

Worcestershire County Council

Agenda

Waste Credit Governance Committee

Friday, 2 July 2021, 10.00 am
County Hall, Worcester

This document can be made available in other formats (large print, audio tape, computer disk and Braille) on request from Democratic Services on telephone number 01905 846621 or by emailing democraticServices@worcestershire.gov.uk

Find out more online:
www.worcestershire.gov.uk

DISCLOSING INTERESTS

There are now 2 types of interests:
'Disclosable pecuniary interests' and **'other disclosable interests'**

WHAT IS A 'DISCLOSABLE PECUNIARY INTEREST' (DPI)?

- Any **employment**, office, trade or vocation carried on for profit or gain
- **Sponsorship** by a 3rd party of your member or election expenses
- Any **contract** for goods, services or works between the Council and you, a firm where you are a partner/director, or company in which you hold shares
- Interests in **land** in Worcestershire (including licence to occupy for a month or longer)
- **Shares** etc (with either a total nominal value above £25,000 or 1% of the total issued share capital) in companies with a place of business or land in Worcestershire.

NB Your DPIs include the interests of your spouse/partner as well as you

WHAT MUST I DO WITH A DPI?

- **Register** it within 28 days and
- **Declare** it where you have a DPI in a matter at a particular meeting
 - you must **not participate** and you **must withdraw**.

NB It is a criminal offence to participate in matters in which you have a DPI

WHAT ABOUT 'OTHER DISCLOSABLE INTERESTS'?

- No need to register them but
- You must **declare** them at a particular meeting where:
You/your family/person or body with whom you are associated have a **pecuniary interest** in or **close connection** with the matter under discussion.

WHAT ABOUT MEMBERSHIP OF ANOTHER AUTHORITY OR PUBLIC BODY?

You will not normally even need to declare this as an interest. The only exception is where the conflict of interest is so significant it is seen as likely to prejudice your judgement of the public interest.

DO I HAVE TO WITHDRAW IF I HAVE A DISCLOSABLE INTEREST WHICH ISN'T A DPI?

Not normally. You must withdraw only if it:

- affects your **pecuniary interests** **OR** relates to a **planning or regulatory** matter
- **AND** it is seen as likely to **prejudice your judgement** of the public interest.

DON'T FORGET

- If you have a disclosable interest at a meeting you must **disclose both its existence and nature** – 'as noted/recorded' is insufficient
- **Declarations must relate to specific business** on the agenda
 - General scattergun declarations are not needed and achieve little
- Breaches of most of the **DPI provisions** are now **criminal offences** which may be referred to the police which can on conviction by a court lead to fines up to £5,000 and disqualification up to 5 years
- Formal **dispensation** in respect of interests can be sought in appropriate cases.

Waste Credit Governance Committee

Friday, 2 July 2021, 10.00 am, County Hall, Worcester

Membership: Cllr Emma Stokes (Chairman), Cllr Adrian Hardman, Cllr Bill Hopkins, Cllr Matt Jenkins, Cllr Luke Mallett, Cllr Emma Marshall, Cllr Linda Robinson and Cllr Chris Rogers

Agenda

Item No	Subject	Page No
1	Named Substitutes	
2	Apologies/Declarations of Interest	
3	<p>Public Participation Members of the public wishing to take part should notify the Assistant Director for Legal and Governance in writing or by email indicating the nature and content of their proposed participation no later than 9.00am 3 working day before the meeting (in this case 28 June 2021). Further details are available on the Council's website. Enquiries can be made through the telephone number/e-mail below.</p> <p>Please note that due to Covid requirements places at the meeting are limited. All members of the public who wish to attend the meeting should register by e-mail with the officer below and places will be allocated on a first come first served basis.</p>	
4	<p>Confirmation of Minutes To confirm the Minutes of the meeting held on 8 December 2020. (previously circulated)</p>	
5	Technical Update - Energy from Waste (EFW) Plant Reporting Requirements	1 - 10
6	Risk Register	11 - 18
7	Work Plan	19 - 22

Agenda produced and published by Abraham Ezekiel, Assistant Director for Legal and Governance County Hall, Spetchley Road, Worcester WR5 2NP

To obtain further information or a copy of this agenda contact Simon Lewis, Committee Officer on 01905 846621, slewis@worcestershire.gov.uk

