

NORTH LONDON WASTE AUTHORITY

REPORT TITLE: GOVERNANCE OF LONDONENERGY LTD

REPORT OF: MANAGING DIRECTOR

FOR SUBMISSION TO: AUTHORITY MEETING

DATE: 12 FEBRUARY 2026

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 October to December 2024.

RECOMMENDATIONS:

The Authority is recommended to:

Note the comments on the Company's performance and activities in the Q4 2025 Report;

SIGNED:  Managing Director

DATE: 2 February 2026

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 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 of delivering 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 October to December (Quarter 4) 2025 is at Appendix A.
- 2.2. The Energy from Waste (EfW) facility fell just short of operating to its budgeted capacity during this period. The facility incinerated 131k tonnes of residual waste against a budget of 137k tonnes. Overall, for the year as a whole the Energy Centre operated 1% below planned capacity (496k tonnes against a budget of 502k tonnes).
- 2.3. The Energy Centre achieved an Overall Equipment Effectiveness measure of 86.9% for the quarter, falling just short of the 88% target. This performance was significantly impacted by rescheduled header outage works in November and a series of unplanned equipment failures. December saw a partial recovery with improved availability and performance metrics.
- 2.4. The Energy Centre generated approximately 67,700 MWh during Q4. Challenges included 200 hours of unplanned downtime on Turbine TA1 due to vacuum deterioration (subsequently resolved through specialist leak detection and repair). November was affected as a result of the outage works and boiler equipment failures mentioned above. December showed recovery in generation capacity.
- 2.5. Despite the positive performance in the period, the company continues to face significant challenges in operating aging facilities which can be unreliable. While reflecting on a good performance in the quarter, it is therefore important to draw attention to ongoing financial and operational pressures in the company.
- 2.6. The percentage of materials recycled at Reuse and Recycling Centres averaged 73.9% in Q4 2025 (on a weighted average basis), this is an improvement on the

previous quarter (Q3 62.8%) which was impacted by wood being diverted to Biomass in July and August. This issue was resolved from September. Rates of recycling usually reduce in the last quarter of the year reflecting lower volumes of garden waste over winter months.

3. CAPITAL PROJECTS

3.1. 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. As at the end of Q4, 80% of the programme has been delivered to plan. The remaining 20% 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 vs plan.

3.2. LEL is preparing for the energy from waste facility to remain in service for an extended period. This means it will have been in near continuous operation for some 60 years. This is significantly past design life for mechanical, electrical and civil infrastructure. Given this, in 2026 the Company will identify what additional activities and related costs will be required to protect the asset such that it can continue to safely serve our community while delivering significant value for money.

3.3. Below are the most significant of the 18 projects which were planned for this year:

3.3.1. 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 the Company expects to return to the normal boiler outage programme from next year. Now completed £0.1k below budget.

3.3.2. Flue gas treatment structural repairs and replacement - £1.0m (completed on budget)

3.3.3. Effluent treatment plant - £0.5m (completed below budget)

3.3.4. Bottom ash conveyor steelwork – value £0.5m (completed below budget)

4. EVENTS AFTER THE REPORTING PERIOD - Electricity Export Cable Damage

4.1. In mid-January 2026, contractors working on the Meridian Water development (believed to be Taylor Woodrow) caused significant damage to one of the two UKPN-owned export cables connecting the Energy Centre to the Tottenham substation.

