRATEGY)

- 2.1. As the 'Asset Owner', during the lifetime of our facilities, Authority officers will assure investment(s) in our facilities, applying industry standards to monitor and preserve their 'health' and condition. This will enable the Authority to:
 - 2.1.1. determine where improvements must be made to prevent the premature failure, depreciation, or demise of each facility;

- 2.1.2. identify opportunities and implement strategies to extend the life of assets, to minimise the need for future capital investment and/or enhance the performance of assets;
 - 2.1.3. identify assets that are not being used, operated and maintained as designed, or as agreed by the Authority;
 - 2.1.4. report accurately on the status (condition) of each facility and the Authority's overall investment.
- 2.2. Having developed an overall approach to asset management and governance (Asset Management System) in collaboration with LondonEnergy Limited (LEL), the suite of asset management guidance (policy, standards and frameworks) has been appended to the Authority's contract with LEL for the operation and maintenance of the RRF.
- 2.3. Figure 1 below provides a high-level representation of the Authority's Asset Management System. In essence, the approach to securing value from the Authority's facilities will be translated into the day-to-day operational approach implemented on the ground by LEL. Progress with the implementation of the approach and its success will be monitored on a periodic basis, with opportunities – created through the Authority's Asset Management Steering Committee (AMSC) – to ensure asset management improves over time.

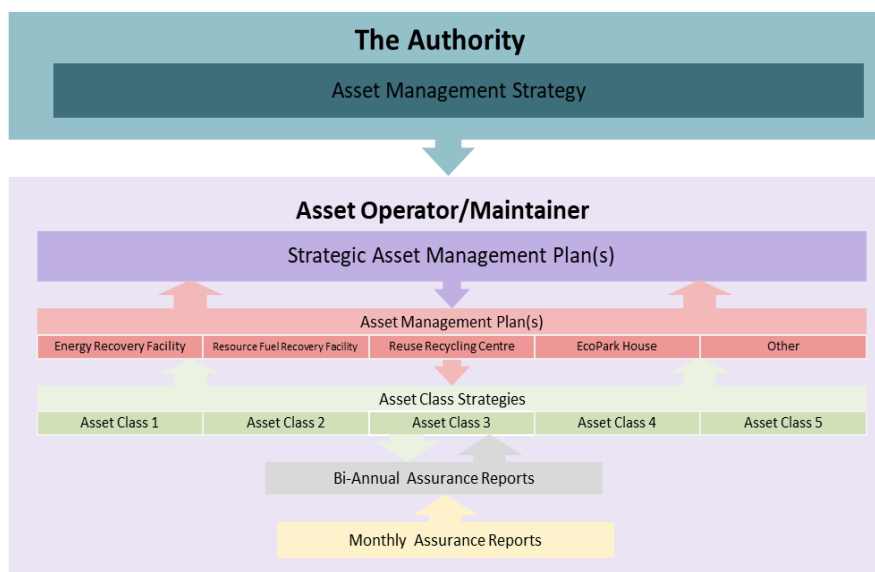


Figure 1: Illustrates the Authority's Asset Management System (overall approach to maximising the value and minimising the costs of the Authority's assets through continuous improvement)

3. EMBEDDING RESPONSIBLE ASSET STEWARDSHIP

Governance and new ways of working

- 3.1. Through the Authority's Asset Management Steering Committee (AMSC) – hosted quarterly with lead officers/executives from both the Authority and LEL – the Authority is embedding its agreed approach to asset governance.
- 3.2. In 2023, both the Authority and LEL made considerable progress implementing the changes needed to achieve the Authority's asset management requirements. Progress can be described as 'strong', laying good foundations for the successful acceptance, operation, maintenance, and management of the forthcoming Energy Recovery Facility (ERF) in 2026. Indeed, Acciona (procured by the Authority to create the ERF) are now fully engaged to ensure there will be successful alignment between the facilities they create, the Authority's Asset Management System, and the approach LEL implement to deliver waste management services.

4. NEXT STEPS

- 4.1. In the coming months and years, the Authority and LEL plan to incorporate all the Authority's facilities into the Authority's Asset Management System (see Figure 2 below) to achieve one uniform approach to facility maintenance and management.

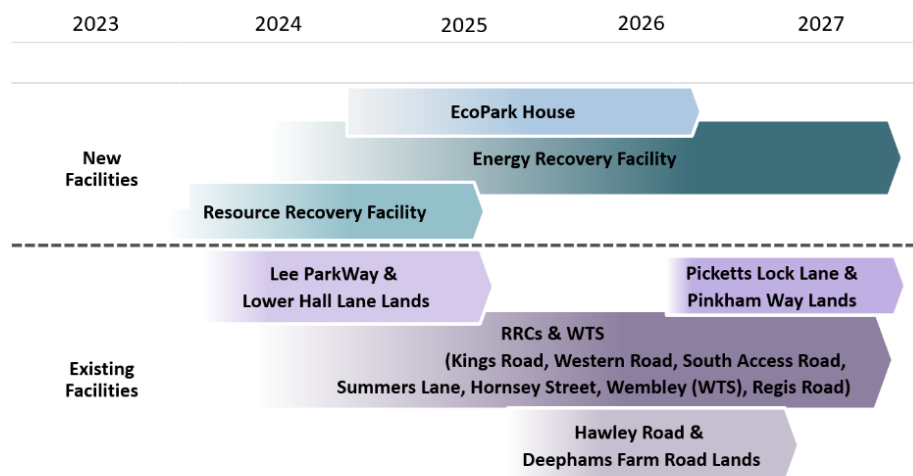


Figure 2: Plan to incorporate the Authority's facilities into the Authority's Asset Management System, where WTS is Waste Transfer Station

- 4.2. Through uniformity, the Authority will be able to create improved economies of scale across its asset base and contracts, resulting in cost efficiencies.
- 4.3. In the short-term, the Authority's Asset Management Team will accelerate its engagement and interaction with Acciona and LEL to devise and implement a comprehensive approach to commission (bring into service) the new ERF.

4.4. Following the publication of the Authority's Joint Waste Strategy, the Authority plans to finalise and publish its long-term strategy for Strategic Asset Management, to safeguard against the premature failure, depreciation, or demise of each of its facilities, as well as optimise the value the Authority achieves from its investment.

5. EQUALITIES IMPLICATIONS

5.1. The strategy has no significant implications upon equality.

6. COMMENTS OF THE LEGAL ADVISOR

6.1. The Legal Advisor has been consulted during the preparation of this report and comments have been incorporated.

7. COMMENTS OF THE FINANCIAL ADVISOR

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

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