All the above reports and supporting information can be accessed via the Council's website

Date of Issue: Wednesday, 23 June 2021

This page is intentionally left blank

WASTE CREDIT GOVERNANCE COMMITTEE

2 JULY 2021

TECHNICAL UPDATE – ENERGY FROM WASTE (EFW) PLANT REPORTING REQUIREMENTS

Recommendation

1. The Chief Financial Officer recommends that the Committee note and comment on the main categories of reports or information that the Borrower must regularly produce:

- **Appendix 1 - The Historic Annual Debt Service Cover Ratio (“ADSCR”)**
- **Appendix 2 - Ratio compliance certificate and the**
- **Senior Term Loan Facility Agreement (STLFA) Assurance Statement for the Council and operating update attached as Appendix 3 be noted.**

Introduction and Background

2. As background, in 1998 under a partnership agreement, Worcestershire County Council and Herefordshire District Council (the “Councils”) signed the Contract, which was one of the first joint waste PFI contracts within the UK.

3. In May 2014, the Council’s as Lenders, provided a total of £163.50m split across two facilities (Facility A £35.45m and Facility B £128.05m), to the Borrower for the purposes of constructing a new Energy from Waste Project in Hartlebury. Facility A is fully amortising, scheduled to be repaid in full by December 2022. Facility B is to be repaid with a single bullet payment from the Councils in December 2023.

4. As is standard with Facility Agreements of this nature, the Borrower is required to report periodically to Lenders on their compliance with certain requirements. One particular requirement is the ratios required to be measured under the STLFA at each calculation date (30 June / 31 December).

5. Ratios are a financial covenant imposed by Lenders (in this case the Council’s as Lenders) as a monitoring mechanism to provide early warning of project distress and potential Borrower default on their repayment obligations. The ratios provide a measure of the project’s historic and future performance in relation to its ability to service current and upcoming debt liabilities.

Reporting Requirements post completion

6. As set out in its Terms of Reference, the Committee will be advised by external financial, technical and legal advisers on behalf of the Council’s Section 151 Officer. This report covers the reporting requirements post completion.

7. The Council commissioned Ashurst LLP to identify the Borrower's Regular Reporting Obligations under the Herefordshire and Worcestershire Waste Facility Agreement for the post construction Energy From Waste (EFW) period, as set out in the Senior Term Loan Facility Agreement

8. The main categories of reports or information that the Borrower has to regularly produce going forward are:

- the Ratio Calculations report.
- the Ratio Compliance Certificate.
- reports in relation to financial and project information; and reports during the operating period

9. The Ratio calculations report was undertaken by KPMG in March 2020 to assess the position as at the end of December 2019 to meet the terms set out in the STFLA. KPMG found that all the ratios had been met and the report was circulated to all members of the Committee on the 24 March 2020.

10. The Historic Annual Debt Service Cover Ratio ("ADSCR") Appendix 1: An historic periodic measure used to assess the project's ability to service its current debt obligation over the preceding 12-month period as at the end of December 2020 is 1.80 which is better than the target 1.35 and is attached along with the signed Ratio compliance certificate Appendix 2.

11. Also provided is the 'cash flow after debt servicing' (CFADS) within the current base financial model compared to the 'actual' cash flow after debt servicing'. This also showed a positive picture apart from March which would have been due to the impact of COVID-19 where the actual cash flow has been more than the financial model at the end of each quarter and has seen a good recovery in the quarter to December 2020.

Financial Accounts as at the end of December 2020

12. In line with the agreement the company must provide a set of audited Financial accounts for review and were received at the beginning of November 2020. The external auditors are Deloitte LLP and independent opinion states that the information given in the strategic report and the directors report for the financial year for which the financial statements are prepared are consistent with the financial statements and have been prepared in accordance with applicable legal requirements.

Assurance Statement

13. It has been agreed that twice a year, for the March and September Committees, Mercia Waste Management (MWM) would produce a short, high level assurance statement (Appendix 3). Given the Committee has new members an assurance statement has been provided as part of this report. The aim being to reassure the Lender (the Council) that there is no material matters which would impair MWM's ability to repay the Loan in accordance with the Financial Model in the coming period. Another purpose of the statement is to cover the deficiency of the Loan Agreement Reporting in respect of the "Non – EFW" part of the MWM business.

