

NORTH LONDON WASTE AUTHORITY

At a meeting of the **NORTH LONDON WASTE AUTHORITY** held on **THURSDAY, 8TH FEBRUARY, 2024** at 2.30 pm in Council Chamber, Town Hall, Judd Street, London WC1H 9JE

MEMBERS OF THE AUTHORITY PRESENT

Councillors Clyde Loakes (Chair), Rowena Champion (Vice-Chair), Mete Coban (Vice-Chair), Robert Chapman, Geof Cooke, Isidoros Diakides, Paul Douglas, Elif Erbil, Mike Hakata, Richard Olszewski, Alan Schneiderman and Diarmaid Ward

MEMBERS OF THE AUTHORITY ABSENT

Councillors Adam Harrison and Bektas Ozer

The minutes should be read in conjunction with the agenda for the meeting. They are subject to approval and signature at the next meeting of the North London Waste Authority.

MINUTES

1. APOLOGIES

Apologies for absence were received from Councillors Adam Harrison and Bektas Ozer.

2. DECLARATIONS BY MEMBERS OF PECUNIARY, NON-PECUNIARY AND ANY OTHER INTERESTS IN RESPECT OF ITEMS ON THIS AGENDA

Councillors Clyde Loakes, Mete Coban and Rowena Champion declared an interest in items on the agenda relating to LondonEnergy Ltd (LEL) as they had been appointed as Non-Executive Directors of LEL by the Authority. It was noted that they had been given dispensations from their local authorities to participate and vote on the items.

Councillor Mike Hakata declared for transparency that he was on the Board of ReLondon.

Councillor Elif Erbil declared a pecuniary interest in *Item 8: Barrowell Reuse and Recycling Centre* due to being a member of Enfield Council. She noted that she would leave the room and not participate during consideration of the item.

3. MINUTES

RESOLVED –

THAT the minutes of the meeting held on 14th December 2023 be approved and signed as a correct record.

4. ANNOUNCEMENTS

Broadcast of the meeting

The Chair announced that the meeting was being broadcast live by Camden Council to the Internet and could be viewed on its website for twelve months after the meeting. After that time, webcasts were archived and could be made available upon request.

Those who were seated in the Council Chamber or participating remotely, were deemed to be consenting to having their contributions recorded and broadcast and to the use of those sound recordings and images for webcasting and/or training purposes.

5. NOTIFICATION OF ANY ITEMS OF BUSINESS THAT THE CHAIR DECIDES TO TAKE AS URGENT

There were no items of urgent business.

6. DEPUTATIONS (IF ANY)

There were no deputations.

7. 2023/24 FINANCE UPDATE

Consideration was given to the report of the Financial Adviser.

In response to questions about asset valuation as a key risk for external audit to explore, Nikesh Shah (Director of Corporate Services) commented on auditors challenging valuations across the local government sector. Valuations made up a large part of the asset base for any organisation. Valuations had been scrutinised more closely in the previous two to three years, with auditors bringing in an independent panel to look at the property side of the accounts. This gave added assurance and increased confidence in the final accounts. Martin Capstick (Managing Director) explained that the Authority did not depend on its balance sheet for profit or funding so, while it was important that the valuation be properly explored, it did not have a significant impact on the Authority's operations. The Director of Corporate Services clarified that asset valuation had not been an apparent risk for the Authority in the previous three to four years but there was a national push to provide assurance through an external audit firm.

RESOLVED –

- (i) THAT the update on the audit of 2021/22 accounts be noted; and
- (ii) THAT this review of the 2023/24 revenue budget be noted.

8. BARROWELL GREEN REUSE AND RECYCLING CENTRE

Councillor Elif Erbil left the room and did not participate for the duration of the consideration of the item.

Consideration was given to the report of the Head of Strategy and Services.

In response to questions, it was clarified that should the Barrowell Green Reuse and Recycling Centre (RRC) be transferred to the NLWA, funding arrangements for the RRC would be incorporated into the inter-authority agreement, which allocated costs according to resident usage. A recent survey indicated that 99.1% of costs, including overhead costs, would be allocated to Enfield Council. An analysis of the benefits had been provided to London Borough of Enfield and their decision was awaited. Once transferred, decisions on the operation of the site, including operating hours would formally be for the Authority, with appropriate borough consultation.

