

Minutes of the Waste Credit Governance Committee

County Hall, Worcester

Wednesday, 2 March 2022, 10.00 am

Present:

Cllr Emma Stokes (Chairman), Cllr Adrian Hardman, Cllr Matt Jenkins,
Cllr Emma Marshall, 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 6 October 2021 (previously circulated).

162 Apologies/Named Substitutes (Agenda item 1)

Apologies were received from Cllr Bill Hopkins and Cllr Luke Mallett.

163 Declarations of Interest (Agenda item 2)

None.

164 Public Participation (Agenda item 3)

None.

165 Confirmation of Minutes (Agenda item 4)

RESOLVED that the Minutes of the meeting held on 6 October 2021 be confirmed as a correct record and signed by the Chairman.

166 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 raised:

- Rob Wilson explained that the Council's contract with Mercia Waste Management (MWM) ended in December 2023. However, the Council had entered into negotiations with MWS to extend the contract for a further 5 years. If the extension was agreed, the repayment of the loan would need to be extended with possible implications for ratio analysis. It was important that the Committee was satisfied with any revised ratios and the ability of MWM to repay the loan. An update on the arrangements would be brought to the next Committee meeting
- Jim Haywood from MWM explained that the company continued to perform satisfactorily despite a number of difficulties experienced during 2021. Recycling prices had increased and there had been a recovery in the commercial waste market. MWM were in a good position to repay the loan and capital interest and there were no material problems with any of the permits across the company's sites. Despite issues in the insurance market, MWM had managed to acquire insurance for both the EfW plant and the rest of the business. The operators of the EfW plant were held in high regard by the insurers. The EfW operations manager had now returned to work after his recent accident
- In response to a query, Jim Haywood confirmed that MWM had not found it necessary to make any insurance claims. Despite this good record, the company had had to acknowledge in its financial forecasting that premiums would continue to rise for waste facilities
- Would the single bullet payment from the Councils for Facility B still need to be repaid in December 2023 if the contract was extended? Jim Haywood indicated that if the contract was extended that particular payment would be pushed back to 2029
- In response to a query about the impact on MWM as a company and in particular on the contract arrangements of the changes proposed under the Environment Act, Jim Haywood explained that there was a process to allow variations to the contract to address any issues associated with the Environment Act.

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**
- **The Senior Term Loan Facility Agreement (STLFA) Assurance Statement for the Council set out at Appendix 3 to the report, and**
- **The Mercia Waste Management Budget for 2022 set out at Appendix 4 to the report.**

167 Risk Register (Agenda item 6)

The Committee considered the Risk Register.

In the ensuing debate, the following points were raised:

- In response to a query about the risk impact of the renegotiated contract, Rob Wilson indicated that a new amber risk would be added to the Risk Register associated with the renegotiated contract arrangements. The risk would remain amber until the Committee had gained confidence in the revised arrangements
- In response to a concern expressed about the ownership arrangements of MWM, Jim Haywood commented that the ownership had changed a couple of times over the last 5 years without any impact on company business.

RESOLVED that:

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

168 Work Plan (Agenda item 7)

RESOLVED that the work plan be noted subject to the addition of the arrangements for the renegotiation of the waste contract with MWM being added to the June Committee meeting.

The meeting ended at 10.30am.

Chairman