Contact Points

Specific Contact Points for this report

Rob Wilson

Pensions Investment, Treasury Management & Capital strategy manager

Tel: 01905 846908

Email: RWilson2@worcestershire.gov.uk

Supporting Information

Appendix 1 - The Historic Annual Debt Service Cover Ratio (“ADSCR”)

Appendix 2 - Ratio compliance certificate

Appendix 3 - the Senior Term Loan Facility Agreement (STFLA) Assurance Statement –
To follow

Background Papers

In the opinion of the proper officer (in this case the Chief Financial Officer) there are no background papers relating to the subject matter of this report.

This page is intentionally left blank

Appendix 1

12 Month Period to December 2020

	Qtr End	Qtr End	Qtr End	Qtr End	Total for 12 months
	Mar-20	Jun-20	Sep-20	Dec-20	
	£'000	£'000	£'000	£'000	£'000
Cash Flow after debt servicing (CFADS)					
FM Cash Flow Before Transfers (incl interest)	5,454	5,357	4,348	4,812	
FM MRA Transfer	-44	351	-899	433	
FM CFADS^	5,410	5,708	3,449	5,245	19,812
Actual Cash Flow Before Transfers	2,735	6,274	6,583	10,973	
Actual MRA Transfer	-44	351	-899	433	
Actual CFADS	2,691	6,625	5,684	11,406	26,407
CFADS Surplus / Deficit (-)	-2,718	918	2,234	6,162	6,595

FM refers to the original Financial Model used to provide the loan facility

Historic Annual Debt Service Cover Ratio

FM CFADS	19,812
FM Debt service Requirement (DSR)	14,675
FM Cover Ratio	1.35x

FM CFADS
FM DSR
FM Cover Ratio

Actual CFADS	26,407
FM DSR	14,675
Actual Cover Ratio	1.80x Pass

Ratio is better than target of 1.35 and default of 1.05

Actual CFADS
FM DSR
Actual Cover Ratio

^ Note CFADS in FM used for Ratio Test is "CFADS after MMRA" as per line 32 of the "Ratios&Returns" tab. Flows to Line 151 and then the Ratio calculation.

Default 1.05x As per STLFA 19.1 (u) (i) (B)
All figs except ratios are £000

Qtr End	Qtr End	Qtr End	Qtr End	Total for 12
Mar-20	Jun-20	Sep-20	Dec-20	months

DSR = Debt Service Requirement

Ratio Compliance Certificate

To: Worcestershire County Council and The County of Herefordshire District Council ("The Lenders").

Attention: Rob Wilson

From: Mercia Waste Management Limited

A senior term loan facilities agreement dated 21st May 2014 between, among others, Mercia Waste Management and the Lenders (the "Senior Term Loan Facilities Agreement")

We refer to the Senior Term Loan Facilities Agreement. Terms defined in the Senior Term Loan Facilities Agreement have the same meaning in this notice.

Pursuant to clause 15.8 (Ratio Compliance Certificate) of the Senior Term Loan Facilities Agreement we confirm that:

(a)

- (i) the Historic Annual Debt Service Cover Ratio on 31 December 2020 was 1.80:1;
- (ii) the Projected Annual Debt Service Cover Ratio on 31 December 2020 was 1.35:1; and
- (iii) the Loan Life Cover Ratio on 31 December 2020 was 3.39 : 1; and

(b) so far as the Borrower is aware:

- (i) no Default has occurred other than any previously notified to the Lenders or waived in accordance with clause 21.3 (Remedies, Waivers, Amendments and Consents) of the Senior Term Loan Facilities Agreement

Date: 2nd Feb 2021

By: 

Director

This page is intentionally left blank

Senior Term Loan Facility Agreement

Assurance Statement for Lenders

Statement from Mercia Waste Management

1. Financial Performance & Covid 19

Despite the evolving impact of Covid 19, the Company was able to produce a very satisfactory performance during 2020. As has been noted previously appropriate actions were taken across the business on a site-by-site basis, commensurate with the requirements of the particular operation in question. Our Household Recycling Centres were closed for a period but other processing facilities were kept open to deal with the transfer, recycling or disposal of waste as waste collections continued throughout the two counties.

The Company has continued to perform well in the new Financial Year, assisted by a recovery in the prices of recycled materials.

