

**NORTH LONDON WASTE AUTHORITY**

**REPORT TITLE:** GOVERNANCE OF LONDONENERGY LTD

**REPORT OF:** MANAGING DIRECTOR

**FOR SUBMISSION TO:** AUTHORITY MEETING

**DATE:** 25 APRIL 2024

**SUMMARY OF REPORT:**

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

**RECOMMENDATIONS:**

The Authority is recommended to:

- A. Note the comments on the Company's performance and activities in January and February 2024; and
- B. Note the Q1 interim report on the Company's activities at Appendix A

**SIGNED:** ..... *Zati Capstick* ..... Managing Director  
**DATE:** 15 April 2024

## **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 manages 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 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 period January and February of 2024 is at Appendix A.
- 2.2. The Energy from Waste (EfW) facility operated below capacity during this period. By way of explanation, LEL refers to two types of operational 'outage' within the EfW.
  - 2.4.1 **Planned Outage:** These are scheduled, necessary maintenance tasks that require key elements of the EfW to be brought offline for the work to be conducted. These periods result in a reduced rate of waste incineration and a commensurate reduction in electricity generation. They are planned for specific points in the year.
  - 2.4.2 **Unplanned Outage:** These are failures of equipment within the EfW. They require reactive maintenance to rectify the fault. Naturally, these also result in a reduced rate of waste incineration and a commensurate reduction in electricity generation until the fault is fixed and the equipment returned to service. LEL's budget allows for a percentage of unplanned outages based on historic plant performance and a recognition of the age of the equipment.



*Figure 1: Planned outage works inside boiler 5, refurbishing of the roller grates*

2.3 There were no planned outages scheduled for January and February so that the company can generate the maximum electricity at a time when prices typically peak. Unfortunately, unplanned outages in this period were more frequent and significant than expected. They resulted in 83.4k tonnes of waste incinerated, compared with a planned amount of 88.6k tonnes (a 6% shortfall compared to plan), and 43.3k MWh of electricity generated compared to a planned amount of 47.1k MWh (an 8% shortfall compared to plan).

2.4 The causes of unplanned outages in this period included:

2.4.1 Multiple failures of water and steam tubes within boilers - A recurring challenge for the facility which is generally mitigated during planned



outage but cannot be fully eliminated. As an example, issues of this type on boilers 1, 4 and 5 during the month of January resulted in a total loss of 528 production hours.

2.4.2 It should be noted that the 2024 planned outages will see numerous problematic tubes replaced throughout all five boilers as part of the Capital Projects Programme. It is hoped that this will provide better reliability of the boilers until end of plant life.

2.4.3 A number of issues with the Main Steam Stop valve actuator on Boiler 2 – This resulted in approximately 130 hours of downtime. The initial fault was with the actuator and once replaced, a cabling fault followed which needed to be found and rectified.



*Figure 2: Steam tubes inside a boiler. Fixing some tube leaks requires Oxy-acetylene cutting and removal of healthy pipes to access the fault*

2.5 The reduction in waste processed and electricity generated in the first two months of the year represents a reduction in LEL's income of around £1 million compared to the planned company budget. The Authority has already approved increased funding to LEL for 2024, reflecting the challenge which the company faces in operating aging facilities which can be prone to unreliability. While this represents only two months of performance, it is important to draw attention to the fact of ongoing financial and operational pressures in the company.

- 2.6 The percentage of materials collected at reuse and recycling centres which was recycled averaged 74.8% in Q1 2024 (Jan & Feb), this was slightly up on the previous period (Q4-2023 73.8%).