4.2. The incident occurred away from the EcoPark site and did not involve LEL employees or contractors.

- 4.3. The damage resulted in a major failure of the oil-filled section on the EEBT1 export cable, requiring the immediate withdrawal from service of the associated export transformer. The contractors also caused less significant damage to the second EEBT2 export cable, which will require repair once the first cable is restored to service.
- 4.4. UKPN appointed contractors who commenced repair works within the week. Current estimates indicate that full restoration of both cables will take until mid-March, though this timeline remains subject to change as work progresses.
- 4.5. The Energy Centre is currently operating at reduced capacity, using the remaining export cable and transformer. This provides approximately 1,200 tonnes per day of incineration capacity, compared to the normal 1,600 tonnes per day. LEL has successfully activated pre-agreed arrangements with third-party contractors to manage waste disposal during this period, and these contingencies are working effectively. As a result, we expect to maintain service delivery to the Authority throughout the repair period without disruption.
- 4.6. The primary impact is financial rather than operational. A detailed financial impact assessment will be provided to the Board of LEL and NLWA Officers separately. LEL are exploring the possibility of pursuing a claim against the responsible contractor by supporting a claim from UKPN.
- 4.7. This incident unfortunately mirrors a similar cable strike in November 2024. Following that previous incident, correspondence was sent from the NLWA Chair to UKPN's chief executive expressing our concerns about the financial cost and impact on essential public services. Positively, we have seen improved and more proactive communication from UKPN in response to this latest incident.
- 4.8. The LEL engineering and operations teams continue to work closely with UKPN and the Authority to monitor progress and maintain contingency planning, particularly to mitigate the risk of any issue affecting the remaining operational cable.

5. HEALTH AND SAFETY

- 5.1. 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.

6. PUBLIC RELATIONS

- 6.1. There were 23 compliments and four complaints/general enquiries received for the fourth quarter 2025 across the RRCs. Compliments highlighted friendly and helpful

team members, well-organised and clean sites, convenient opening times, good accessibility, and the wide range of items accepted for recycling.

- 6.2. Complaints during this period primarily related to operational matters such as van booking systems, staff guidance, site access, and traffic management at busier sites. All complaints have been resolved and updates provided where contact details were available.
- 6.3. Enquiries mainly related to van booking procedures, postcode eligibility, and access to recycling centres.
- 6.4. LEL's continued delivery of essential services for the people of north London, in delivery of the company's vision - "reuse, recycle and create energy-from-waste for the benefit of our community", was reflected in the delivery of actions under the Company's Sustainability Strategy throughout 2025.
- 6.5. Initiatives delivered in the year included:
 - 6.5.1. Publication of the 2024 Sustainability Report which is on the LEL website and had a focus on Social Value work carried out in 2024. The 2025 Report will focus on the robust governance structures in place to ensure LEL delivers on its strategic sustainable objectives.
 - 6.5.2. The LEL Sustainability Awards was launched which recognised internal teams/personnel supporters of the company's sustainability journey, who drove activities and initiatives in their parts of the business. The Shortlisted nominees presented their projects at the AGM, and the winner was awarded at the event. Projects were judged on three main criteria: Impact on Company Culture; Alignment with Sustainability Strategy (and alignment with the chosen UNDP SDGs); Long-Term Impact & Value Creation.
 - 6.5.3. The Sustainability Steering Committee (SSC) continued to drive key initiatives, including the ReUse strategy, aimed at improving reuse services and increasing resident education to reduce waste entering the waste stream. The Innovation and Partnership Steering Committee (IPSC), a subcommittee of the SSC, has commenced development of a framework to deliver the collaboration objectives set out in the Company's updated 2025 Strategy, supporting LEL's ambition to be a recognised partner for innovation and to embed sustainability and innovation into its ways of working.
 - 6.5.4. Work continues on the development of LEL's corporate Climate Action Plan (CAP), with good data being collated which will support preparation for the upcoming Emission Trading Scheme (ETS) Regulations. The SSC will

continue to oversee the project's progress, and further updates will be provided as the plan progresses.

- 6.5.5. For a second year, the SSC successfully undertook the Staff Christmas Toy and Book Campaign, in support of the Galaxy Children's Ward at the Royal Hospital of Barnet.
- 6.5.6. Throughout the year, LEL's Reuse Shop had received new toy donations from the community, and, as in previous years, our staff also contributed, helping make the initiative a great success.