Whilst the course of the Pandemic cannot be judged with any certainty the business is in a satisfactory position at the current time.

2. Loan Repayment

The payments due to the Councils at the end of December were made in full and on time. The remittances due on 30th June 2021 have been agreed with the Councils and are in the banking system. As at the date of this statement, the Company anticipates being able to continue to make payments as per the Loan Agreement. The Repayments of Capital and Interest for the period ending 31st December 2021 are planned in the Company's forward - looking projections and will be made on or before that date.

3. Buildings, Plant and other Infrastructure

No material problems exist which would require the Lenders attention at any of the Company's Facilities.

4. Compliance with Environmental Conditions and Permits

There are no material issues at any sites.

5. Insurance

The Company's annual insurances have been renewed. The Company's claims history remains extremely good with the Energy for Waste (EfW) and certain other operations being seen as best in class. Unfortunately, Insurers have had bad experience elsewhere, notably with Fires at Recycling Plants and as a result there is now only a very small number of Insurers who will write policies in the Waste Sector. As a result, despite its record the Company has faced increasing premiums along and on certain policies, higher deductibles. Apart from certain environmental risks much of what is insured is the same as other businesses, Material Damage, Business Interruption, Employers Liability and so on.

6. Key Staff

All bar one member of the team of senior staff has remained in place. The Maintenance Manager at the EfW left in May but has been replaced via an internal promotion. Unfortunately, the EfW Operations Manager has been hospitalised after a serious accident whilst cycling. Action has been taken to ensure the role is covered whilst he recovers and there is no detriment to the business.

Appropriate measures are in place in respect of Covid 19 and are where relevant are monitored and updated by the Company's internal Health and Safety Officers.

J W Haywood - Mercia Waste Management. 18.6.2021

WASTE CREDIT GOVERNANCE COMMITTEE

2 JULY 2021

RISK REGISTER

Recommendation

- 1. The Chief Financial Officer recommends that:**
 - a) The open risks set out in the Risk Register are considered; and**
 - b) The Committee consider whether to report any matters to Council.**

Introduction

2. As set out in its Terms of Reference, the Committee will need to review the risks being borne as a result of the funding provided by the Council to Mercia and consider whether the risks being borne by the Council, as lender, are reasonable and appropriate having regard to the risks typically assumed by long term senior funders to waste projects in the United Kingdom and best banking practice.
3. A Risk Register was established which set out the unmitigated and mitigated risks associated with the loan arrangements. Now that takeover is complete and all but two of the risks have expired, they have been reclassified into open and closed. The two remaining open risks have been substantially mitigated and are green although Risk (f) has been updated to take into effect the mitigating actions required to minimise the impact of COVID-19.
4. An additional risk was added to the register in December 2019 in relation to the impact on the ratio analysis testing of the availability of an updated financial model. However, this has since been closed as it has been addressed by the ratio testing assessment undertaken by KPMG in March 2020 who found that all the ratios met the requirements of the Senior term loan facility agreement.(STFLA). Members are asked to consider the risks set out in the Register as set out in Appendix 1.
5. A copy of the Mercia Waste Loan Facility Repayment Analysis is attached as Appendix 2.

Contact Points

Specific Contact Points for this report

Rob Wilson

Pensions Investment, Treasury Management & Capital strategy manager

Tel: 01905 846908

Email: RWilson2@worcestershire.gov.uk

Supporting Information

- Appendix 1.1 – Risk Register Open Risks
- Appendix 1.2 – Risk Register Closed Risks for information
- Appendix 2 - Mercia Waste Loan Facility Repayment Analysis

Background Papers

In the opinion of the proper officer (in this case the Chief Financial Officer) there are no background papers relating to the subject matter of this report.

