

Waste Credit Governance Committee
Thursday, 29 September 2016, County Hall, Worcester -
10.10 am

		Minutes
Present:		Mr R W Banks, Mr P Denham and Mr P A Tuthill
Available papers		The Members had before them: A. The Agenda papers (previously circulated); and B. The Minutes of the meeting held on 29 July 2016 (previously circulated). A copy of document A will be attached to the signed Minutes.
67	Apologies and Named Substitutes (Agenda item 1)	Apologies were received from Mr R C Adams, Mrs S Askin, Mr P Groves, Mr A I Hardman, and Mr L C R Mallett.
68	Declarations of Interest (Agenda item 2)	None.
69	Election of Chairman	RESOLVED that Mr P A Tuthill be elected Chairman for the meeting. Mr P A Tuthill in the Chair.
70	Public Participation (Agenda item 3)	None.
71	Confirmation of Minutes (Agenda item 4)	RESOLVED that the Minutes of the meeting held on 29 July 2016 be confirmed as a correct record and signed by the Chairman.
72	Actual construction period cash flow test	The Committee considered the Actual Construction Period Cash Flow Test. In the ensuing debate, the following principal points were raised:

(Agenda item 5)

- The representative of the Chief Financial Officer stated the Excess Cash Flow amount as at 30 June 2016 was £397K, which had increased by £20K from the Cash Flow Test in the previous period. The over performance of revenue and higher operating costs reflected greater recyclable volumes in the period
- Was the increase in recycling volumes due to an increased activity in the summer months? The representative of the Chief Financial Officer responded that the increase was likely due to cyclical volumes but also due to the glass breakers now being fully operational.

RESOLVED that:

- a) The result Actual Construction Period Cash Flow Test be accepted; and**
- b) There were no matters of concern to report to Council.**

73 Progress summary from technical advisors (Agenda item 6)

The Committee considered the progress summary from the technical advisors.

In the ensuing debate, the following principal points were raised:

- The representative of the Chief Financial Officer updated members on progress of the site following a recent meeting he had had with Mercia Waste. It was reported that first waste had been delivered to the plant this week and first fire was likely to occur next week
- In response to a query, the representative of the Chief Financial Officer confirmed that the waste that would be processed would be similar to that delivered and processed post take-over
- The representative of the Chief Financial Officer explained that the largest variation order related to the provision of critical spares. As the spares had been bought through an alternative supplier than anticipated, it was necessary to register this as a variation to the contract, even though a reserve was held in the financial model to account for these spares
- In response to a query, the representative of the Chief Financial Officer confirmed that as the plant became operational, the number of staff working at the site would decrease.

**74 Risk Register
(Agenda item 7)**

RESOLVED that:

- a) **The summary report from Fichtner Consulting Engineers – Technical Advisors be noted; and**
- b) **There were no matters of concern to report to Council.**

The Committee considered the Risk Register.

In the ensuing debate, the following principal points were raised:

- The representative of the Chief Financial Officer indicated that post Brexit, borrowing rates had gone down further which was beneficial for the Council's loan arrangements. Mercia were expecting to make further drawdowns by the end of the year. All the drawdowns to date had been in line with milestones achieved. There remained 4 overdue drawdowns totalling £8.6m
- Would there be any impact on the Council as lender of the delay in drawdowns. The representative of the Chief Financial Officer commented that although it benefited Mercia to use other cash to make payments, the impact on the Council was more than offset by the fall in interest rates.

RESOLVED that:

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

**75 Waivers/
consents
(Agenda item 8)**

The Committee considered the waivers/consents granted during the period under review.

The representative of the Chief Financial Officer stated that a waiver was expected to be requested by the Sponsors with regards to the revised Power Purchase Agreement. A report would be brought to the next meeting.

RESOLVED that the waivers/consents granted during the period under review be noted.

The meeting ended at 10.30am.

Chairman