

NORTH LONDON WASTE AUTHORITY

REPORT TITLE: GOVERNANCE OF LONDONENERGY LTD

REPORT OF: MANAGING DIRECTOR

FOR SUBMISSION TO: AUTHORITY MEETING

DATE: 04 DECEMBER 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 July to September (Quarter 3) 2025. The Company's financial year runs from January December. Under the Shareholder Agreement, the Company's budget is subject to approval from the Authority; and agreement to the Company's 2026 budget is proposed.

RECOMMENDATIONS:

The Authority is recommended to:

- A. Note the comments on the Company's performance and activities in the Quarter 3 2025 Report;
- B. Note the Board Minutes for July 2025; and
- C. Approve the Company's Budget for 2026

SIGNED:  Managing Director

DATE: 24 November 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 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 July to September (Quarter 3) 2025 is at Appendix A.
- 2.2. The Energy Centre demonstrated resilient operational performance throughout Q3 2025 despite undertaking significant planned maintenance activities. The facility managed major capital projects on two of its five boilers during the summer period whilst maintaining operational effectiveness for the 55-year-old asset.
- 2.3. The facility incinerated 114.9k tonnes of residual waste against a budget of 122.2k tonnes. In connection with maintenance there were 59 days of planned outages on the boilers within the Energy Centre during Q3. This was eight days higher than originally envisaged when the annual budget was set. In addition, there were 22 days of unplanned outages on the boilers during Q3, which was broadly in line with expectations.
- 2.4. The percentage of materials recycled at Reuse and Recycling Centres averaged 60.9% in Q3 2025 (on a weighted average basis). This decrease is due to LEL's wood offtaker diverting material to Biomass. This was reported to members in October in the Strategy and Services paper for that meeting. A phased return of wood being sent to recycling outlets took place and the recycling percentage rose through October and November.

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). As at the end of Q3, 90% of the programme

has either been delivered or is on track to be delivered to plan. The remaining 10% will be delayed by between 1 and 3 months and so will be completed in Q1 2026. The delay does not represent an increase in cost compared to plan.

2.8 As a result of delays in the construction of the new Energy Recovery Facility, LEL is planning for the current energy from waste facility to remain operable up to and beyond 2030 so that continuous disposal residual waste disposal routes are available to the Authority. This is significantly past design life for mechanical, electrical and civil infrastructure. Given this, in 2026 the Company will identify what additional activities and investments will be required to protect the asset such that it can continue to safely serve the North London community while delivering significant value for money. Further reports will be provided to the LEL Board and to the Authority on the result of this work

2.9 The most significant of the 17 projects planned for this year have either been delivered or remain on track to be delivered this year. They are detailed below:

2.9.1 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 the normal boiler outage programme from next year. Now completed £0.1k below budget.

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

2.9.3 Effluent treatment plant - £0.5m

2.9.4 Bottom ash conveyor steelwork – value £0.5m

2.10 All assets relating to the existing Energy from Waste plant have been written off in LEL's accounts reflecting the limited life of the existing facility. Even though this work is capital in substance, these works are treated as an in-year cost and are not capitalised.

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 shows that safety performance across LondonEnergy continued to demonstrate sustained improvement throughout Q3 2025. This is welcome progress but requires continued drive and initiative to maintain high levels of safety management.

3.2 The organisation's sustained commitment to safety excellence received further external recognition during Q3 with the achievement of a fourth consecutive Gold Award from the Royal Society for the Prevention of Accidents (RoSPA). This accolade reflects the effectiveness of LEL's health and safety programmes and the

ongoing commitment to maintaining the highest standards for employees, contractors, and visitors.