### **CAPITAL PROJECTS**

- 2.7 Following the energy from waste facility condition survey which reported in 2023, the LEL budget for 2024 includes £7.3m of capital projects to support the resilience of the plant. This involves 11 projects in the current year. In addition, the company was developing further projects which could be initiated if there is adverse performance in the year which shows particular investments need to be brought forward to maintain the operation of the facility. The four largest investments relate to:
- 2.7.1 Boiler House Asbestos Abatement – value £2.3m. The programme is at 45% completion of the schedule. This project is on target to be completed in August 2024.
  - 2.7.2 Boiler refurbishment for boiler 1 and 3 – value £2.1m. Contracts have been let for this work. Boilers 2 and 4 are planned for 2025
  - 2.7.3 Flue gas treatment structure repairs - £0.7m
  - 2.7.4 Bottom ash conveyor steelwork – value £0.7m
- 2.8 One project has been completed – maintaining storage tanks for de-mineralised water, value £0.3m.

### **3. HEALTH AND SAFETY**

- 3.1 The Board of LondonEnergy Ltd is legally responsible for Health and Safety matters and closely monitors the Company's performance. The report at appendix A sets out the continued improvements which have been achieved in reducing the accident frequency rate by employees and contractors in the last year. This is welcome progress but requires continued drive and initiative to maintain high levels of safety management.

### **4. PUBLIC RELATIONS**

- 4.1. There were four compliments and six complaints, for the period Jan/Feb 2024. The complaints related mainly to helpfulness of staff, queuing at RRC, refusal of entry due to late arrival and non-acceptance of Nitrous Oxide Cylinders. All complaints were investigated and where action required, resolved in a timely manner. The compliments were all in relation to improvements at the South Access Road site, good housekeeping generally across sites and helpfulness of staff.

## **5. LONDONENERGY LTD BOARD**

5.1 The following directors served during the period:

Don Lloyd (Non-executive Director) Chair  
Ulla Rottger (Non-executive Director)  
Martha Desmond (Non-executive Director)  
Clyde Loakes (Non-executive Director)  
Peter Zinkin (Non-executive Director)  
Rebecca Rennison (Non-executive Director)  
Rowena Champion (Non-executive Director)  
Mete Coban (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)

## **6. EQUALITIES IMPLICATIONS**

6.1 There are no equalities issues arising from this report.

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

7.1 The Legal Adviser has been consulted in the preparation of this report and comments have been incorporated.

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

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

### **List of documents used:**

None

### **Contact officer:**

Martin Capstick  
Unit 1b Berol House  
25 Ashley Road  
London N17 9LJ  
[post@nlwa.gov.uk](mailto:post@nlwa.gov.uk)



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



# Interim First Quarter 2024 Report (January – February)

## **CONTENTS**

### **1. EXECUTIVE SUMMARY**

- 1.1. Overview of the January/February 2024

### **2. OPERATIONS**

- 2.1. Key Events & Technical Issues
- 2.2. Commercial and Operational Developments
- 2.3. Key Operational Indicators – Q1 2024

### **3. SHAREHOLDER MATTERS**

- 3.1. Number and names of directors in Jan/Feb 2024

### **4. HSQE**

- 4.1. Update on compliance matters

### **5. COMMUNICATIONS & PEOPLE**

- 5.1. Update on communication matters
- 5.2. People Report





## 1. **EXECUTIVE SUMMARY**

### 1.1 Overview of the January/February 2024

#### **Operations**

The Reuse and Recycling Centres (RRCs) performed well over the period, returning an average recycling rate of over 74.75%. Schemes to recycle carpets, mattresses and hard plastics all continued to perform well.