Figure 1: Staff volunteering at Royal Hospital of Barnet



Figure 2: Staff receiving gifts at the Galaxy Children's Ward

7. BOARD OF LONDONENERGY LTD

7.1. 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 was Kathy- Ann Pearce

8. EQUALITIES IMPLICATIONS

8.1. There are no equalities issues arising from this report

9. COMMENTS OF THE LEGAL ADVISOR

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

10. COMMENTS OF THE FINANCIAL ADVISOR

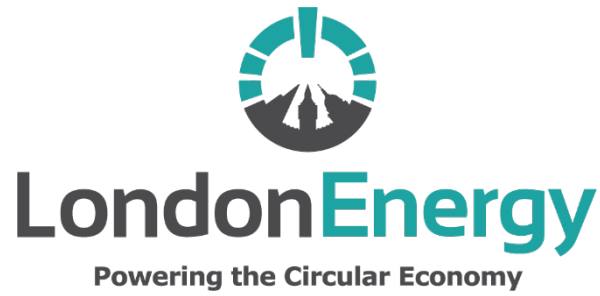
10.1. The Financial Adviser has been consulted in the preparation of this report and comments have been incorporated.

List of documents used:

None

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Quarterly Report to North London Waste Authority

Fourth quarter (Oct - Dec) 2025



Fourth Quarter 2025 Report

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1. EXECUTIVE SUMMARY

1.1 Overview of the fourth quarter 2025

Operations

Q4 operational performance reflected both the challenges of managing ageing infrastructure and the continued growth of recycling services across north London.

The Energy Centre achieved 86.9% Overall Equipment Effectiveness against an 88% target, impacted by rescheduled November outages and unplanned equipment failures. Despite these challenges, the facility processed 131,300 tonnes of waste during the quarter and achieved 99% of budgeted annual throughput—a remarkable result for a facility of this age. Electricity generation totalled 67,700 MWh, with December showing recovery following November's equipment disruptions.

Reuse and Recycling Centre visitor numbers remained substantially above 2024 levels, with almost 23,000 additional visits in October and November. The EcoPark RRC achieved its busiest month since opening. The Kings Road Reuse Shop increased throughput by 7.5 tonnes and revenue by £9,000 compared to the same period in 2024.

EcoPark South performance against contract Key Service Outcomes remained strong, with 100% site availability and waste treatment achieved. Transport operations maintained exemplary compliance standards with FORS Gold accreditation retained and a "Green" DVSA Operator Compliance Risk Score sustained throughout the quarter.