4. LONDONENERGY BUDGET 2026

- 4.1 LEL's financial year runs from 1 January to 31 December, and their budget is subject to Authority approval under the shareholder agreement, which sets out the governance between NLWA and the Company. LEL's planned budget for 2026 was considered by the company board. LEL are proposing to set a budget for the calendar year 2026 with forecast income from managing waste and generating electricity of £91.5million.
- 4.2 The Authority and LEL entered into a new operating contract for the newly constructed resource recovery facility, reuse and recycling centre and EcoPark House in 2024. This was when these facilities came into operation. Other payments from the Authority are set out in an inflation-linked contract entered into in 2014. It has been the intention to continue extending that existing contract until the new energy recovery facility comes into operation and implement a new contract associated with the bringing into service of the new plant. As this is currently delayed, LEL and officers propose to continue applying the existing contract for an extended period. Members agreed in 2024 that the Authority would supplement the contractual gate fees it pays to LEL with £7m per year. This was in recognition that the Company was having to increase spending on managing and maintaining the existing energy from waste facility. Even with this increase LEL is not expected to be profit making but it has a sufficiently positive cash position that it is able to manage the budget without needing any further financial support from NLWA in 2026.

5. PUBLIC RELATIONS

- 5.1 From July to September 2025, recycling sites received a total of 40 compliments and 22 complaints. Compliments highlighted the friendliness and helpfulness of staff, the cleanliness and organisation of sites, and the positive experiences of visitors. Specific praise included staff assisting with heavy or confusing items, providing guidance to visitors, and creating a welcoming atmosphere across facilities such as Summers Lane, Hornsey Street, Edmonton, and Western Road.
- 5..2 Complaints during this period primarily related to traffic congestion, long queues, early or inconsistent closing times, and unclear guidance on residency and documentation requirements for van bookings. Some concerns were also raised about staff conduct, pedestrian and cyclist accessibility, and challenges with disposing of certain items. Residents reported odour and the impact of queuing traffic on surrounding streets.

- 5.3 In response to complaints about van bookings, the booking website has been updated to provide clear information on documentation requirements, and this information is now included in the booking confirmation emails to ensure residents have the guidance they need before visiting. In response to concerns in relation to staff conduct, pedestrian and cyclist accessibility, and challenges with waste disposal, the responses were as follows:
- 5.3.1 Investigations identified that service at some sites had fallen below expected standards, and apologies were issued where appropriate. Learning points have been shared with site teams, and refresher training is being delivered to strengthen customer service and ensure greater consistency.
- 5.3.2 Zipvans and other hire vehicles have been confirmed as permitted under the “hire vehicle” option in the booking system and duplicate or problematic bookings have been resolved. Additional guidance has been added online to clarify accepted waste types and disposal processes.
- 5.3.3 Site teams are reviewing access arrangements for pedestrians and cyclists, and measures to address odour and queuing traffic are currently under consideration.
- 5.4 All complaints have either been resolved or remain under investigation, with updates provided to complainants where contact details were available.

6. LONDON ENERGY BOARD

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

7. EQUALITIES IMPLICATIONS

7.1 There are no equalities issues arising from this report

8. COMMENTS OF THE LEGAL ADVISER

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

9. COMMENTS OF THE FINANCIAL ADVISER

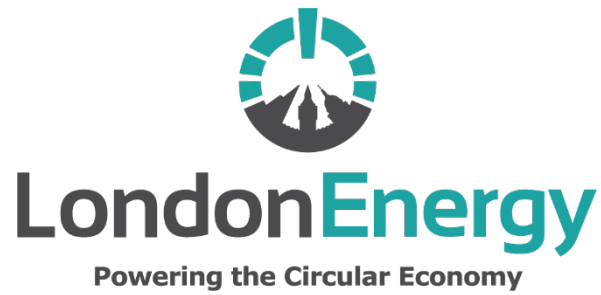
9.1 Officers have been working closely with LEL counterparts to understand the implications of the proposed budget to ensure the position for both LEL and the group as a whole. The effects of the proposed budget are in line with respective numbers reported in the Authority's own draft budget reported elsewhere on this agenda.

