

## NORTH LONDON WASTE AUTHORITY

**REPORT TITLE:** GOVERNANCE OF LONDONENERGY LTD

**REPORT OF:** MANAGING DIRECTOR

**FOR SUBMISSION TO:** AUTHORITY MEETING

**DATE:** 9 OCTOBER 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 April to June (Quarter 2) 2025.

### RECOMMENDATIONS:

The Authority is recommended to:

- A. Note the comments on the Company's performance and activities in the Quarter 2 2025 Report; and
- B. Note the Company's intention to create a deputy chair role which will not involve adding to the number of board directors

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

**DATE:** 29 September 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 update 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 operating 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 April to June (Quarter 2) 2025 is at Appendix A.
- 2.2. The Energy from Waste (EfW) facility exceeded its operating budget capacity during this period. The facility treated 112k tonnes of residual waste against a budget of 111k tonnes.
- 2.3. There were 77 days of planned outages on the boilers within the Energy Centre during the Quarter (84 days had been anticipated in the budgeted plan).
- 2.4. There were 30 days of unplanned outages (against 18.5 days budgeted) on the boilers during Q2.
- 2.5. The percentage of materials recycled at Reuse and Recycling Centres averaged 75.2% in Q2 2025 (on a weighted average basis), this is a strong performance.

### **CAPITAL PROJECTS**

- 2.6. 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). As at the end of Q2 the programme is on track to deliver to plan.
- 2.7. Given the anticipated need to maintain the existing facility beyond 2028, the Company has re-engaged Ramboll to conduct a risk-based review of what further capital investment must be delivered before the planned end of life date. In addition, starting in Q3 this year LEL will work through what additional resources

(staff, contractors and capital) will be required to ensure the facility can continue to operate until the new facility is ready.

2.8. The most significant of the 17 projects planned for this year are detailed below:

2.8.1. 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 there should be a return to normal boiler outage programmes from next year.

2.8.2. Flue gas treatment structural repairs and replacement - £1.0m

2.8.3. Effluent treatment plant - £0.5m

2.8.4. 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, and the Company recognizes that continued drive and initiative is needed to maintain high levels of safety management.

### **4. PUBLIC RELATIONS**

4.1. From April to July 2025, 40 compliments and 22 complaints were received across the recycling sites. Compliments highlighted the friendliness and helpfulness of staff, the cleanliness and organisation of sites, and the positive experiences of visitors, including support with heavy or confusing items, recovery of lost property, and the welcoming atmosphere of facilities.

Complaints during this period focused on issues including traffic congestion, early or inconsistent closing times, unclear guidance on residency and documentation requirements, staff conduct, and challenges with disposing of certain items. Local residents also raised concerns about odour and the impact of queuing traffic on surrounding streets. All complaints have either been resolved or remain under investigation, with updates provided where contact details were available.

### **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. In June 2025 Members approved the reappointment of Don Lloyd as chair for a period of three years. It is expected that Don will stand down from the role and the board at the end of that period. In addition, it is noted that four of the board members are north London councillors whose plans and commitments may be affected by the elections in 2026.
- 5.3. It is therefore important to maintain continuity in Company leadership over the next few years. At this stage no decision is needed on whether the next chair should be an external or internal appointment but in either case it is beneficial to have a deputy chair – who would take on duties including taking a lead role in ensuring a smooth handover of responsibilities and ensuring the Company is in the right position to support a new chair.
- 5.4. The October board meeting of the Company will consider a proposal to create a deputy chair role and appoint Rebecca Rennison to the position. As this does not involve a new board appointment, shareholder approval via Members is not needed. But the Authority will want to be aware of this proposed change in the internal governance of the Company.

## **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**

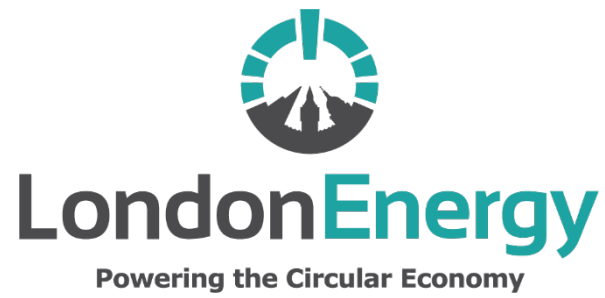
- 8.1. The Financial Adviser has been consulted in the preparation of this report, and comments have been incorporated.

