

NORTH LONDON WASTE AUTHORITY

REPORT TITLE: GOVERNANCE OF LONDONENERGY LTD

REPORT OF: MANAGING DIRECTOR

FOR SUBMISSION TO: AUTHORITY MEETING

DATE: 19 JUNE 2025

SUMMARY OF REPORT:

This provides a regular report on the Governance of LondonEnergy Ltd. The Authority is the 100% shareholder of the company. This report covers the company's performance from January to March (Quarter 1) 2025.

RECOMMENDATIONS:

The Authority is recommended to:

- A. Note the comments on the Company's performance and activities in the Quarter 1 2025 Report;
- B. Note the minutes from the January 2025 Board meeting;
- C. Approve the Board re-appointment as set out in section 5

SIGNED:  Managing Director
DATE: 09 June 2025

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 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 to March (Quarter 1) 2025 is at Appendix A.
- 2.2. The Energy from Waste (EfW) facility outperformed plans during this period. The facility processed 138k tonnes of residual waste against a budget of 132k tonnes. This was primarily due to there being fewer unplanned outages than expected in these three months. There were 7 days of planned outages on the boilers (boiler 5) within the Energy Centre during the period.
- 2.3. The percentage of materials recycled at Reuse and Recycling Centres averaged 71.5% in Quarter (Q)1 2025 (on a weighted average basis), this is a strong performance at this quieter time of the year.

CAPITAL PROJECTS

- 2.7. Following the energy from waste facility condition survey which reported in 2023, the LEL budget for 2025 includes £5.7m of capital projects to support the resilience of the plant (in 2024 this was £7.3m). The most significant of the 17 projects planned for this year are detailed below. Given the anticipated need to maintain the existing facility longer than previously planned, LEL re-engaged Ramboll to conduct a risk-based review of what further capital investment must be delivered before the planned end of life date. Given the limited life of the existing Energy from Waste plant, all project costs are treated as an operating expense, rather than being capitalised. The largest investments relate to:
 - 2.7.1. Boiler refurbishment for boilers 2 and 4 – value £1.4m. This is the final year of a 2-year project which is a once in a generation investment and

therefore we should be able to return to normal boiler outage programmes from next year.

2.7.2 Flue gas treatment structural repairs and replacement - £1.0m

2.7.3 Effluent treatment plant - £0.5m

2.7.4 Bottom ash conveyor steelwork – value £0.5m

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. From January to March 2025, 25 compliments and 7 complaints were received across the recycling sites. Compliments focused on the friendliness and helpfulness of staff, the overall organisation of the sites, and the positive experiences of users, including support with lost property and assistance for disabled visitors. Complaints during this period related to issues such as site access, waste disposal restrictions, staff conduct, and a traffic incident involving a company vehicle. All complaints have either been resolved or are under investigation, with updates provided to those who left contact details.

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)
Mike Hakata (Non-executive Director)
Ian Williams (Non-executive Director)
Craig Miller (Non-executive Director)
Martin Capstick (Non-executive Director)
James Kendall (Managing Director)
Justin Price (Finance Director)

The Company Secretary remains as Kathy-Ann Pearce

5.2 Since January 2021, the Board has comprised:

5.2.1. Executive directors responsible for the operation of the company (currently Jim Kendall, managing director and Justin Price, finance director)

5.2.2. As non-executive directors, the Chair and Vice Chairs of the Authority (currently Clyde Loakes, Rowena Champion and Mike Hakata)

5.2.3. As non-executive directors, independent Members with specialist expertise important to support the company's activity or to the interface with the public sector (currently Don Lloyd, Ulla Rottger, Rebecca Rennison and Peter Zinkin)

5.2.4. As non-executive directors, public sector officers who have personal expertise and who are also able particularly to promote alignment between the company and the Authority and who understand boroughs' requirements (currently Ian Williams, Craig Miller and Martin Capstick).

5.3. The Board has worked well, both in providing leadership to the company and also in promoting greater coherence between LEL and the Authority – especially concerning the transition to operating new facilities being constructed through the NLHPP.

5.4 In the third group of directors, Don Lloyd's appointment comes up for renewal. It is proposed to reappoint him for a period of three years. Don has had an extensive career with multi-national companies in the energy sector, particularly leading on risk management, sustainability and process safety. He has been a Board member at LEL since 2016, and chair since 2021. In addition to his LEL role, he is the EnQuest Professor of Sustainability & Energy Futures at the University of Bradford and is also a former Board safety adviser to the National Air Traffic Service (NATS) and former vice-chair of the Royal Society for the Prevention of Accidents (RoSPA).

5.6 The remuneration for the Chair is £35,919 per year.

5.7 It is proposed that the Authority delegates authority to the managing director to arrange the reappointment of Don Lloyd to the LEL Board.