List of documents used:

None

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Quarterly Report to North London Waste Authority



**Third quarter 2025 Report
(July - September)**

APPENDIX A

CONTENTS

1. EXECUTIVE SUMMARY

- 1.1. Overview of Quarter three 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 three 2025

4. HSQE

- 4.1. Update on compliance matters

5. COMMUNICATIONS & PEOPLE

- 5.1. People report
- 5.2. Communications

1. EXECUTIVE SUMMARY

1.1 Overview of Quarter 3 2025

Operations

The Energy Centre demonstrated resilient operational performance throughout Q3 2025 despite undertaking significant planned maintenance activities. The facility managed major capital projects on two of its five boilers during the summer period whilst maintaining operational effectiveness for the 55-year-old asset.

The RRCs maintained strong recycling performance throughout Q3 2025, with rates recovering to expected seasonal levels. The weighted average recycling rate in September reached 73.4%, returning to comparable levels with September 2024 following the successful reintroduction of wood recycling outlets.

Safety and Environmental Performance

Safety performance across LondonEnergy continued to demonstrate sustained improvement throughout Q3 2025. Data shows the Accident Frequency Rate (AFR) trending consistently downwards for both employee-only metrics and combined employee/contractor figures.

Environmental compliance remained strong with no enforcement notices or major non-conformances recorded.

People and Communications

The Wellbeing Hub launched successfully during the quarter. Community engagement remained strong, with 12 colleagues completing the Battersea Half Marathon raising £2,670 for North London Hospice. The organisation's fourth consecutive RoSPA Gold Award received coverage across six publications, whilst educational tours of the EcoPark were hosted for multiple community groups.

2. OPERATIONS

2.1 Energy Centre (EC) Operations

The Energy Centre demonstrated resilient operational performance throughout Q3 2025 despite undertaking significant planned maintenance activities. The facility managed major capital projects on two of its five boilers during the summer period whilst maintaining operational effectiveness for the 55-year-old asset.

Q3 waste throughput figures reflect the impact of the extended outage programme. The quarter processed 115,000 tonnes against a budget of 122,000 tonnes. Year-to-date throughput of 365,000 tonnes remains on-budget. Performance in September was affected by reduced availability, with approximately 2,400 tonnes less waste processed than budgeted.

