

Waste Credit Governance Committee

Friday, 9 March 2018, County Hall, Worcester - 10.00 am

		Minutes
Present:		Mr P Grove (Chairman), Mr R C Adams, Mr R W Banks, Mr L C R Mallett and Mr P Middlebrough
Available papers		The members had before them: A. The Agenda papers (previously circulated); and B. The Minutes of the meeting held on 13 October 2017 (previously circulated).
106	Named Substitutes (Agenda item 1)	None.
107	Apologies/ Declarations of Interest (Agenda item 2)	Apologies were received from Mr A I Hardman and Dr C Hotham.
108	Public Participation (Agenda item 3)	None.
109	Confirmation of Minutes (Agenda item 4)	RESOLVED that the Minutes of the meeting held on 13 October 2017 be confirmed as a correct record and signed by the Chairman.
110	Technical Update - EFW Plant Reporting Requirements (Agenda item 5)	The Committee considered the Technical Update - EFW Plant Reporting Requirements. Jim Haywood, the Financial Director (Severn Waste Services and Mercia Waste Management) had been invited to attend the meeting and made the following points: <ul style="list-style-type: none">• Mercia had continued to trade well in the period since the last cash flow test. Positive variances had offset downturns such as the downside to the recycling market in China• All of the forecasts had provided a reassurance that Mercia would be able to continue to make

loan and interest repayments

- In relation to infrastructure, no material problems had been experienced at any of Mercia's facilities
- Mercia's performance continued to be monitored by a number of external bodies including the Environment Agency and there were no material issues to report
- All appropriate insurance policies remained in place and there were no material issues on renewal of the Companies non-EFW policies
- The Operations Manager at the EFW had left Mercia but had been replaced internally. The Plant Manager remained in place and the recruitment process for the vacancy was virtually complete. Contingency plans were in place should any other employees leave the company
- The Fichtner report indicated that performance of the plant was in line with expectations including availability, throughput of waste and export of power.

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

- What was the impact on the commercial activities of Mercia of the decline in the recycling market in China? Jim Haywood explained that there had been a minor impact in that Mercia now needed to pay companies to utilise some recycled material which it had previously been able to sell
- In response to a query, Jim Haywood confirmed that Mercia had a long term contract with Fichtner that was renewed on an annual basis
- Were the number of defects identified since takeover of the plant greater than expected for a plant of its size? Jim Haywood responded that the technical report went into such a level of detail that it gave a misleading impression of the issues experienced at the plant. He considered the number of defects to be normal in the circumstances. In addition HZI had an excellent reputation and had met and exceeded every target. He therefore considered that there was nothing in the technical report that should be of concern to the Committee.

RESOLVED: that

- a) the main categories of reports or information that the Borrower has to regularly produce and**

	<p>the Senior Term Loan Facility Agreement (STFLA) Assurance Statement for the Council be noted;</p> <p>b) the Performance operating report be noted; and</p> <p>c) there were no matters of concern to report to Council.</p>
<p>111 Risk Register (Agenda item 6)</p>	<p>The Committee considered the Risk Register.</p> <p>RESOLVED: that</p> <p>a) the open and closed risks set out in the Risk Register be noted; and</p> <p>b) there were no matters of concern to report to Council.</p>
<p>112 Work Plan (Agenda item 7)</p>	<p>The Committee considered its Work Plan.</p> <p>RESOLVED that the work plan be noted.</p>

The meeting ended at 10.20am.

Chairman