2. OPERATIONS

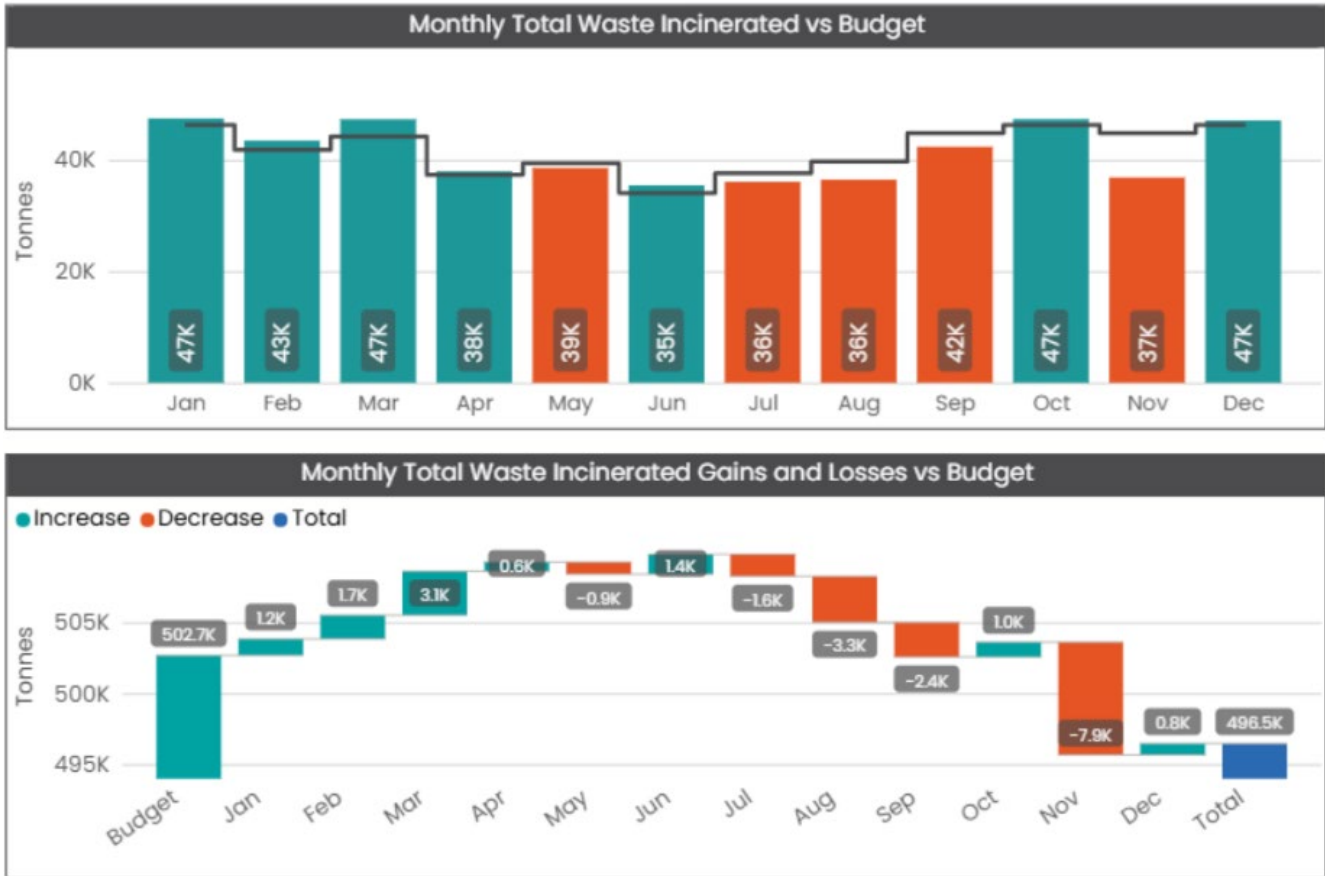
2.1 Energy Centre (EC) Operations

Overall Equipment Effectiveness (OEE): The Energy Centre achieved an OEE of 86.9% for the quarter, falling just short of the 88% target. This performance was significantly impacted by rescheduled header outage works in November and a series of unplanned equipment failures. December saw a partial recovery with improved availability and performance metrics.

Waste Throughput: The Energy Centre processed approximately 131,300 tonnes across the quarter, falling approximately 6,100 tonnes below budget. The shortfall was driven entirely by November's extended outages. October's performance sat marginally above budget before the outage disrupted operations. Consequently, the Energy Centre achieved 99% of the budgeted waste throughput target for 2025, still an extremely impressive result for such an old facility.

Electricity Generation: The Energy Centre generated approximately 67,700 MWh during Q4. Challenges included 200 hours of unplanned downtime on Turbine TA1 due to vacuum deterioration (subsequently resolved through specialist leak detection and repair). November recorded a deficit as a direct result of the outage works and boiler equipment failures. December showed recovery in generation capacity.