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

None

### **Contact officer:**

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



# Second quarter 2025 Report (April – June)

## **CONTENTS**

### **1. EXECUTIVE SUMMARY**

- 1.1. Overview of Quarter 2 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 two 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 Asset maintenance and investment

## **1. EXECUTIVE SUMMARY**

### **1.1 Overview of Quarter 2 2025**

#### **Operations**

The Energy Centre delivered another strong operational performance throughout Q2 2025, consistently exceeding budget expectations across all key metrics. By the end of Q2, the Energy Centre had achieved an average Overall Equipment Effectiveness (OEE) significantly above the 88.0% target, demonstrating remarkable reliability for a 55-year-old facility.

The Reuse and Recycling Centres (RRCs) continued to show positive momentum with recycling rates be maintained through the quarter. May saw recycling rates peak at 76% reflecting high green waste tonnages. Visitor numbers remained strong despite seasonal variations, with South Access RRC maintaining significantly higher attendance following the Gateway Road closure.

#### **Safety and Environmental Performance**

Safety performance across the organisation continued its positive trend with Accident Frequency Rates (AFR) remaining at historic lows for the first six months of 2025. Environmental compliance remained strong with no enforcement notices or major non-conformances recorded.

#### **People and Communications**

Workforce management remained stable with headcount ending Q2 at 402 employees against a budget of 417. The organisation successfully managed recruitment challenges whilst maintaining operational effectiveness. Employee wellbeing initiatives expanded significantly, including the launch of financial education programmes and health screening services. Community engagement continued through educational partnerships and sustainability programmes.

#### **Financials**

The Company's financial position is positive to budget. Further information will be provided to the December Authority meeting when approval to the Company's budget for 2026 will be proposed.

## **2. OPERATIONS**

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

The Energy Centre delivered outstanding operational performance throughout Q2 2025, maintaining the strong momentum established in Q1. The facility demonstrated exceptional reliability and efficiency across all key performance indicators, particularly impressive given its age and the demanding operational environment.

#### **Overall Equipment Effectiveness and Reliability**

The facility ended the quarter with the Overall Equipment Effectiveness metric reaching 90%, exceeding the budget target of 88%. This performance represents a continuation of the strong operational results achieved earlier in the year and demonstrates the effectiveness of our comprehensive asset management strategy.

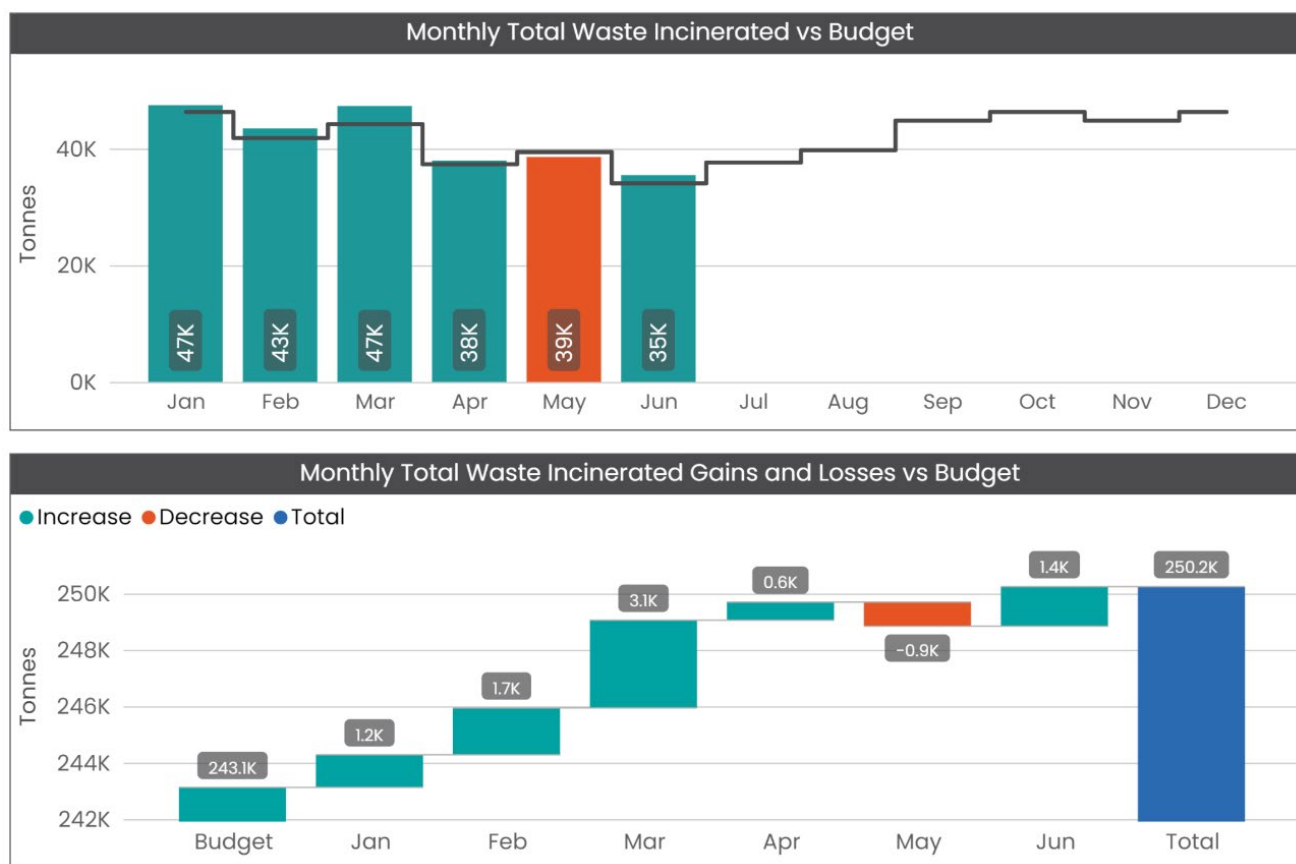
#### **Waste Processing and Throughput**