5. 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

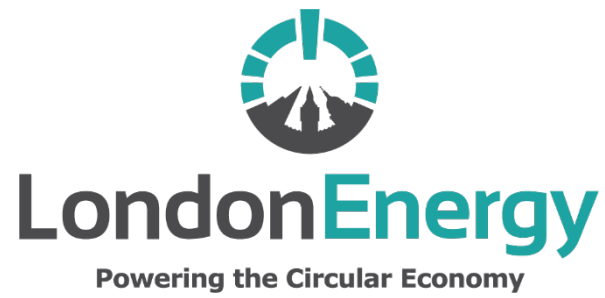
- 8.1 The Financial Adviser has been consulted in the preparation of this report and comments have been incorporated.

List of documents used:

None

Contact officer:

Martin Capstick
Unit 1b Berol House
25 Ashley Road
London N17 9LJ
post@nlwa.gov.uk



Quarterly Report to North London Waste Authority



First quarter 2025 Report (January – March)

CONTENTS

1. EXECUTIVE SUMMARY

- 1.1. Overview of Quarter one 2025

2. OPERATIONS

- 2.1. Energy Centre Operations
- 2.2. Recycling and Waste Operations

3. SHAREHOLDER MATTERS

- 3.1. Number and names of directors in Quarter one 2025

4. HSQE

- 4.1. Safety Performance
- 4.2. Environmental Compliance

5. COMMUNICATIONS & PEOPLE

- 5.1. HR report
- 5.2. Communications

6. LEL's STRATEGIC PRIORITIES

- 6.1 Transition Programme and NLHPP

1. EXECUTIVE SUMMARY

1.1 Overview of Quarter 1 2025

Operations

The RRCs delivered strong performance throughout Q1 2025, with recycling rates showing improvement through the quarter. Attendance at the South Access RRC showed a significant increase following the closure of the Gateway Road site.

The Energy Centre delivered strong operational performance across all key metrics during Q1 2025 with waste throughput and electricity generation ahead of performance targets.

Safety performance across the organisation continues to improve, with lower accident frequency rates being recorded compared to the same period in 2024.

LondonEnergy continues to make significant progress in its comprehensive transition programme, working closely with NLWA to ensure strategic alignment across all workstreams.

Ensuring a safe and successful transition to the new Energy Recovery Facility remains the organisation's highest priority.

2. OPERATIONS

2.1 Energy Centre (EC) Operations

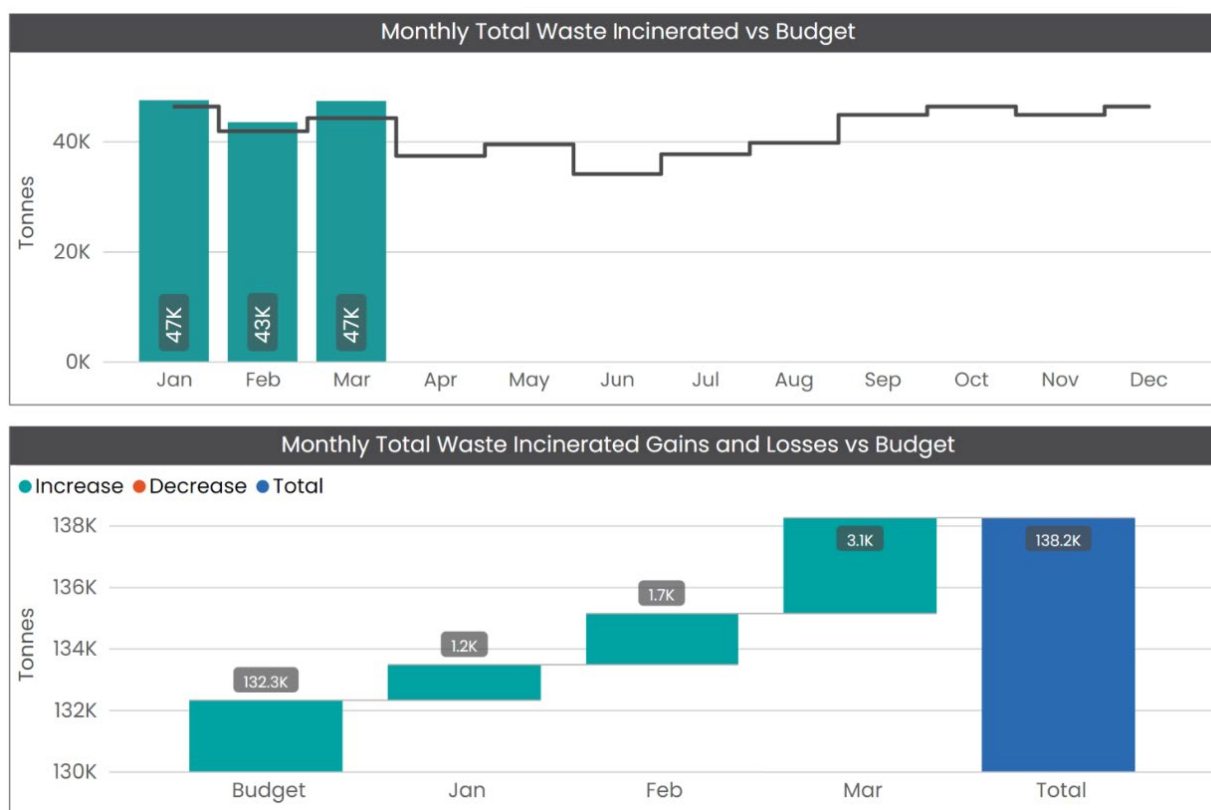
The Energy Centre delivered exceptionally strong operational performance throughout Q1 2025, consistently exceeding planning expectations across all three months of the quarter. This represents a significant achievement given the ageing nature of the facility and demonstrates the effectiveness of our asset management and operational strategies.