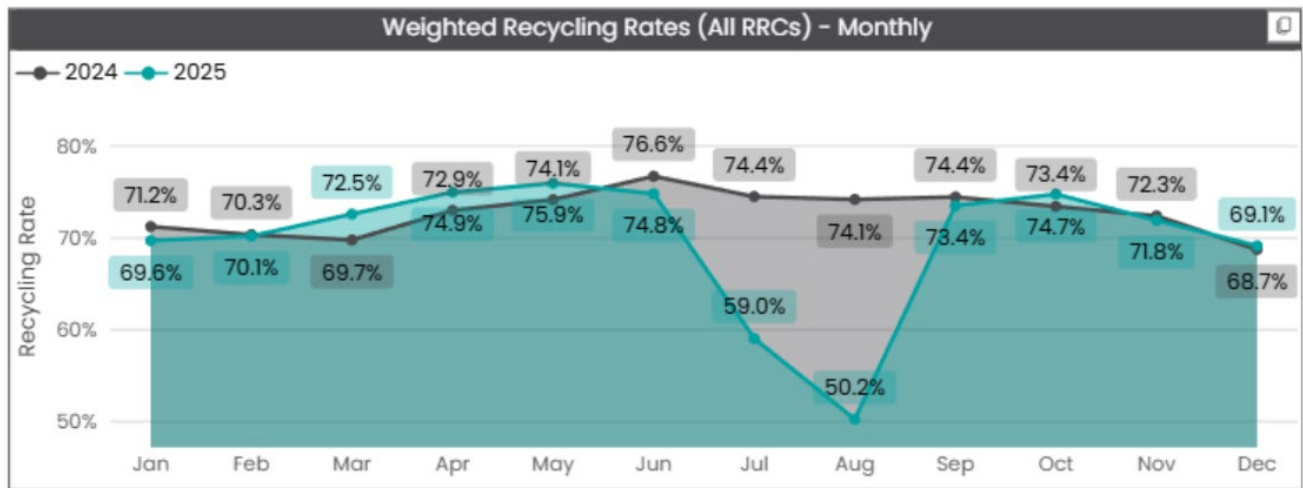
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2.2 Recycling and Waste Operations

Reuse and Recycling Centres Performance

Recycling Performance: Weighted average recycling rates across all Reuse and Recycling Centres (RRCs) were 75% in October and 72% in November, declining to 69% in December. These figures are broadly in line with the same period in 2024 and are in line with expected seasonal variations.



Visitor Numbers and Site Utilisation

RRC visitor numbers decreased in both October and November, consistent with seasonal trends, but remained considerably higher than the same period in 2024, with almost 23,000 additional visitors recorded across the two months. The EcoPark RRC continues to grow in popularity, with October recording over 7,762 visitors—the busiest month since opening.

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Reuse Operations

The Kings Road Reuse Shop saved over 21 tonnes of reusable items in October and November, generating over £37,000 in revenue. This represents an increase of over 7.5 tonnes in throughput and over £9,000 in revenue compared to the same months in 2024. The shop began selling upholstered furniture items during the quarter, with sales starting slowly but expected to increase going forward.

Waste Diversion and Material Recovery

The overwhelming majority (>90%) of incinerable waste received in Q4 was treated via the LEL Energy Centre facility. The balance of material was diverted to third parties to manage bunker stocks during unplanned outages. Wood recycling rates reached 100% during October and November, bringing the year-to-date recycling rate to 85%. LEL is currently tendering for a new wood recycling supplier from April 2026 with the objective of achieving a 100% recycling rate.

A combined 19,000 mattresses were collected across all sites during Q4. LEL was unexpectedly notified by the appointed textile recycler that they would terminate all RRC collection contracts nationwide from 22nd December. LEL procured an alternative supplier on a fixed-term basis and are pleased to confirm that collections have continued without any impact to the service.

EcoPark South - Contract Performance

Performance against the EcoPark South contract Key Service Outcomes (KSOs) remained generally strong during the quarter. All site functions remained 100% available, and 100% of waste was treated via the Energy from Waste facility. Asset management KPIs were on target during Q4, with only minor issues due to retrospective completion of missed work orders following system downtime in September.

Transport

Transport operations maintained exemplary compliance standards throughout Q4. 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.

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.

3. SHAREHOLDER MATTERS

3.1 Number and names of directors for fourth quarter 2025

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)

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- 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 AND ENVIRONMENT (HSE).

