

Minutes of the Waste Credit Governance Committee

County Hall, Worcester

Wednesday, 6 October 2021, 10.00 am

Present:

Cllr Emma Stokes (Chairman), Cllr Adrian Hardman, Cllr Bill Hopkins,
Cllr Matt Jenkins, Cllr Linda Robinson and Cllr Chris Rogers

Available papers

The members had before them:

- A. The Agenda papers (previously circulated); and
- B. The Minutes of the meeting held on 2 July 2021 (previously circulated).

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

None.

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

Apologies were received from Cllrs Luke Mallett and Emma Marshall.

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

None.

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

RESOLVED that the Minutes of the meeting held on 2 July 2021 be confirmed as a correct record and signed by the Chairman.

159 **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.

In the ensuing debate the following points were made:

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- In response to a query, Jim Heywood from Mercia Waste Management (MWM) explained that the deadlines for the publication of the company Accounts for the period was up to 31 December meant that it was not possible to report the outcome to the last Committee meeting on 2 July 2021
- Jim Heywood reported that the good financial performance of MWM over the first 6 months of the year had been helped by the recovery in recycling prices. This also meant that paper had become a source of income again. The company had also performed well during July and August. However, there had been a problem during the annual shut down of the EfW plant in September and more maintenance work was required than usual. This had led to the plant being shut down for an extra week. In addition to this issue, the plant had suffered a loss of power which meant it had to be powered down earlier than expected. The plant had been fully functioning from 29 September. Despite these issues, the rest of MWM's sites continued to perform satisfactorily and MWM remained on track to repay the next instalment of the loan in December
- What happened to the waste that was collected during the shut-down period in September? Jim Heywood explained that there was capacity at the plant to store a limited amount of waste, with the excess waste being taken to the MWM's landfill facility
- Jim Heywood confirmed that as part of the contractual arrangements, the EfW plant accepted household waste together with some commercial waste but did not accept industrial waste
- In response to a query, Jim Heywood confirmed that the impact of wear and tear on the plant as it aged had been taken into account in the financial modelling. The annual maintenance arrangements addressed elements of wear and tear but there was also an element of forward-planning with the expectation that certain aspects of the fabric of the plant would need replacing over time and as a result, a stock of replacement parts was kept on site
- It was queried whether in the future there would be sufficient waste to keep the plant operational. Jim Heywood commented that the Environment Bill was still being considered by Parliament and therefore the impacts on the EfW plant were not yet known. However there was scope to vary the contract with the Council and in addition, the risk associated with the waste throughput rested with MWM.

RESOLVED that the main categories of reports or information that the Borrower must regularly produce be noted:

- **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 set out at Appendix 3 to the report.**

160 Risk Register (Agenda item 6)

The Committee considered the Risk Register.

In the ensuing debate, Rob Wilson confirmed that there would not be any new information to report to the next Committee meeting other than the routine updates and the next loan repayment was due on 30 December. On this basis it was agreed that the meeting on 10 December be cancelled.

RESOLVED that:

- a) **The open risks set out in the Risk Register are accepted;**
- b) **There were no matters of concern to report to Council; and**
- c) **The meeting scheduled on 10 December be cancelled.**

161 Work Plan (Agenda item 7)

RESOLVED that the work plan be noted.

The meeting ended at 10.30am.

Chairman