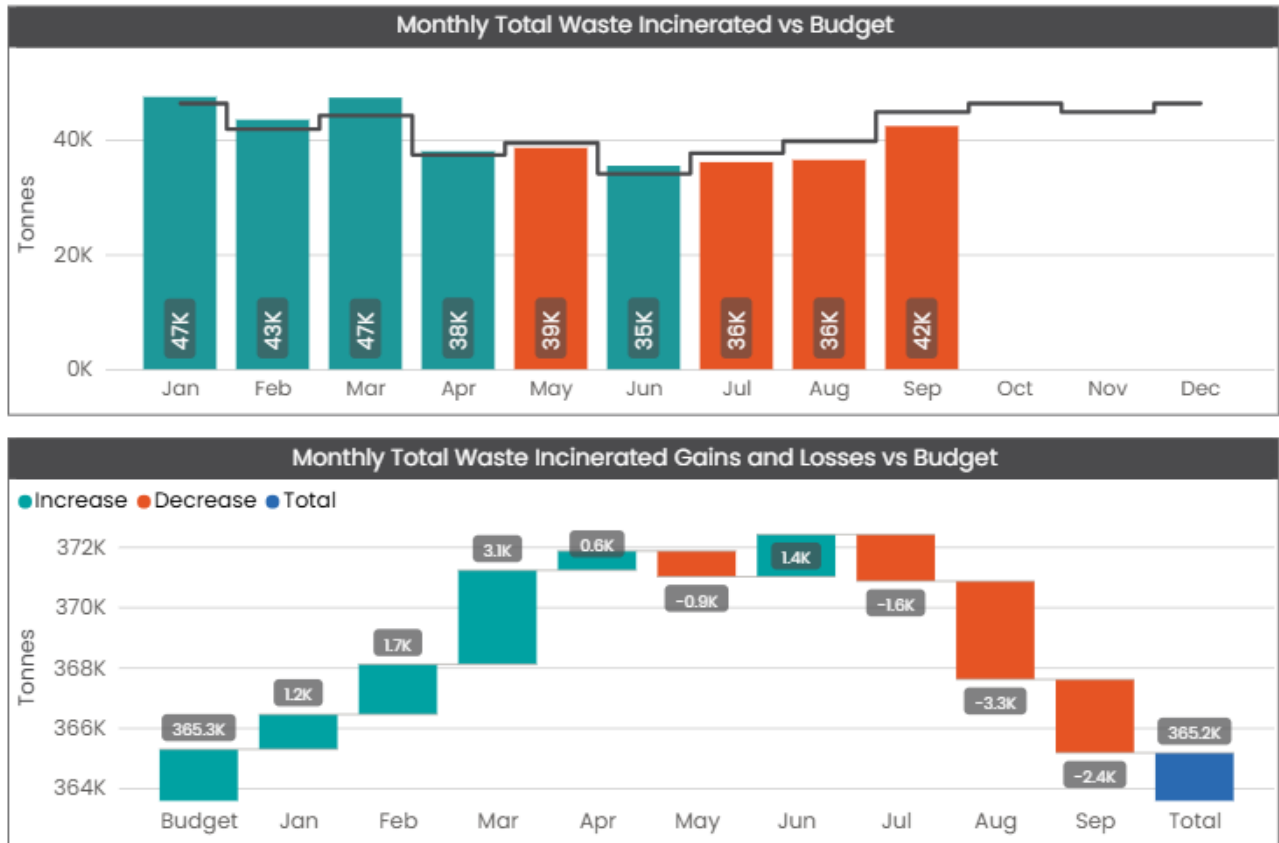
All waste diverted from the Energy Centre continued to be sent for treatment via energy-from-waste facilities through third-party disposal contracts. No waste was sent to landfill during the quarter, maintaining our commitment to zero landfill diversion.

Outage Programme Progress

All five boiler outages have now been completed successfully, with all boilers available for service. The operations and maintenance teams worked diligently to complete essential capital works whilst minimising the impact on operational performance.

Electricity Generation

Electricity generation performance for Q3 totalled 59,246 MWh against a budget of 64,104 MWh (92.4%). September's generation came in at 5.6% below budget due to the availability challenges experienced during the outage period.