The facility significantly outperformed budget targets as measured by the Overall Equipment Effectiveness (OEE) metric, achieving 89.0% in January, 92.7% in February, and 100% in March against an 88.0% target. The Q1 average OEE of 93.9% represents a 6.7% improvement over budget expectations.

Waste throughput has consistently exceeded projections throughout the quarter. The facility processed approximately 6,000 tonnes of additional waste above budget expectations across the three months, with March recording a particularly strong 7% (3,111t) favourable variance. This performance demonstrates the plant's continued reliability despite entering its 55th year of operation. A key operational milestone was achieved with 100% of NLWA residual waste successfully treated via the Energy Centre facility throughout Q1 without requiring third-party diversion. This represents excellent operational resilience and demonstrates effective planning and execution by the operations team.

Electricity generation has similarly outperformed expectations. March saw a 7% (1,300 MWh) favourable export volume variance, contributing to strong financial performance. For the quarter as a whole, electricity generation remained ahead of budget due to both improved waste throughput and enhanced operational efficiency.

Maintenance and reliability: Whilst there were some planned outages and equipment failures during the quarter, including roller grate issues and inverter failures that required investigation, these were managed effectively without significantly impacting overall performance. The March reporting period was particularly notable for minimal downtime, with less than 30 hours of unplanned outages recorded.



2.2 Recycling and Waste Operations

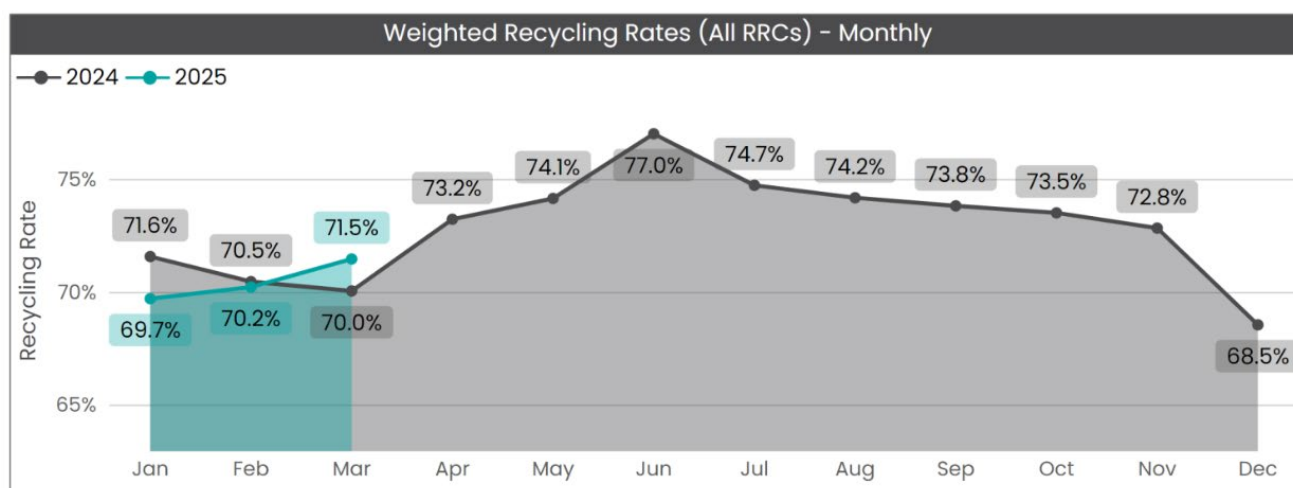
Reuse and Recycling Centres (RRCs)

The RRCs delivered strong performance throughout Q1 2025, with recycling rates showing improvement through the quarter. Average recycling rates progressed from 69.7% (weighted average) in January to 70.2% in February and 71.5% in March, demonstrating positive momentum as the sites moved towards the traditionally busier spring period.