Waste throughput continued to exceed projections throughout Q2, building on the approximately 6,000 tonnes processed above budget expectations in Q1. All waste diverted to third party was sent for treatment via EfW through third-party disposal contracts that were arranged to support 2025 outage activities. No waste was sent to landfill.



## **Electricity Generation**

Electricity generation remained consistently ahead of budget targets due to improved waste throughput and enhanced operational efficiency. The strong performance contributes directly to revenue generation whilst supporting the organisation's environmental objectives through energy recovery from waste.

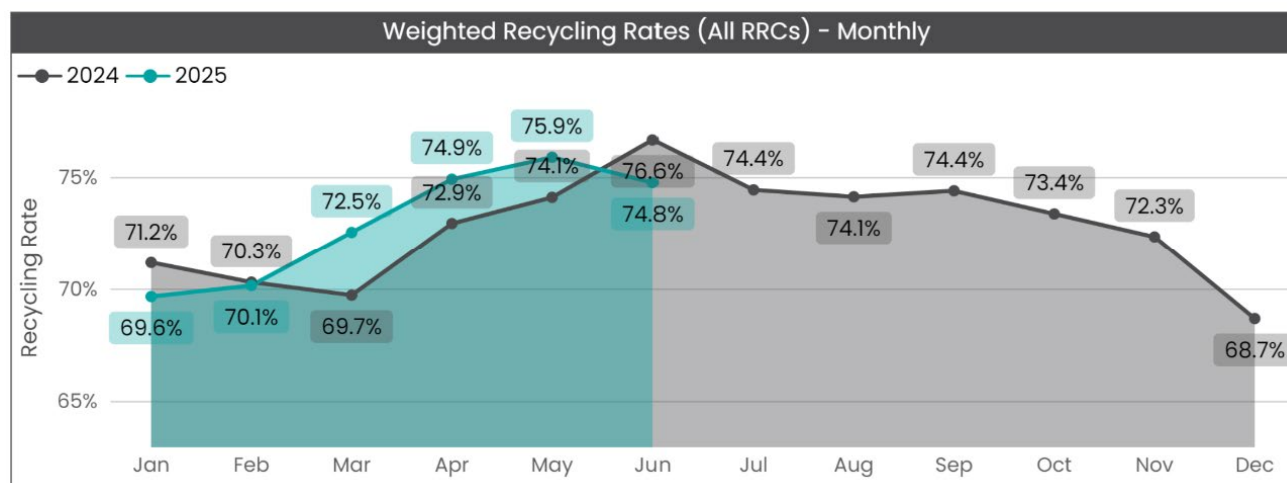


## **2.2 Recycling and Waste Operations**

### **Reuse and Recycling Centres Performance**

The RRCs demonstrated a continued strong performance in recycling rates through Q2, with rates showing positive momentum. May recorded a 1% increase in recycling rates compared to April, representing a cumulative 6.1% improvement since January 2025.