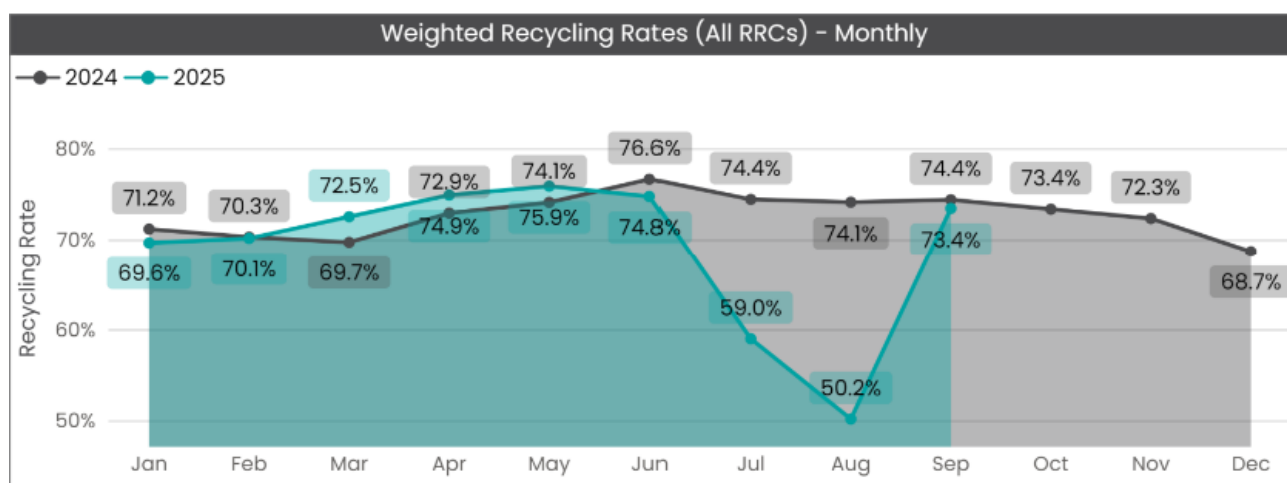


2.2 Recycling and Waste Operations

Reuse and Recycling Centres Performance

The RRCs maintained strong recycling performance throughout Q3 2025, with rates recovering to expected seasonal levels. The weighted average recycling rate in September reached 73.4%, returning to comparable levels with September 2024 following the successful reintroduction of wood recycling outlets.

A key achievement during the quarter was the restoration of 100% of wood collected to recycling routes for panel board manufacturing. This represented a phased return following the temporary diversion of wood to biomass facilities in July and August. By September, all wood was being exported for recycling, contributing significantly to improved recycling rates across all sites.



Visitor Numbers and Site Utilisation

RRC visitor numbers demonstrated seasonal patterns whilst maintaining strong overall performance. September 2025 recorded 6,254 fewer visitors across all sites compared to August, consistent with typical seasonal trends for this period. However, visitor numbers remained approximately 11,000 higher than September 2024, indicating sustained community engagement.

The EcoPark RRC experienced its busiest month with over 5,900 visitors in September. This increase was potentially affected by a two-week closure of Barrowell Green RRC two miles to the west for maintenance. The installation of an Automatic Number Plate Recognition (ANPR) camera at EcoPark RRC, operational from 1st October, will provide more accurate visitor data going forward.

A shop footfall counter has been fitted at Kings Road RRC and is now in use. Following verification of the data accuracy, this will enable differentiation between RRC visitor numbers and shop visitor numbers for the first time from October onwards.

Reuse Operations

The Kings Road Reuse Shop delivered outstanding performance during Q3, with September representing a particularly strong month. The shop processed over 15 tonnes of reusable items in September, generating over £20,000 in revenue. This represents more than 50% growth compared to September 2024, demonstrating a clear positive correlation between the extended opening hours (now Monday to Saturday, 9am-4pm) and increased sales performance.

Summers Lane RRC made a notable contribution to the reuse agenda in September, sending over 13 tonnes of books for reuse or recycling. Additionally, during the summer period, over 1,400 books were distributed to customers at the Waltham Forest Reuse Shop, with 255 books donated directly to a local primary school, supporting literacy and reinforcing our contribution to the circular economy.

Transport

Transport operations maintained exemplary compliance standards throughout Q3. There were no prohibition notices issued, MOT failures, or adverse roadside checks undertaken by the Driver and Vehicle Standards Agency (DVSA). LEL maintained FORS Gold Accreditation and continued to achieve a "Green" Operator Compliance Risk Score (OCRS), indicating extremely low risk of non-compliance with roadworthiness and traffic regulations.

The OCRS is used by DVSA to determine which vehicles should be inspected, with higher scores indicating greater likelihood of inspection. LELs "Green" status reflects the organisations consistently high standards in fleet management and operational compliance.

3. SHAREHOLDER MATTERS

3.1 Number and names of directors for Quarter 3 2025

A total of 13 serving directors on the LEL Board during the period 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

Safety performance across LondonEnergy continued to demonstrate sustained improvement throughout Q3 2025. Data for the first eight months of 2025 shows the Accident Frequency Rate (AFR) trending consistently downwards for both employee-only metrics and combined employee/contractor figures, including and excluding Dangerous Occurrences.