4.1 Safety Performance

Accident Frequency Rate

The Accident Frequency Rate (AFR) formula measures how often incidents occur, typically per million hours worked, helping to assess performance and compare against benchmarks.

LEL uses the International/UK standard formula: $AFR = \frac{\text{Reportable Accidents} \times 1,000,000}{\text{Total Hours Worked}}$

The AFR for LEL employees (including Dangerous Occurrences) remained stable at historic low levels during Q4.

5. PEOPLE

5.1 HR report

Headcount

Headcount increased from 394 in October to 403 in November, before settling at 399 in December. The organisation had 14 active vacancies at the end of December, with the establishment total at 413 against a total budget of 417, leaving the organisation four positions under budget.

Mental Health Support

The organisation now has 25 trained Mental Health First Aiders active across all sites, providing vital support for employee wellbeing.

5.2 Communications and Social Value.

Community and Social Value

LEL employees donated 35 coats for the annual Wrap Up London campaign during the quarter (double the previous year). The Toy Drive for Royal Free Hospital continued throughout December, with employee volunteers wrapping gifts for delivery on 18 December. Twelve LondonEnergy runners participated in the Battersea Half Marathon, raising £2,750 for charity partner North London Hospice, demonstrating incredible determination, teamwork, and spirit.

Awards and Recognition

LondonEnergy achieved multiple industry awards during Q4: RoSPA Gold Award for safety excellence, FORS Gold Award for the 16th consecutive year, IAM Transformation Award with NLWA for the asset management programme, and the RRF Team was shortlisted for Team of the Year at the National Recycling Awards.

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Media and Press Coverage

Press releases issued during the quarter included: Recycling Centre Surge highlighting increased public usage across the RRC network and growing community engagement with waste reduction initiatives; ReUse Shop Christmas Lights promoting pre-loved Christmas lights and decorations supporting circular economy principles; and RoSPA Gold Awards announcing LondonEnergy's achievement recognising health and safety excellence. In December, positive coverage was secured in three publications highlighting RRC performance: Hackney Gazette featured strong visitor numbers (286,000 June-September, 13% year-on-year increase), North London News covered the same positive statistics and ENDS Waste & Bioenergy (trade publication) provided industry coverage of RRC performance and operational excellence.

Internal Communications

Internal communications during December included three intranet articles with 112 views covering operational updates, team achievements, and organisational news; two weekly communications updates on key initiatives; and one Company Call briefing note providing leadership updates across all teams.

Customer Engagement

The Communications Team conducted an independent Customer Satisfaction Survey across all seven RRCs during the quarter through an independent research company. The two-week survey gathered approximately 40 customer responses per site to measure customer perceptions, service performance, identify enhancement opportunities, and support continuous improvement. This annual survey (scheduled each September going forward) establishes a consistent framework for tracking trends and service quality. A full report will be available in March and shared with LEL, NLWA Waste Operations, and NLWA Communications teams.

Campaigns and Initiatives

The Communications Team is supporting Waste Operations with the launch of a new eBay page for the ReUse Shop, scheduled for March 2026. The page will increase visibility of unique quality items, enable online browsing with click-and-collect options, and support waste reduction goals by providing wider access. Campaign materials will include photography of featured items, posters, digital screen adverts, website content, and social media campaigns. In January, the Energy Centre hosted a tour for actor and writer Michelle Bonnard conducting background research for her television drama series 'Trash', providing insight into waste management and energy recovery operations.

Social Media Performance

LondonEnergy's social media presence continues to strengthen reputation, engage stakeholders, and build community trust. LinkedIn positions the organisation as an industry leader for sharing expertise, connecting with sector peers, building partnerships, supporting recruitment, and promoting services and achievements. Instagram engages local communities, promotes reuse and recycling initiatives, and keeps residents informed about RRC updates and service changes. Both platforms strengthen brand visibility, improve transparency, build trust, and provide potential candidates with insight into LondonEnergy as an employer.