However, June saw a slight decrease of 1.1% compared to May, primarily attributed to the cessation of hard plastics recycling and seasonal factors including reduced green waste processing due to minimal rainfall and increased temperatures.



### **Visitor Numbers and Site Utilisation**

RRC visitor numbers remained robust throughout Q2, though showing some seasonal variation. June recorded approximately 8,000 fewer visitors across all RRCs compared to May, consistent with typical seasonal patterns whilst still maintaining levels significantly above 2024 comparatives. South Access RRC continued to benefit from the Gateway Road closure, maintaining high visitor numbers throughout the quarter.

### **Reuse Operations**

The Kings Road Reuse Shop continued its strong performance, processing over 10 tonnes of reusable items in June alone and generating approximately £15,500 in revenue for that month. For the first six months of 2025, the ReUse shop processed over 60 tonnes of reusable items and generated over £90,000, representing outstanding success in supporting circular economy objectives.

### **EcoPark South - Maintenance and Asset Management**

The quarter saw continued investment in preventative maintenance programmes designed to ensure reliability through effective maintenance of the new Resource Recovery Facility. This is possible from new asset management information specified as part of the North London Heat and Power Project. Planned maintenance activities achieved 96.2% completion against a 98% target, whilst root cause analysis completion for corrective maintenance exceeded target at 95.5% against a 94% requirement. The implementation of digital asset management systems has received recognition from insurers Zurich and Berkshire Hathaway as representing best practice in the industry.

### **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. Enabling an effective transition to the new Energy Recovery Facility (ERF) remains our highest strategic priority.

**Geron Way Development:** Constructive collaboration with London Borough of Barnet colleagues continues to progress the Waste Transfer Facility project. This work saw designs being signed off at RIBA stage 4, with LBB issuing a notice to proceed to their construction partner.

**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 2 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 Improvements**

Safety performance across LondonEnergy continued to demonstrate significant improvement throughout Q2 2025. The Accident Frequency Rate (AFR) maintained its historic low levels, with data for the first six months of 2025 showing consistent improvement for both employee-only and combined employee/contractor metrics.

##### **Safety Culture and Training Initiatives**

Significant investments in safety systems and culture continued through Q2, including the ongoing rollout of Life-Saving Rules training through the LEL Learning Management System. The internal Health and Safety and Environment Committee provided senior-level oversight for incidents and ensures continuous improvement in safety standards.

The organisation's commitment to safety excellence received external recognition through shortlisting for the Safety and Health Excellence Awards in the "Safer Logistics" category, acknowledging the positive impact of the Life-Saving Rules initiative.

##### **Occupational Health and Wellbeing**

Employee health initiatives expanded significantly during Q2, including the introduction of health and lifestyle screening sessions and targeted awareness campaigns. Men's Health Week was marked with a Prostate Cancer Awareness webinar, demonstrating the organisation's commitment to comprehensive employee wellbeing.

## **4.2 Environmental Compliance**

### **Regulatory Performance**

Environmental compliance remained strong throughout Q2 2025 with no Environmental Agency enforcement notices or major non-conformances recorded. The organisation continued to maintain its strong environmental compliance record whilst managing increasing operational and maintenance demands from an ageing asset.

### **Sustainability Initiatives**

LEL continued to enhance sustainability communications across RRC sites through improved signage and promotional materials designed to increase awareness of reuse opportunities and circular economy initiatives. These efforts support both environmental objectives and community engagement whilst contributing to recycling rate improvements.

## **5. PEOPLE**

### **5.1 HR report**

#### **Workforce Management and Headcount**

Headcount management remained stable throughout Q2 2025, ending the quarter at 402 employees against a budgeted establishment of 417.

### **5.2 Communications.**

#### **Community Engagement and Partnerships**

Q2 delivered significant community engagement initiatives, building on the strong foundation established in Q1. The successful completion of the mentoring programme with Leytonstone School saw 10 LEL employees provide over 40 hours of mentoring to local students, whilst the Harris Academy Work Experience Programme gave local students an opportunity to experience the full range of job roles and potential career paths at LEL. These initiatives reinforce LondonEnergy's commitment to education through building positive relationships with the local community.

#### **External Recognition and Media Coverage**

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 whilst demonstrating environmental responsibility.