Waste Credit Committee Risk Register - Open Risks
June 2021 - Corporate Scoring Terms

Risk Reference	Description of risk	Gross Impact	Gross Likelihood	Gross Risk Score	Risk control approach	Mitigating Actions	Residual Impact	Residual Likelihood	Residual Risk Score	Assigned to (Risk Owners)
a	Default of loan repayments by borrower to lenders due to SPV (Mercia) or HZI falling into administration.	Critical	Medium	15	Risk transferred	Due to the security package negotiated by the Councils a fall away analysis indicated that Mercia, its Shareholders and HZI would need to have entered administration at the same time to put a repayment at risk during the construction phase. The maximum exposure to the Councils has been calculated and included within the sufficiency assessment of the Council's reserves. All press articles are scanned regularly for indications of financial strength issues and followed up to ensure counterparty risk is not increased. An example is where ACS Construction and Services S.A., through its subsidiary ACS Services y Concessions S.L., executed the sale recently of its total interest in URBASER S.A. To Firion Investments S.L.U, a company controlled by a Chinese group. The Councils then obtained legal advice that reassured lenders that no action was required by any parties arising from this change in ownership, as there were no changes to the Shareholder (Urbaser Limited).	Substantial	Very Low	6	The risk owners are the Section 151 Officers of each Council supported by Ashurst as advisors in case of contract default and Deloitte had monitored Mercia's actual quarterly cash flow tests and cover ratios that have to be maintained by Mercia. KPMG conducted a review of the ratios as at the 31st December and all passed
f	Mercia loan principal and / or interest repayments are below the required values as per the rates agreed in the STFLA .	Substantial	Very Low	6	Risk treated	The Council's treasury team maintain a spreadsheet detailing drawdowns to date and expected future principal and interest payments. This is reconciled to Mercia's repayment spreadsheet and will be matched to principal and interest repayments received from Mercia during the post construction period. Mitigating actions have continued to be taken by Mercia to combat the effects of COVID-19 and the latest assurance statement within the Committee Report of the 2nd July 2021 reflect the actions taken	Substantial	Almost Impossible	5	The risk owners are the Section 151 Officers supported by Treasury and Financing Teams.

Page 13

Key

High 19 – 24	Unacceptable Risk: Immediate control/improvement required
Medium 8 – 18	Acceptable Risk: Close monitoring and cost effective control improvements sought.
Low 1 – 7	Acceptable Risk: Need periodic review, low cost control improvements sought if possible.

Scoring Matrix

Likelihood				
Very High	9	19	21	24
High	8	12	20	23
Medium	4	11	15	22
Low	3	10	14	18
Very Low	2	6	13	17
Almost Impossible	1	5	7	16
	Negligible	Substantial	Critical	Extreme
	Impact			

This page is intentionally left blank

Waste Credit Committee Risk Register - Closed Risks
June 2021 - Corporate Scoring Terms

