

Waste Credit Governance Committee**Friday, 8 March 2019, County Hall, Worcester - 10.00 am****Present:****Minutes**

Mr P Grove (Chairman), Mr R C Adams, Dr C Hotham,
Mr L C R Mallett and Mr S J Mackay

Available papers

The members had before them:

- A. The Agenda papers (previously circulated); and
- B. The Minutes of the meeting held on 12 October 2018 (previously circulated).

**120 Named
 Substitutes
 (Agenda item 1)**

Mr S J Mackay for Mr R W Banks.

**121 Apologies/
 Declarations of
 Interest
 (Agenda item 2)**

Apologies were received from Mr R W Banks and Mr P Middlebrough.

**122 Public
 Participation
 (Agenda item 3)**

None.

**123 Confirmation of
 Minutes
 (Agenda item 4)**

RESOLVED that the Minutes of the meeting held on 12 October 2018 be confirmed as a correct record and signed by the Chairman.

**124 Technical
 Update - EFW
 Plant Reporting
 Requirements
 (Agenda item 5)**

The Committee considered the Technical Update - EFW Plant Reporting Requirements.

The Committee received a technical update from Jim Haywood, the Finance Director, Severn Waste Services and Mercia Waste Management (MWM).

In the ensuing debate, the following points were raised:

- Rob Wilson explained that the Council remained in negotiation with MWM regarding savings and the contract extension which was impacting on the availability of an updated financial model to undertake the ratio analysis testing. He was

hopeful that this would be concluded by the end of June

- Was the Council satisfied that adequate insurance policies were in place to cover market uncertainties that might impact on MWM's business case? Jim Haywood responded that as part of the loan facility, MWM were required to have insurance policies in place. Rob Wilson added that the insurance risk element of the contract had been assessed by the Council's risk managers
- In response to a query about the Maintenance Reserve Account, Jim Haywood explained that a certain amount of money was always kept in reserve for maintenance purposes. Money would be moved in and out of this reserve as needs dictated
- Jim Haywood undertook to make available details of the resolutions to the "Minor Items" remaining from the construction works as set out in the Fichtner Report. He emphasised that these issues had had no impact on the overall performance of the plant
- Concern was expressed about the timeline for the negotiation process with MWM regarding savings and the contract extension, particularly following the issues raised in the KPMG report. Rob Wilson undertook to provide details of the timeline for the introduction of the updated financial model
- In response to a concern, Rob Wilson undertook to provide confirmation that the issues associated with the Dividends as set out in the KPMG report would not arise again.

RESOLVED that:

- a) **The main categories of reports or information that the Borrower has to regularly produce and the Senior Term Loan Facility Agreement (STLFA) Assurance Statement for the Council attached as Appendix 1 to the report be noted;**
- b) **The Performance operating report attached as Appendix 2 to the report be noted; and**
- c) **The STFLA ratio calculation provided by Mercia Waste Management as per Appendix 3 together with the signed ratio compliance certificate at Appendix 4 be noted; and**
- d) **There were no matters of concern to report to**

		Council.
125	Risk Register (Agenda item 6)	<p>The Committee considered the Risk Register.</p> <p>RESOLVED that:</p> <ul style="list-style-type: none"> a) The open risks set out in the Risk Register be accepted; and b) There were no matters of concern to report to Council.
126	Work Plan (Agenda item 7)	<p>The Committee considered its work plan.</p> <p>RESOLVED: that the work plan attached as an Appendix to the report be noted.</p>

The meeting ended at 10.30am.

Chairman