



Recovering Energy from Waste

Board Meeting Minutes

**Monday 22nd February 2016
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 from 7th December meeting were agreed and signed by Mr Gray. The minutes from the 9th November 2015 meeting were agreed subject to an amendment to item 8 on the CSR Policy proposal. This amendment to be made and the minutes sent by post to Mr Gray for signature.</p> <p>2. Matters Arising</p> <p>Mr West updated the Board regarding the status of discussions with KPMG regarding the possible transfer of the Company's liability in respect of the West Midlands Pension Fund deficit and it was agreed that this would continue to be investigated. KPMG have been commissioned to produce a feasibility report.</p> <p>The consultancy agreements in respect of the non-executive services provided by Coventry City Council and Solihull Metropolitan Borough Council were presented to the meeting and signed by the Company and the Councils.</p> <p>The Company tax planning matter referred to in the minutes was dealt with as an agenda item.</p>	CP

3. Environment, Health & Safety Report

Mr Starkey began his report by referring to the trend charts for injury frequency rate and he gave a summary of injuries by type.

It was a disappointing end to the year with 4 injuries in December which included one RIDDOR reportable incident. There were no injuries reported during January which was a positive start to the new year.

There were 2 environmental incidents relating to a breach of the Company's Severn Trent Water (STW) effluent consent and a leak from the effluent tank. A meeting has been held with STW and actions have been agreed.

There were also 2 minor damage reports raised, no instances of abnormal operations, breaches of our ELVs or complaints regarding our environmental performance.

Mr Starkey concluded his report by referring to the 2016 Improvement Programme. All 2015 projects have been completed except items 11 & 12 which have been carried forward to 2016.

4. Environment, Health & Safety Review 2015

The Annual Environment, Health & Safety Review for the year to 31st December 2015 was noted by the board.

It was agreed that section relating to 4.4 fugitive emissions would be amended and the targets on page 25 will include the area H&S inspections. Final copy to be recirculated to Board members.

KS

5. Company Performance Report

Mr Starkey presented the plant performance report for the 10 months ended 24th January 2016.

Waste throughput was 9% ahead of budget and 6% ahead of last year.

A and B shareholder waste throughput was 1% higher than budget and 1% ahead of last year. C Shareholder waste throughput was 10% higher than budget and 10% ahead of last year. Non shareholder waste was 21% ahead of budget and 13% higher than last year.

A and B Shareholder waste accounted for 49% of total throughput compared with 51% for same period last year.

Plant availability was 89% compared with a budget of 84% and a prior year performance of 86%, and average waste throughput per unit hour was [redacted] tonnes against a budget of [redacted] tonnes and prior year

performance of █████ tonnes.

Electricity export was 9% 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 10 months was £1,699k ahead of budget and £143k behind last year, with higher waste and electrical revenues being the principal reason for the better than budgeted performance. Mr Penson commented on EfW costs which are lower than budget due to cost savings in several areas, but within which repairs and maintenance costs are £472k overspent due to unbudgeted costs relating to the 11 KV switchboard failure, greater than expected emerging work during planned outages, unanticipated equipment failures and consultancy work aimed at improving operational performance and reducing emissions.

Mr Penson reminded the Board of the previously presented revised forecast for the year ending 31st March 2016, with the main change being revised prices for lower rates achieved in both waste incineration and electrical generation in the forecast period, and noted that better than expected performance in the period since the forecast was put together mean that the year end result could be £600k higher.

Mr Penson updated the Board on electrical prices. The result of the NFPA e-Power auction at the end of January had, as expected, yielded prices lower than those included in the budget, meaning that there would be a shortfall of £500k assuming the budgeted volumes are achieved.

6. Shareholder Loan Proposal & Dividends

Mr Penson presented a report on the Shareholder Loan Proposal and dividends.

The financial modelling presented did not give a satisfactory outcome and Mr West requested that further consideration be given to potential options.

It was agreed that Mr Penson and Mr Starkey will further review the Company's finance structure on the following bases:

1. Capital restructuring to be undertaken and pension liability to be assumed released.
2. Option with no loan funding.
3. Option with loan funding.

A meeting to be arranged in 2 weeks or as soon as possible thereafter to discuss the revised proposals.

CP/KS

<p>It was also agreed that there was no requirement to continue to hold the remaining preference shares and that they could be redeemed.</p> <p>7. Timetable for Dividend Payments and Redemption of Preference Shares</p> <p>Mr Penson presented the timetable for dividend payments and redemption shares.</p> <p>It was agreed that the return to shareholders at the end of the year be increased from the amount previously agreed to £4.425m and that this be paid in the form of a preference share redemption in accordance with the timetable presented to the meeting.</p> <p>8. Any other business</p> <p>There was no other business.</p>	<p>CP</p>
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Dates of next meetings

The dates of the next meetings were confirmed as:

- Management Review Meeting Monday 14th March 2016 commencing at 10am at the Registered Office
- Board Meeting Monday 9th May 2016 commencing at 10am at the Registered Office
- Shareholder Panel Meeting Wednesday 8th June 2016 commencing at 4pm at the Council House, Coventry.

There being no further business, the Chairman closed the meeting at 12.20pm.

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Chairman