Risk Reference	Description of risk	Gross Impact	Gross Likelihood	Gross Risk Score	Risk control approach	Mitigating Actions	Residual Impact	Residual Likelihood	Residual Risk Score	Assigned to (Risk Owners)	Reason why risk is closed
b	Construction completion date of EFW is delayed and delays repayment of loan to lenders.	Substantial	Medium	11	Risk transferred	Under the contract terms agreed with Mercia, Mercia take all material risk on EFW construction delay and repayment of the loans commenced on planned takeover date 28th February 2017, as set out in the SLFLA and agreed final financial model. Repayments are not tied to the actual construction completion date of 2nd March 2017, rather the planned date. The Council as lender also had the right to call the loan into default if construction was not completed by a long stop date.	Substantial	Almost Impossible	5	The risk owners are the Section 151 Officers of each Council supported by Ashurst as advisors in case of contract default.	Takeover took place on 2nd March 2017.
c	PWLB borrowing rates increase more than estimated in the Councils' prudential borrowing model. Higher rates would reduce the surplus generated on the loan arrangements with Mercia.	Substantial	Low	10	Risk treated	The cost of purchasing a financial product to remove this risk (a swaption) from an investment bank was quoted at £20m. The Councils decided to manage the risk through forecasting the forward price for its debt draw downs over the construction period and hold in reserve monies to mitigate this risk where required. The rates accessible by the Councils were lower than the estimate as the low gilt rate environment.	Substantial	Almost Impossible	5	The risk owners are the Section 151 Officers supported by Treasury and Financing Teams.	Takeover took place on 2nd March 2017. All loan payments have been made to Mercia Waste and the rates gained from PWLB were below those estimated in the prudential model.
d	Loan drawdowns are slower than set out in the STFLA. Delayed drawdowns would result in reduced interest payments to the Councils and potentially reduced surplus if PWLB loan rates increase between the expected draw date and actual.	Negligible	Medium	4	Risk treated	The Councils borrowed from PWLB at dates in line with drawdown requests from Mercia. Therefore although the Councils will receive reduced interest receipts, less interest will also be paid to PWLB. The Councils monitored market gilt rates actively and had the option to borrow from PWLB up to a year in advance of expected drawdown requests. Regular progress reports were reviewed to ensure the construction programme and the loan drawdowns are requested in line with the plan.	Negligible	Almost Impossible	1	The risk owners are the Section 151 Officers supported by Treasury and Financing Teams.	Takeover took place on 2nd March 2017. All loan payments have been made to Mercia Waste.
e	Drawdown requests from Mercia are not actioned by the Councils or not actioned within the required contracted time period.	Substantial	Low	10	Risk treated	The Council's treasury teams were fully briefed on the actions required to fulfil drawdown requests, checks required and the contracted timeline by the Section 151 Officer and their teams. Drawdowns were all actioned inline with requirements. Since the last Committee, two further drawdowns have been provided and there is a separate analysis available for the Committee outlining planned vs actual drawdowns made.	Substantial	Almost Impossible	5	The risk owners are the Section 151 Officers supported by Treasury and Financing Teams.	Takeover took place on 2nd March 2017. All loan payments have been made to Mercia Waste within the required contracted time period.
g	Default of loan repayments by borrower to lenders due to HZI termination of Interserve Construction Limited (ICL) delaying project completion to after long stop date.	Critical	Medium	15	Risk treated	Sponsors provided assurance that they believe HZI undertook the right processes to replace the final ICL work packages and that there was no financial risk to the Sponsors. Sponsors confirmed that their Due Diligence on HZI had not raised any concerns around the company's viability or going concern. The Council as lender had the right to call the loan into default if construction was completed by a long stop date, at which point the negotiated security package, set out in section 'a' above, would have taken effect.	Substantial	Almost Impossible	5	The risk owners are the Section 151 Officers of each Council supported by Ashurst as advisors in case of contract default.	The final ICL work packages were replaced and takeover took place on 2nd March 2017.

Waste Credit Committee Risk Register - Closed Risks
June 2021 - Corporate Scoring Terms

Risk Reference	Description of risk	Gross Impact	Gross Likelihood	Gross Risk Score	Risk control approach	Mitigating Actions	Residual Impact	Residual Likelihood	Residual Risk Score	Assigned to (Risk Owners)	Reason why risk is closed
h	HZI termination of ICL may weaken negotiated security package due to no single new supplier exceeding £10 million contract value, and therefore triggering EPC Contract Schedule 7 requirements for Collateral Warranty and professional indemnity insurance requirements. The risk is that the Council as lender does not receive the same security package as it had when ICL was in place.	Substantial	High	12	Risk treated	In terms of Collateral Warranty, the HZI Collateral Warranty remained in place. Due Diligence was undertaken by Sponsors and the Council as Lender (with the Financial Advisor) confirmed the financial strength of HZI in light of events. There was no issues arising from these reviews. Sponsors agreed to review on a case by case basis the requirement for additional security protections and advised the Council as to its rationale for its decision. The Council as Lender had sign off rights and requests were made to the Councils prospectively for Schedule 7 services and retrospectively (based on Sponsor Assurance) for non-Schedule 7 services. Meetings were held for sign off and Council advisors were retained to provide advice. The Councils clearly articulated to Sponsors that there should not be any weakening on the Security Package in place with regard to the Civil Engineering Work. All ICL work packages were replaced and there was no financial impact on Sponsors and therefore no financial impact on the Council as Lenders.	Substantial	Almost Impossible	5	The risk owners are the Section 151 Officers of each Council supported by Ashurst as advisors in case of contract default.	The final ICL work packages were replaced and takeover took place on 2nd March 2017.
g	The impact on the ratio analysis testing of the availability of an updated financial model	Substantial	Medium	15	Risk treated	The Council's treasury team are seeking KPMG to assess any impact on the ability of MWM to repay the loan regarding an updated financial model. This will also assess the impact on the ratio analysis required.	Substantial	Very Low	5	The risk owners are the Section 151 Officers supported by Treasury and Financing Teams.	Completed by KPMG in March 2020 as at the 31st December 2019 and all the ratios were found to be compliant with the Senior Term Loan Facility arrangement

Key

High 19 – 24	Unacceptable Risk: Immediate control/improvement required
Medium 8 – 18	Acceptable Risk: Close monitoring and cost effective control improvements sought.
Low 1 – 7	Acceptable Risk: Need periodic review, low cost control improvements sought if possible.