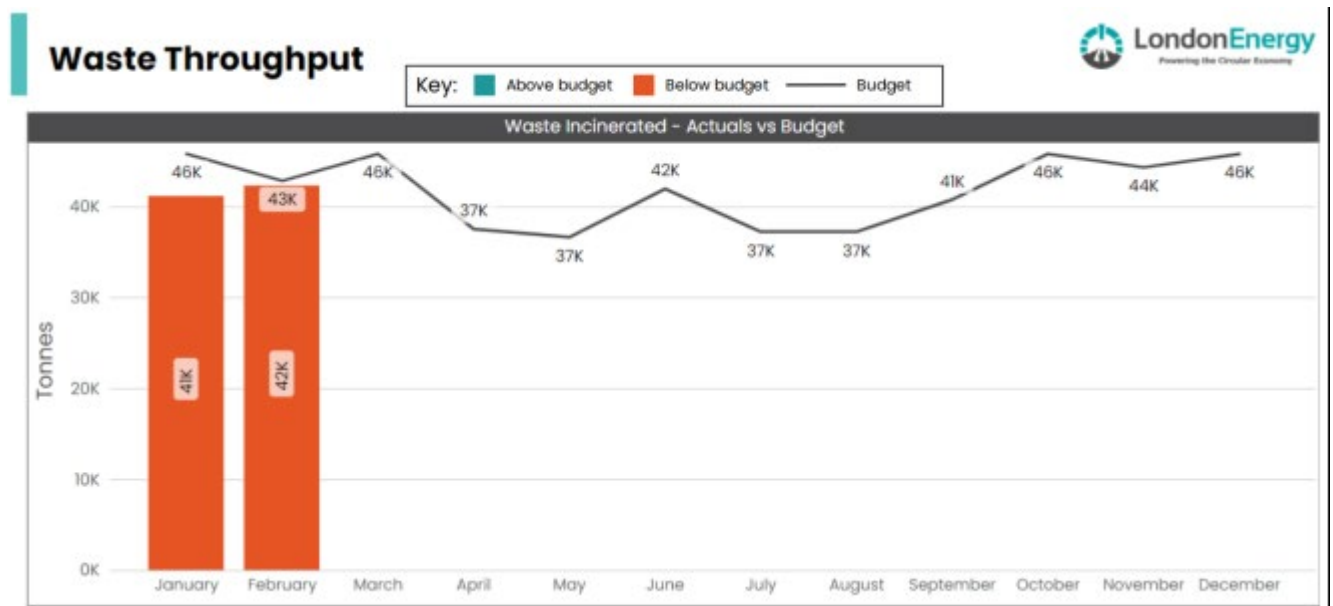
The Reuse Shop at the Kings Road Recycling Centre (which reopened in December 2023 after repairs to the roof were completed) continued to be popular with residents and recorded almost £30,000 in takings over the two-month reporting period.

The existing EfW faced several operational challenges involving boilers and turbines. These engineering issues were resolved during the period, and the facility achieved 97.7% of budgeted waste throughput during February.

LEL continued to work closely with colleagues at NLWA and NLHPP during the period to ensure effective preparations for the takeover of the RRF, which subsequently took place in March.

