

Minutes of the Waste Credit Governance Committee

County Hall, Worcester

Friday, 9 December 2022, 10.00 am

Present:

Cllr Tony Miller (Chairman), Cllr Adrian Hardman, Cllr Matt Jenkins, Cllr Luke Mallett, 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 24 June 2022 (previously circulated).

176 Apologies/Named Substitutes (Agenda item 1)

An apology was received from Cllr Bill Hopkins.

177 Declarations of Interest (Agenda item 2)

None.

178 Public Participation (Agenda item 3)

None.

179 Confirmation of Minutes (Agenda item 4)

RESOLVED that the Minutes of the meeting held on 24 June 2022 be confirmed as a correct record and signed by the Chairman.

180 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.

Rob Wilson informed the Committee that Jim Haywood from Mercia Waste Management (MWM) was unable to attend the meeting and sent his apologies as he was currently working on the Waste Management Services contract extension. Any questions raised by members on the Assurance Statement would be reported to Jim and an email response provided. The Council was now in receipt of the draft KPMG report and a summary of the key points in the report had been circulated to members of the Committee.

In the ensuing debate, the following points were raised:

- In response to a query, Rob Wilson confirmed that any future upgrade of the EnviroSort plant facilities at Norton would be addressed through the negotiations for the renewal of the waste contract
- It was noted that a new EfW plant manager had been appointed. Had the new manager identified any issues that could improve the performance of the plant? Rob Wilson would raise that query with Jim Haywood
- It was queried whether the EFw plant would be upgraded to the latest specifications when it was finally handed over to the Council. Rob Wilson responded that that was an operational matter for consideration as part of the contract negotiations. The key issue from a lender perspective was that everything was covered in the contract. KPMG had indicated that they were comfortable with the financial modelling that showed that MWM could meet the financial ratios on the basis that the 5-year loan was agreed
- In response to a query, Rob Wilson explained that at the end of the contract extension, the value of the EfW plant would be transferred as an asset to the Council's balance sheet
- It was queried how long the EfW plant would be viable as an asset to the Council. Rob Wilson responded that the asset life of the plant was estimated to be 30 years from the time it was built
- If MWM decided to pay off their debt earlier, would that be beneficial to the Council? Rob Wilson commented that there would be an impact on the debt repayments received by the Council from MWM but the debt repayments on the whole should be beneficial to the Council.

RESOLVED that:

a) 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**
- **Senior Term Loan Facility Agreement (STLFA) Assurance Statement for the Council attached as Appendix 3 to the report**

- b) **The update on the contract extension with Mercia Waste Management and the attached KPMG Report attached as Appendix 4 to the report be noted.**

181 Risk Register (Agenda item 6)

The Committee considered the Risk Register.

In the ensuing debate, Rob Wilson indicated that an additional risk had been added to the Register in relation to the loan extension. He expected this risk to be removed by the next Committee meeting after the contract extension had been signed. In response to a request, Rob Wilson undertook to circulate the final version of the KPMG report to Committee members when available and would provide a covering note referring to the key areas of the report.

RESOLVED that:

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

182 Work Plan (Agenda item 7)

RESOLVED that the work plan be noted.

The meeting ended at 10.35am.

Chairman