Scoring Matrix

Likelihood	Impact			
	Negligible	Substantial	Critical	Extreme
Very High	9	19	21	24
High	8	12	20	23
Medium	4	11	15	22
Low	3	10	14	18
Very Low	2	6	13	17
Almost Impossible	1	5	7	16

Mercia Waste Loan Facility Repayment Analysis

Appendix 2

June 2021

Key

	Contracted WCC loan repayment paid to WCC
	Contracted WCC loan repayment overdue

Contracted Repayment Date	Contracted WCC Facility A (Amortising Loan) Repayment Principal £	Contracted wcc Facility A (Amortising Loan) Repayment Interest £	Contracted WCC Facility B (Bullet Loan) Repayment Interest £	Contracted WCC Total Loan Repayments £	Actual Repayments WCC Total Loan Repayments £	Actual Repayment Date
30/06/2017	-1,040,534	-492,126	-1,966,009	-3,498,669	-3,498,669	30/06/2017
31/12/2017	-1,958,461	-713,478	-3,087,452	-5,759,391	-5,759,391	31/12/2017
31/03/2018	0	0	0	0		
30/06/2018	-2,526,486	-648,624	-3,037,114	-6,212,224	-6,212,224	30/06/2018
31/12/2018	-1,785,384	-589,580	-3,087,452	-5,462,417	-5,462,417	31/12/2018
31/03/2019	0	0	0	0		
30/06/2019	-2,544,044	-531,450	-3,037,114	-6,112,607	-6,112,607	30/06/2019
31/12/2019	-1,752,253	-487,574	-3,087,452	-5,327,280	-5,327,280	31/12/2019
31/03/2020	0	0	0	0		
30/06/2020	-2,762,092	-436,013	-3,053,893	-6,251,999	-6,251,999	30/06/2020
31/12/2020	-1,442,458	-361,020	-3,087,452	-4,890,931	-4,890,931	31/12/2020
31/03/2021	0	0	0	0		
30/06/2021	-3,091,770	-314,147	-3,037,114	-6,443,031		
31/12/2021	-2,322,963	-230,047	-3,087,452	-5,640,462		
31/03/2022	0	0	0	0		
30/06/2022	-3,215,011	-164,927	-3,037,114	-6,417,051		
31/12/2022	-2,426,131	-73,138	-3,087,452	-5,586,721		
31/03/2023	0	0	0	0		
30/06/2023	0	0	-3,037,114	-3,037,114		
31/12/2023	0	0	-3,087,452	-3,087,452		
Total	-26,867,587	-5,042,124	-41,817,637	-73,727,347	-43,515,517	

Please note that on 31st December 2023 the obligation for Mercia Waste to repay the Principal value on the Facility B (Bullet loan) of £97,061,268 will be negated as the ownership of the EFW Waste Plant is transferred to the Councils.

This page is intentionally left blank

WASTE CREDIT GOVERNANCE COMMITTEE 2 JULY 2021

WORK PLAN

Recommendation

- 1. Chief Financial Officer recommends that the Committee note and comment on the work plan attached as an Appendix.**

Introduction

2. The Waste Credit Governance Committee was provided with a work plan at the December 2020 meeting to assess what was planned in the future. This has been updated and is attached as an Appendix for comment and noting.

Contact Points

Rob Wilson
Pensions & Treasury Management manager
Tel: 01905 846908
Email: RWilson2@worcestershire.gov.uk

Supporting Information

- Appendix – Work Plan

Background Papers

In the opinion of the proper officer (in this case the Chief Financial Officer) there are no background papers relating to the subject matter of this report.

This page is intentionally left blank

Waste Credit Governance Committee

Work Plan 2021 to 2022

No.	Activity	Q3 2021	Q4 2021	Q1 2022
1	Operational Reporting			
2	Short Term Loan Facility Agreement (STLFA) Assurance Statement			
3	Ratio Analysis update			
4	Final Accounts Feedback			
5	Risk Register Update			

This page is intentionally left blank