RESOLVED –

- (i) THAT the transfer of management of the Barrowell Green Reuse and Recycling Centre (RRC) from London Borough (LB) of Enfield to NLWA be agreed, subject to Enfield completing any necessary democratic decision-making process and making a formal request of the Authority.
- (ii) THAT authority be delegated to the Managing Director to arrange the transfer by:
 - i. Varying the existing waste management contract with LondonEnergy Ltd (LEL) to include the requirement to manage the Barrowell Green RRC.
 - ii. Entering into a lease with LB Enfield for the Barrowell Green RRC site and subsequent underlease to LEL.
 - iii. Arranging the transfer of the environmental permit for the site to LEL.
 - iv. Entering into a bilateral agreement between the Authority and LB Enfield for funding the new arrangement during 24/25. This would be supplementary to the current levy costs proposed in the following agenda item.

Councillor Elif Erbil returned to the meeting.

9. BUDGET AND LEVY 2024/25

Consideration was given to the report of the Financial Adviser.

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It was noted that the reduction in the levy for Camden was off-set by the increase in charges due to a recategorisation of waste tonnages between commercial and domestic, with the overall payment by Camden Council remaining the same.

There was support for the proposed maintenance reserve and acknowledgement that initial planning for building up to £50m in indexed reserves did not mean this would be the final balance required. Experience would enable ongoing review of the needed maintenance reserve.

In response to a question about the impact of the proposed maintenance reserve on existing reserves, the Director of Corporate Services explained that in developing the policy the existing reserve was considered. It was felt that the existing reserve was not sufficient to maintain the new facility. External advice suggested that peaks of asset failures at other Energy from Waste facilities were 5-6% of the asset value, resulting in the proposed maintenance reserve figure. The general reserve would also be maintained. The Director of Corporate Services noted that without a reserve, maintenance costs would put more pressure on boroughs.

In response to a request for reassurance regarding maintenance spending by LondonEnergy Ltd (LEL), the Director of Corporate Services noted that benchmarking indicated the NLWA was one of the cheapest waste authorities with some others costing double per tonne of waste. The Managing Director commented that LEL owned and was maintaining the current 50 year old facility. The new facility and risks would be owned by the NLWA, with LEL taking defined and appropriate risks under a contract approved by Members.

The Chair commented on the impact of the electricity generator levy on the budget line. He also highlighted the suggested settlement for capital for the new burden on boroughs of separate food waste collection but the lack of additional funding for waste disposal authorities. There needed to be robust monitoring of implementation over the next year to provide an evidence base for future Government lobbying for capital funding. Both issues should be noted as budget challenges.

Officers in the NLWA and boroughs, the Camden advisers, and the Member Finance Working Group were thanked for their work in developing the budget.

RESOLVED –

- (i) THAT, the Authority having satisfied itself that the proposed budget will be sufficient to meet the net expenditure requirements for the year ahead, the 2024/25 budget be agreed;
- (ii) THAT it be agreed to use revenue balance of £8.830m to support the 2024/25 budget;
- (iii) THAT the levy resource requirement for 2024/25, as laid out in table 1 in paragraph 1.9, be agreed;
- (iv) THAT the Financial Adviser be authorised to make the arrangements for collection of the levy and charges for non-household and household waste;

- (v) THAT the prudential indicators and the basis for calculating the Minimum Revenue Provision, as laid out in sections 6 and 7, be approved;
- (vi) THAT the per tonne charge for non-household and chargeable household residual and recyclable waste, as laid out in table 4 in paragraph 2.22, be approved;
- (vii) THAT the recommendation of the reserve policy be approved; and
- (viii) THAT the medium-term budget forecasts for 2025/26 and 2026/27 be noted.

10. NORTH LONDON HEAT AND POWER PROJECT UPDATE AND REPORTS

Consideration was given to the report of the Managing Director.

In response to a question about the review of confidence in achieving the planned takeover date for the Energy Recovery Facility (ERF) in late 2026, the Managing Director explained that Acciona had so far been working broadly to schedule but there had been delays to the next set of contracts they were letting. Officers would be exploring how much impact these delays would have on the critical path. It was a good time to take stock after two years into the contract with Acciona. Members would be updated in due course.

ACTION: Managing Director

Addressing the inclusion of Epping Forest District Council and Broxbourne Borough Council in the Social Value Dashboard, the Managing Director explained that the development consent order granted in February 2017 included a requirement that benefits accrue to residents within a certain radius of the ERF. This included Epping Forest District Council and Broxbourne Borough Council. The Authority was clear however that the main benefits should be received by the seven boroughs paying for the facility. Extensive outreach and communication work were undertaken to broaden the spread of apprentices across the constituent boroughs. Acciona also had a Social Value Governance Board that liaised with borough training and skills officers to create a pipeline for residents. As noted at the Programme Committee meeting in January, there was an aim to complement rather than compete with apprenticeship and training programmes in other organisations within north London.

