

## Minutes of the Waste Credit Governance Committee

County Hall, Worcester

Wednesday, 1 March 2023, 2.00 pm

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### Present:

Cllr Tony Miller (Chairman), Cllr Adrian Hardman, Cllr Matt Jenkins, Cllr Luke Mallett and Cllr Linda Robinson

### Available papers

The members had before them:

- A. The Agenda papers (previously circulated); and
- B. The Minutes of the meeting held on 9 December 2022 (previously circulated).

### 183 Apologies/Named Substitutes (Agenda item 1)

Apologies were received from Cllrs Bill Hopkins, Emma Marshall and Chris Rogers.

### 184 Declarations of Interest (Agenda item 2)

None.

### 185 Public Participation (Agenda item 3)

None.

### 186 Confirmation of Minutes (Agenda item 4)

**RESOLVED** that the Minutes of the meeting held on 9 December 2022 be confirmed as a correct record and signed by the Chairman.

### 187 Technical Update - Energy from Waste (EFW) Plant Reporting Requirements (Agenda item 5)

The Committee considered the Technical Update - Energy from Waste (EFW) Plant Reporting Requirements.

Jim Haywood from Mercia Waste Management (MWM) provided an update. He reported that the high price of electricity had been beneficial to the company in the first quarter although prices were reducing as the energy market settled down. Overall, financial performance was in line with the financial model. The company had been able to successfully renew its insurance for the EfW plant. The insurance market had become more difficult in recent years and this had been reflected in a rate increase albeit of only 5%. FM Global, the insurance provider had been complimentary about the management of the operations and risk improvements at the plant. The plant was one of only a few across the world to be offered a two-year renewal. The latest loan repayment had been made on time and he was confident that this would continue. There were no other material issues to report.

In the ensuing debate, the following points were made:

- In response to a query, Jim Haywood commented that the high price of electricity had been beneficial to the client side in terms of higher returns from the sale of electricity. He emphasised the ability to get high market prices for electricity was important but was by no means the whole of the company's income
- Had the recent changes to food waste collection by a number of local councils had any impact on the financial performance of the company? Jim Haywood responded that the tonnage of food waste generated was not huge and therefore there was no impact on the financial model
- Had MWM made any assumptions about energy prices? Jim Haywood indicated that energy price assumptions had been included in the financial model and could not be changed. At present, energy pricing was in line with the assumptions included in the model.

**RESOLVED that:**

**a) The main categories of reports or information that the Borrower must regularly produce be noted:**

- **Appendix 1 - The Historic Annual Debt Service Cover Ratio ("HADSCR"). The Projected Annual Debt Service Cover Ratio ("PADSCR") and the Loan Life Cover Ratio before distributions (LLCR)**
- **Appendix 2 - Ratio compliance certificate**
- **Senior Term Loan Facility Agreement (STLFA) Assurance Statement for the Council attached as Appendix.**

**b) The update on the agreed contract extension with Mercia Waste Management (MWM) and the KPMG findings be noted.**

**188 Risk Register (Agenda item 6)**

The Committee considered the Risk Register.

Rob Wilson confirmed that following the extension of the contract with MWM, the risk associated with the impact of the extension on the loan repayments would be removed from the Risk Register.

**RESOLVED that:**

- a) **The risks set out in the Risk Register be accepted; and**
- b) **There were no matters of concern to report to Council.**

**189 Work Plan (Agenda item 7)**

The Committee noted that due to lack of business, the meeting scheduled on 23 June 2023 would be cancelled.

**RESOLVED that the work plan be noted.**

The meeting ended at 2.30pm.

Chairman .....