



Recovering Energy from Waste

Board Meeting Minutes

Wednesday 17th August 2016
2pm at the Registered Office

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

In attendance: L McNeil - EY (agenda item 1)
S Kaur - Minute Taker

	Action
<p>1. Statutory Accounts for Year Ended 31st March 2016</p> <ul style="list-style-type: none">• Going Concern Report• Auditor's Report to the Board by EY• Governance Letter from EY• Representation Letter to EY• Approval of Statutory Accounts <p>Ms Lorna McNeil, Senior Statutory Auditor for EY, was invited by the Chairman to join the meeting.</p> <p>The Board considered the report on Going Concern submitted by Mr Penson, which assessed the facts and circumstances relevant to the Company's decision to draw up the financial statements for the year ended 31st March 2016 on a Going Concern basis.</p> <p>It was agreed that no material uncertainties that may cast doubt upon the ability of the Company to continue as a going concern have been identified by the Directors.</p> <p>Ms McNeil then presented the Auditor's Report summarising the audit of the Company's financial statements for the year ended 31st March 2016.</p>	

She gave an overview of the financial performance of the Company, confirming that on a turnover of £25.9 million, the profit before tax was £7.6 million. Ms McNeil updated the Board on issues arising from the audit, confirmed that EY considered themselves to be independent, that they agreed that the accounts could be drawn up on a going concern basis, there were no summary of audit difference findings during the audit which affected the income statement and an unqualified audit opinion would be included in the financial statements. Ms McNeil also drew the Board's attention to upcoming regulatory updates relating to S1 2015/980 (additional disclosures and change to audit report, IFRS 15 (revenue) and IFRS 16 (leases)).

Ms McNeil drew the Board's attention to the Letter of Representation. The Representation Letter was signed by Mr Starkey and Mr Penson and given to Ms McNeil. A copy was retained by the Company.

The Statutory accounts for the year ended 31st March 2016 were then signed by Mr Starkey and Mr Penson on behalf of the Company and Ms McNeil on behalf of EY. Five copies were signed, two were retained by the Company and three by EY including a copy for filing with Companies House.

Ms McNeil then left the meeting after being thanked by the Chairman.

2. Minutes of Previous Meeting

The minutes of the previous meeting were agreed and signed by Mr Gray.

3. Matters Arising

Mr Starkey had emailed Mr Gray the changes to RIDDOR reporting. A verbal overview was given by Mr Starkey to the board.

4. 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. The gap analysis on the current safety rules has benefitted bringing accident rates down.

There were 2 minor injuries to persons in July, 1 involving a temporary member of staff and the other a member of the public.

There were 8 hazard/near misses reports during the month, 3 damage incidents and 1 environment near miss. The environmental incident did not lead to any breach of our operating permit.

There were no instances of abnormal operation, breaches of ELVs or environmental complaints for the period.

Mr Starkey concluded his report by referring to the 2016 Improvement Programme and highlighted that whilst item 9 is behind schedule all other projects are on track to be completed within the designated timescales.

5. Commercial Report

Mr Starkey updated the meeting on the current status of issues relating to certain waste contracts and confirmed that the Company had received ROCs payments in relation to the supply of steam to the district heating network for the period April 2015 to October 2015. Discussions with Engie regarding ROCs are ongoing.

6. Company Performance Report

Mr Starkey presented the Plant Performance for the three months ended 26th June 2016.

Waste throughput was 17% ahead of budget and 9% higher than last year.

A and B shareholder waste throughput was 4% lower than budget and 1% ahead of last year. C Shareholder waste throughput was 29% higher than budget and 3% lower than last year. Non shareholder waste was 63% ahead of budget and 36% higher than last year.

A and B Shareholder waste accounted for 49% of total throughput compared with 53% for same period last year.

Plant availability was 91% compared with a budget of 80% and a prior year performance of 82%, and average waste throughput per unit hour was [REDACTED] against a budget of [REDACTED] and prior year performance of [REDACTED].

Electricity export was 30% ahead of budget and 2% higher than last year.

The better than budgeted performance was due to the fewer than planned outages as the G1 and unit 1 outages have been postponed until October, along with a better throughput rate and higher availability.

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

The profit before tax and pension provision for the first 3 months is £1,833k which is £2,035k ahead of budget and £1,192 higher than last year.

Mr Penson presented a revised forecast for the year ending 31st March 2017, the main changes in assumptions being revised prices and an increase in the throughput rate.

<p>The forecast profit for the year is now £5.7m, with a potential range of £5.4m to £6.2m. The year-end cash position is now forecast to be £9.2m.</p>	
<p>7. Combustion Control Project Evaluation Mr Starkey presented the Combustion Control Project Evaluation to the Board. This included an evaluation of the operational and financial performance project and concluded that that the actual payback period achieved of 2.11 years was better than the original forecast of 2.86 years.</p>	
<p>8. R1 Review Mr Starkey presented the R1 Review which will be presented at the Shareholder Panel meeting on 21st September 2016.</p> <p>Mr Starkey to make minor amendments to the presentation and circulate to Board prior to Shareholder Panel meeting.</p>	KS
<p>9. Brexit Report Mr Starkey presented the Brexit Report which will be presented at the Shareholder Panel meeting on 21st September 2016.</p> <p>The report highlighted the potential short and long term implications for the Company.</p> <p>Mr Starkey to make minor amendments to the presentation prior to Shareholder Panel meeting.</p>	KS
<p>10. Pensions (for discussion only) The KPMG report on the potential pension liability transfer was briefly discussed. Mr West and Mr Penson to meet separately to discuss issues and next steps.</p>	CP / CW
<p>11. Future Development Plan Mr Starkey updated the Board on the potential rental values and business rates for the development land adjacent to the site. Mr Starkey to seek clarity from Mr Walster regarding the total land area and discuss access to the site.</p>	KS
<p>12. Any other business <i>Jacobs Engineering Survey</i> Mr Starkey has emailed Jacobs Engineering Survey to Mr Gray, he will review and circulate to Board members once it has been finalised.</p>	RG

Mr Millard will present the report at the next Management Review Meeting on 13 th October.	KS
<i>Online cleaning (SPG & online explosive cleaning) project review</i> Mr Millard will present to the board at the next Management Review Meeting on 13 th October.	KS
<i>Flood protection</i> Mr Starkey gave the board an update regarding flood protection. The insurers do not require a flood wall to be built, therefore due to the high cost this has now been discounted. It is now planned for a flood emergency response plan and local flood protection to key buildings to be implemented.	
<i>Capital reduction</i> Capital reduction to be included as an agenda item at the next Board meeting.	CP
<i>Risk Register</i> Risk Register to be included as an agenda item and part of the board pack which will be reviewed at all future board meetings.	KS

Dates of next meetings

The dates of the next meetings were confirmed as:

Shareholder Panel Meeting	Wednesday 21 st September 2016 commencing at 16.00pm at the Registered Office
Management Review Meeting	Thursday 13 th October 2016 commencing at 10.00am at the Registered Office
Board Meeting	Monday 7 th November 2016 commencing at 10.00am at the Registered Office

There being no further business, the Chairman close the meeting at 4.30 pm.

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Chairman