With regard to the presentation of data on ethnicity of apprentices and trainees, the Managing Director noted that the Programme was looking at the presentation of statistics. There had previously been concern about the use of the acronym BAME as a descriptor but a more appropriate approach would be explored.

There was support by Members for not rushing the opening of the Resource Recovery Facility but to continue scrutinising handover activity to ensure there were no technical difficulties upon takeover by the Authority.

The Chair commented that LondonEnergy Ltd and Acciona had been encouraged to attend school career fairs and other events to raise the profile of the apprenticeships. Other Members were urged to raise the opportunities within their own boroughs.

Members stressed the importance of the social value work, with local spend and development of local skills.

In response to questions about decommissioning and demolition of the existing energy from waste facility, it was noted that discussions were underway and that a report would be brought to Members later in the year.

ACTION: Managing Director

RESOLVED –

THAT the contents of the report be noted.

11. ASSET MANAGEMENT STRATEGY

Consideration was given to the report of the Managing Director.

There was acknowledgement that the Asset Management Strategy focused on larger assets for cost efficiency purposes but the plans for Pinkham Way were queried. The Managing Director confirmed that Pinkham Way was not in use and there were no current plans for the site. It was noted that there were strong views on the site and views would be taken into account in any planning. A report would be brought back to Members at a future meeting on options.

ACTION: Managing Director

RESOLVED –

THAT the contents of the report be noted.

12. CARBON CAPTURE AND STORAGE PROJECT UPDATE

Consideration was given to the report of the Managing Director.

In response to questions about international progress on carbon capture and storage (CCS), the Managing Director confirmed that many countries, particularly within Europe, were studying CCS. Multinational companies were exploring carbon capture. It was not yet operating at the scale needed and an international effort to improve the technology would continue. On storage, the UK was in a good position as it would use depleted oil and gas wells in the North Sea. Other countries did not have that option. Transport options remained a challenge for many sites including Edmonton.

The Managing Director confirmed that with CCS in operation, the Energy Recovery Facility would have net negative emissions rather than net zero, taking account of biogenic material in the waste stream. In response to concern that CCS was an unrealistic ambition, it was suggested that the project was feasible but a 2030s timescale was challenging. It was clarified that there were two Energy from Waste facilities in the coastal clusters, which would be interesting test cases.

In response to questions about financial pressures to adopt CCS, the Managing Director noted that the Government was proposing including the Energy from Waste sector in the Emissions Trading Scheme. It was estimated that this would cost the Authority £20m a year. It was also estimated that the annualised cost of CCS would be £40-50m. It was important that the Government played a role in developing the market, making it financially viable.

The Managing Director noted that it would not be physically viable to develop CCS at the facility until there was an end destination for the carbon. The North Sea Transition Authority was now issuing carbon storage permits. Transport was the bigger challenge.

There was acknowledgment that it was easy to be sceptical about a technology being developed for future use but it was considered important that the Authority kept its options open to enable it to be utilised when ready.

RESOLVED –

- (i) THAT the Government policy updates and considerations for the carbon capture and storage project be noted;
- (ii) THAT the update provided on the carbon capture and storage project and that the Authority will bring the outcome and recommendations from the Strategic Assessment stage to the June 2024 Authority meeting be noted;
- (iii) THAT authority be delegated to the Managing Director to respond to upcoming consultations which could have implications for the Authority and the carbon capture and storage project.

13. GOVERNANCE OF LONDONENERGY LTD

Consideration was given to the report of the Managing Director.

Performance on mattress recycling and the successful reopening of the Kings Road reuse shop were commended.

RESOLVED –

THAT the comments on the company's performance and activities be noted.

14. FORWARD PLAN

Consideration was given to the report of the Managing Director.

RESOLVED –

THAT the contents of the report be noted.

15. ANY OTHER ITEMS THE CHAIR DECIDES TO TAKE AS URGENT

There were no items of urgent business.

The meeting ended at 3.50 pm.

CHAIR

Contact Officer: Cheryl Hardman

Telephone No: 020 7974 1619

E-Mail: cheryl.hardman@camden.gov.uk

MINUTES END