Visitor numbers have shown significant growth across the quarter, reflecting both seasonal patterns and the ongoing impact of the Gateway Road RRC closure. March recorded the highest visitor numbers of the quarter, with South Access achieving a record 8,553 visitors - more than double the March 2024 figure. The EcoPark RRC also exceeded 2,000 visitors for the first time since opening, reaching 2,013 visitors in March.

Kings Road Reuse Shop continued its strong performance, saving 31.3 tonnes of reusable items from disposal across the quarter and generating over £48,500 in revenue. March was particularly successful with 9.5 tonnes saved and over £14,500 in sales.

Material recovery initiatives continued to perform well, with 24,396 mattresses recycled across the quarter at RRCs and Waste Transfer Stations, demonstrating the success of specialist waste stream diversion programmes.



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 is more likely that an operator's vehicles will be inspected if the OCRS is high – LEL's score is extremely low as measured by the "Green" status.

2.3 LEL Transition activities and NLHPP

LondonEnergy continues to make significant progress across our comprehensive transition programme, working in close collaboration with NLWA. Our transition to the new Energy Recovery Facility (ERF) remains our highest organisational priority.

ERF Construction and Design: Work with NLHPP towards achieving design freeze has progressed positively, though the target date has been extended from March to July 2025 to ensure all technical issues are properly resolved. Key areas of focus include resolving outstanding design issues through collaborative workshops and addressing insurability requirements.

Geron Way Development: Constructive collaboration with London Borough of Barnet colleagues continues to progress the Waste Transfer Facility designs. A senior-level meeting between LEL, NLWA and Barnet was held on 20th March to review outstanding design risks and establish governance frameworks for managing future changes whilst protecting construction timescales.

Organisational Transformation: Multiple workstreams are advancing well, including the development of our transition 'Playbook', dual running options for the current EfW facility, and enhancement of enabling functions. The Process Improvement Programme has delivered tangible improvements to Health and Safety processes, risk assessment procedures, and asset management systems using D365 technology.

3. SHAREHOLDER MATTERS

3.1 Number and names of directors for Quarter 1 2025

There were a total of 13 serving directors on the LEL Board during 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)
- Mike Hakata (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)
- Craig Miller (Non-executive Director)
- Martin Capstick (Non-executive Director)
- Jim Kendall (Managing Director)
- Justin Price (Finance Director)

The Company Secretary is Kathy-Ann Pearce.

4. HEALTH, SAFETY, QUALITY AND ENVIRONMENT (HSQE).

4.1 Safety Performance

Accident Frequency Rate (AFR) continues to demonstrate significant improvement throughout Q1 2025, maintaining the positive trajectory established in 2024. March data shows the AFR trending downwards initially before levelling out, with both employee-only and combined employee/contractor metrics continuing to outperform previous years.

5. PEOPLE

5.1 HR report

LondonEnergy has maintained strong operational resilience throughout Q1 2025 while demonstrating continued progress in workforce stability and employee development initiatives.

Workforce stability: Headcount remained steady throughout the quarter, ending March at 405 employees, with active vacancies successfully reduced from 10 at the start of the quarter to 4 by the end of March. This represents effective recruitment activity addressing key operational needs.

5.2 Communications.

External recognition: LondonEnergy was shortlisted for the Safety and Health Excellence Awards in the "Safer Logistics" category, recognising the positive impact of the Life-Saving Rules initiative. This external validation demonstrates the organisation's commitment to safety excellence.

Fleet modernisation: The delivery of twelve new Volvo FM trucks attracted positive external media coverage, highlighting the organisation's investment in safety, efficiency, and sustainability. The vehicles feature state-of-the-art safety systems and enhanced driver comfort, supporting operational excellence.

Community engagement: Several significant community initiatives were delivered during Q1: Introduction of a dedicated pedestrian drop-off zone at Hornsey Street RRC, enhancing accessibility for local residents (67% of Islington households do not own a car)
Launch of a charity partner selection process based on employee feedback, allowing staff to nominate and vote for North London charities
Continued educational visits and stakeholder engagement, including visits from Barnet Councillors and Hackney Council officers

Social value delivery: The organisation continued to deliver meaningful social value through various initiatives, including enhanced RRC accessibility, the reuse shop's contribution to the circular economy and support for sustainable waste management practices.

Internal communications: Strong employee engagement has been maintained through monthly newsletters, recognition programmes celebrating company values and clear communication about organisational changes and transition planning.

Sustainability communications: Enhanced signage and promotional materials have been implemented across RRC sites to increase awareness of reuse opportunities and circular economy initiatives, supporting both environmental objectives and community engagement.