The organisation's sustained commitment to safety excellence received further external recognition during Q3 with the achievement of a fourth consecutive RoSPA Gold Award from the Royal Society for the Prevention of Accidents. This accolade reflects the effectiveness of our health and safety programmes and our commitment to maintaining the highest standards for employees, contractors, and visitors. The award was promoted both internally and externally to ensure stakeholders and the wider community remain aware of our continued safety leadership.

The organisation was also shortlisted for the Safety and Health Excellence Awards in the "Safer Logistics" category earlier in the year, acknowledging the positive impact of the Life-Saving Rules initiative on fleet and logistics operations.

Occupational Health and Wellbeing

Employee health and wellbeing initiatives continued to expand during Q3. The successful launch of the Wellbeing Hub provided staff with consolidated access to resources supporting both mental and physical health. The Hub brings together information on lifestyle, health, and social support in one accessible platform, helping to embed wellbeing into daily working life.

Building on Q2 initiatives, the organisation remained committed to holistic employee wellbeing through the planned introduction of mental health first-aiders throughout LondonEnergy. This development will provide enhanced support infrastructure for employees experiencing mental health challenges.

Regulatory Performance

Environmental compliance remained strong throughout Q3 2025, with no Environment Agency enforcement notices or major non-conformances recorded. The organisation continued to maintain its exemplary environmental compliance record whilst managing the operational challenges presented by an ageing Energy Centre asset and complex outage activities.

5. PEOPLE

5.1 People report

Workforce Management and Headcount

Workforce management remained stable throughout Q3 2025, with headcount ending the quarter at 394 employees in September against a budgeted establishment of 417.

5.2 Communications.

Community Engagement and Partnerships

Q3 delivered significant community engagement initiatives that reinforced LondonEnergy's commitment to education and community partnerships. The ongoing work experience and mentoring programme, delivered in partnership with WiseUp Networks since 2023, continued to expand its impact. The programme has grown from a pilot involving five students to supporting 35 students from local schools across North London.

To date, the programme has delivered impressive outcomes: 140 hours of mentoring, 20 days of immersive work experience at the EcoPark, over 900 professional connections, and 35 trained LondonEnergy volunteer mentors. Participating students have reported significant improvements in confidence, communication skills, and career awareness, with exposure to careers in engineering, finance, HR, IT, legal, and asset management.

External Recognition and Media Coverage

The organisation's sustained commitment to safety excellence received significant external recognition during Q3. Following the announcement of the fourth consecutive RoSPA Gold Award, the achievement received coverage across six publications in October, including trade press and regional media. Headlines included "LondonEnergy in Edmonton wins fourth RoSPA Gold award," "LondonEnergy Earns Global RoSPA Safety Honour," and "LondonEnergy gains RoSPA gold for fourth year." This coverage reinforces LondonEnergy's reputation for health and safety excellence amongst stakeholders, employees, and the wider community.

Community Initiatives and Social Value

Q3 saw LEL continue its engagement in volunteering and charitable activities, demonstrating the organisation's commitment to social value. Eight colleagues volunteered at the North London

Hospice charity shop in High Barnet during September, sorting donated clothing. This initiative provided valuable cross-site team building whilst supporting LEL's chosen charity partner.

LondonEnergy marked Black History Month in October through two key initiatives that reinforced commitment to diversity, inclusion, and cultural celebration. Fleet vehicles were decorated with vibrant designs celebrating Black History Month, providing high-visibility recognition across North London throughout the vehicles' daily operations. Colleague stories were shared on social media highlighting experiences and achievements, creating internal engagement whilst building external awareness of the organisation's diverse workforce.

EcoPark tours

During the period, educational tours were hosted for multiple community groups including the Hackney Society, Western Riverside Waste Authority, Haringey residents, and Mill Hill Residents Association. Visitors expressed surprise that local waste is managed within North London, with particular interest in the facility's cranes, turbines, and control room. These tours enhance community understanding of operations and demonstrate the organisation's transparent approach to environmental management.