#### **Community Initiatives and Social Value**

Several significant community initiatives were delivered during Q2, including continued support for the River Ching Action Group with equipment for local water quality monitoring. LEL also launched a charity partner selection process based on employee feedback, allowing staff to nominate and vote for their choice from a selection of North London charities to become the organisation's main charity partner, providing volunteering opportunities and strengthening community ties.

## **Internal Communications and Culture**

Strong employee engagement was maintained through monthly newsletters and recognition programmes celebrating company values.

The successful deployment of the "Night Club" initiative provided expert-led sessions for shift workers on sleep health, nutrition, exercise, and mental wellbeing, supporting the transition to formal 24-hour shift patterns whilst demonstrating commitment to employee wellbeing.

## **EcoPark tours**

The reporting period saw LEL host a number of visits from community and educational groups to the EcoPark.

These included the University of the Arts London, the Islington Environmental Alliance and the Muswell Hill Sustainability Group. These visits saw residents from across north London take part in valuable discussions around vape disposal, mattress recycling, general recycling practices, and our waste-to-energy processes.

## **6. LEL's STRATEGIC PRIORITIES**

### **6.1 Asset maintenance & investment**

LondonEnergy Ltd is acutely aware of the need to ensure that the Energy Centre can continue to operate and treat approximately 500,000 tonnes of North London's waste in a safe, environmentally responsible and cost-effective manner.

Highlighted below are some of the workstreams and investments LEL has put in place since 2020 to maintain this 55-year-old facility (approximately 30 years past its design life).

In 2026 these plans will need to be refreshed as we now expect to maintain the plant into the 2030s, taking us beyond 60 years of near continuous operation in service to our North London community.

### **Capital Programme 2020 to 2026**

To measure how LEL has and will continue to invest in the Energy Centre up to the end of 2026, we have followed the Ramboll Condition Survey methodology, which divides the Energy Centre into 11 Systems, comprising 84 subsystems in total.

Listing these subsystems and cross referencing with the capital programme resilience plan since 2020, over the past five years:

- 2020 to 2024 LEL have invested in 25 of our subsystems,
- 2025 to 2026 LEL will have invested in a further 17 of our subsystems

This equates to 50% of subsystems having been strategically invested in across a seven-year period at an average cost of £6.5m p.a.

### **Ramboll review:**

Following on from previous comprehensive plant surveys, in 2024 LEL commissioned another survey to highlight any further areas of investment required to maintain the plant until 2029. (In 2026 the organisation will need to consider how to further extend the plant life beyond 2029).

Ramboll have confirmed that at 55 years old, LEL is delivering good work maintaining and investing in the Energy Centre delivering multi-year overall equipment effectiveness of >85%. (N.B. any rating in excess of 85% is generally regarded as world class performance)

### **Spare turbine:**

In 2022 LEL completed the commissioning of a spare turbine (TA5) to reduce the cost and waste diversion impact from when one of the other 4 turbines are undergoing maintenance or suffer unplanned outages. Despite being less efficient than other turbines, its strategic value lies in redundancy and flexibility, enabling the business to optimize costs during periods of turbine failure.

Over 2023 and 2024 TA5 has contributed over £13m to LEL and so has already surpassed its breakeven point vs the investment cost.

### **Contingency planning:**

LEL has two electricity export transformers which represent a single point of failure risk. To address this, in addition to sourcing 3<sup>rd</sup> party expertise and carrying out all practical maintenance activities, LEL have also developed a robust contingency plan in partnership with Aggreko, to mitigate the risk of long-term failure of one or both export transformers.

### **Digitising Asset Management:**

Over the past 2 years the LEL Maintenance team in conjunction with the Asset Management team have been digitising our preventative and corrective maintenance activities for our major asset classes. This has enabled better reporting and tracking of the team's activities and enables improved governance on our asset maintenance.

It should be noted that during engineering inspections from our insurers Zurich & Berkshire Hathaway that they both complemented our digital asset health and activity monitoring dashboards as the best they have seen.

### **Governance:**

Long term strategy, capital investments, and day to day maintenance activities are reviewed through the Asset Health Steering Committee. This committee is designed to bring all the expert opinions from within the business and from 3<sup>rd</sup> parties into one place, so that activities and investment can be optimised to reduce the risk of major asset failure before the new ERF is ready. While the risk of major plant failure will always present a risk, LEL has invested significant time, resource and capital to ensure that all known practical steps have been taken to continue to maintain the Energy from Waste plant for the foreseeable future.