



Recovering Energy from Waste

Board Meeting Minutes

Monday 9th November 2015
10.00am at the Registered Office

Present: R Gray (Chairman)
K Starkey
C Penson
P Johnson
C West

In attendance: S Kaur - Minute Taker

	Action
<p>1. Minutes of Previous Meeting</p> <p>The minutes of the previous meeting were agreed and signed by Mr Gray.</p>	
<p>2. Matters Arising</p> <p>The taxation matters referred to in the minutes were dealt with as an agenda item.</p>	
<p>4. Environment, Health & Safety Report</p> <p>Mr Starkey began his report by referring to the trend charts for injury frequency rate and he gave a summary of injuries by type.</p> <p>Injuries during this period were relatively low with 1 injury in each of September and October, though the September injury was the most serious one this year.</p> <p>There were 9 hazards reported during the month and 1 damage report.</p> <p>There was 1 environmental incident relating to loss of CEMs data which exceeded the 4 hour limit of abnormal operation. The Qual 2 test has revealed a CEMs discrepancy resulting in higher consumption of ammonia which is being reviewed. No other instances of abnormal operation or</p>	

complaints were received.

Mr Starkey concluded his report by referring to the 2015 Improvement Programme. All projects are on track to be completed within the designated timescales.

6. Company Performance Report

Mr Starkey presented the plant performance report for the half year ended 27th September 2015.

Waste throughput was 6% ahead of budget and 4% ahead of last year.

A and B shareholder waste throughput was in line with the budget and 1% behind last year. C Shareholder waste throughput was 8% higher than budget and 14% ahead of last year. Non shareholder waste was 15% ahead of budget and 8% higher than last year.

A and B Shareholder waste accounted for 50% of total throughput compared with 53% for same period last year.

Plant availability was 88% compared with a budget of 84% and a prior year performance of 86%, and average waste throughput per unit hour was ■■■ tonnes against a budget of ■■■ tonnes and prior year performance of ■■■ tonnes.

Electricity export was 10% ahead of budget and 6% higher than last year due to higher waste throughput and availability in the current year.

Mr Penson reported to the Board on the Company's financial performance.

The profit before tax and pension provision for the half year is £687k ahead of budget and £406k behind last year, with higher waste and electrical revenues being the principal reason for the excess over budget.

Mr Penson presented a revised half year forecast for the year ending 31st March 2016, the principal changes in assumptions have been to take into account actual performance for the first half year and to revise prices for the lower rates actually achieved in both waste incineration and electrical generation in the forecast period.

The year-end cash position is forecast to be £9.2m, compared with a budgeted figure of £6.0m, due to a better than budgeted opening position and lower than budgeted capital expenditure.

Summary of YTD tonnage figures for CCC and SMBC to be provided to Mr West and Mr Johnson.

CP

<p>Mr West asked that a range of possible profit outcomes be provided verbally to the Board when mid-year re-forecasts are considered.</p>	CP
<p>7. Future developments</p> <p>Mr Starkey updated the Board on future developments and projects which included a 3rd party building an IBA plant on vacant land adjacent to the HWRRC and possible opportunities to sell electricity to private operators. Mr Starkey to contact Whitefriars Housing Association to explore any opportunities which may be available to supply power to their properties.</p>	KS
<p>8. Taxation</p> <p>Mr Penson updated the Board regarding coupon on preference shares, Corporate Social Responsibility (CSR) policy and management fees.</p> <p><i>Coupon on preference shares</i></p> <p>Mr Penson reported that interest charged on preference shares is treated as a dividend and is therefore not tax deductible for the Company.</p> <p><i>CSR Policy</i></p> <p>After considering advice given by Shakespeare Martineau, RSM and EY it was determined that the adoption of a CSR policy would not be in the best interests of the Company at this stage.</p> <p><i>Management fees</i></p> <p>Mr Johnson and Mr West to review the consultancy agreement presented with the Board papers and provide any comments to Mr Penson so that finalised version can be drawn up for signature.</p> <p><i>Further Investigation into Maximising Company Tax Efficiency</i></p> <p>It was agreed that further consideration would be given to whether changes to the Company finance structure might enable it to become more tax efficient.</p> <p>Mr West and Mr Johnson to consider advice and options which may have already been considered by PWC and/or other advisors instructed by the Councils and communicate these to Mr Penson.</p> <p>Based on outcome of investigation into past advice taken by the Councils and communicated to Mr Penson, further consideration to be given to potential tax planning measures which might be adopted along with an assessment of the potential risks and benefits associated with them.</p>	<p>CW/PJ</p> <p>CW/PJ</p> <p>CP</p>

<p>9. Any other business</p> <p>Returns to shareholders Returns to shareholders to be considered as an agenda item at November Board meetings in future, with payment of any amounts agreed to be made the following March.</p> <p>Return to shareholders of £3.9m to be paid in March 2016.</p> <p>Mr West and Mr Johnson to confirm that this return can be made in the form of a redemption of preference shares.</p>	<p>CP</p> <p>CW/PJ</p>
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Dates of next meetings

The dates of the next meetings were confirmed as:

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| Management Review Meeting | Monday 7 th December 2015 commencing at 10am at the Registered Office |
| Board Meeting (Budget) | Monday 7 th December 2015 commencing at 11am at the Registered Office |
| Shareholder Panel Meeting | Wednesday 20 th January 2016 commencing at 4pm at the Council House, Coventry. |
| Board Meeting | Monday 22 nd February 2016 commencing at 10am at the Registered Office |

There being no further business, the Chairman closed the meeting at 12.10pm.

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Chairman