## 2. **OPERATIONS**

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



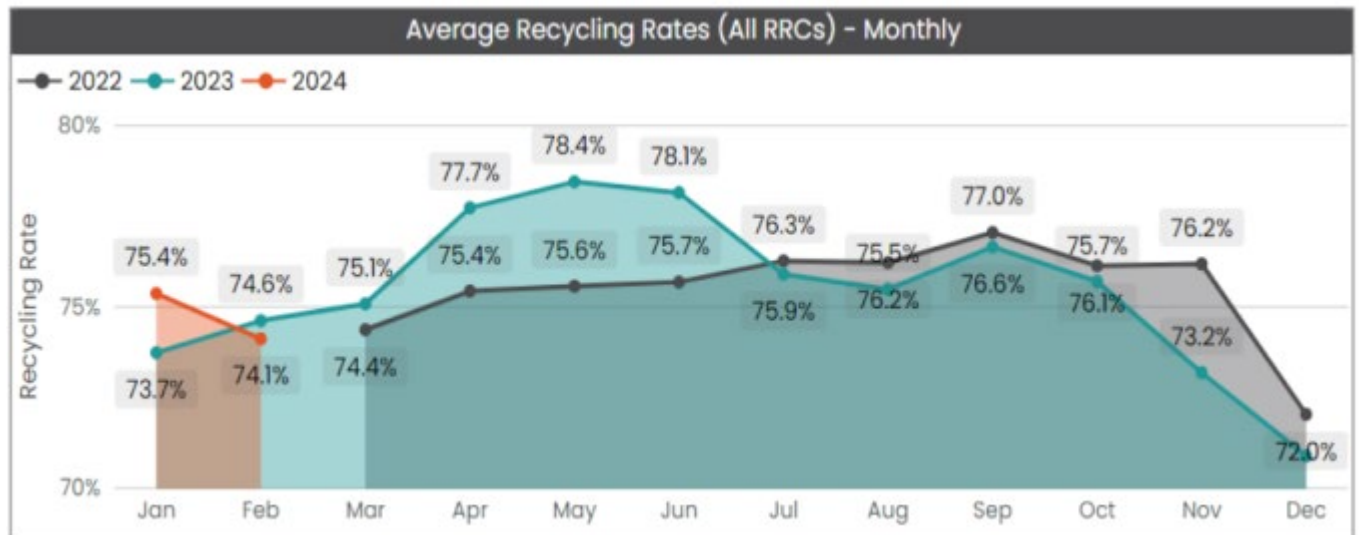
February represented a better month than January for the Energy Centre, with waste throughput close to budgeted levels. The good performance was in spite of the wet nature of the waste incinerated (February 2024 saw over double the average historic rainfall) and a number of operational issues, including frequent leaks on water and steam tubes within the boilers, turbine breakdowns and a problem with a loose electrical connection which caused an unplanned plant shutdown on the 8th of February. The occurrence was triggered by the engineering team while undertaking a preventative maintenance task. The potential shutdown was immediately brought under control. The fault was then identified, rectified, and all plant returned to service within 5 hours of the incident. A notable achievement.

### **Recycling and Waste Operations**

#### **RRCs**

The average recycling rate across the RRCs in the reporting period was 74.75%, which represents a strong start to the year. The recycling of hard plastics contributed to the positive figures, with over 20 tonnes collected and sent for recycling during January and February.

The Kings Road Reuse shop got off to a flying start to 2024 taking almost £30,000 in the reporting period. Mattress recycling continues to be a resounding success with over 16,000 sent for recycling in the period – a significant increase over the same period last year and a positive start to 2024.



### **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 is 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.

### **NLHPP**

#### EcoPark South – including the Resource Recovery Facility (RRF)

During January and February, LEL engaged in numerous conversations with the NLHPP team to ensure there was a shared view of what needed to be achieved prior to handover the RRF from Taylor Woodrow.

Significant progress was made during the reporting period, with daily team meetings involving all parties ensuring that communication was regular, open and collaborative in nature. The reporting period closed with all parties working towards a handover date of 15<sup>th</sup> March.

**Post-reporting period note:** The Resource Recovery Facility (including the RFPF, RRC, and the surrounding areas) was successfully handed over at 09:00 on Friday, March 15<sup>th</sup>.

#### Energy Recovery Facility (ERF)

Plans for handover between the EfW and ERF were further developed during the reporting period – this included the thinking around the potential dual running of the existing EfW and the

new ERF during the period around handover from one facility to the other. Other activities included:

- A review of an updated version of the 3D model for the ERF.
- Balancing, Overspeed and HV testing of the Generator rotor – these tests were witnessed remotely, and all tests deemed satisfactory.
- The completion of Energy Centre cooling water pipe diversion works.
- An operations and maintenance review meeting with Acciona and their crane provider GH Cranes.
- A number of meetings with Grimshaw (architects) and Arup to finalise the fixtures, fittings and electrical layout of the administration building. Further meetings are planned.

## **SHAREHOLDER MATTERS**

### **3.1 Number and names of directors for January/February 2024**

There were 13 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
- Martha Desmond (Non-executive Director)
- 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. Health, Safety, Quality and Environment (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**

The headcount summary shows that as of 29 February 2024, LondonEnergy employed 389 people compared to the budget of 417. At the end of the reporting period, the company had 7 active vacancies, with 4 vacancies being “gapped”, i.e., the recruitment was placed on hold and the work covered by existing employees.