



Recovering Energy from Waste

Board Meeting Minutes

Monday 12th July 2021
10.00 via Video Conference

Present: R Gray (Chairman)
B Hastie
K Starkey
C Penson

Apologies: P Johnson

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

	Action
<p>1. Statutory Accounts for Year Ended 31st March 2020</p> <ul style="list-style-type: none">• Going Concern Report• Auditor's Report to the Board by EY• Representation Letters to EY• Approval of Financial Statements <p>Ms McNeil, senior statutory auditor for EY, was invited by the Chairman to join the meeting. Mr Gray welcomed Ms McNeil to the meeting.</p> <p>The Board considered the report on going concern submitted by Mr Penson, which was split into two sections. The first considered going concern on the basis of normal operation, assuming that the coronavirus pandemic does not have any material impact on the operations of the Company. The second considered a stress test scenario where the Company was shut-down for a year. The report assessed the facts and circumstances relevant to the Company's decision to draw up the financial statements for the year ended 31st March 2021 on a going concern basis. In both cases the cash flow forecasts were considered along with any other mitigating factors.</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 2021. She gave an overview of the financial performance of the Company and updated the Board on issues considered during the audit such as those involving significant judgement like the defined benefit pension liability, procedures around going concern and the receipt of all bank confirmations from Lloyds Bank. Ms McNeil confirmed that EY considered themselves to be independent, that they agreed that the accounts could be drawn up on a going concern basis and an unqualified audit opinion would be included in the financial statements.</p> <p>Ms McNeil drew the Board's attention to the letters of representation.</p> <p>The financial statements for the year ended 31st March 2021 were considered and approved by the Board.</p> <p>The financial statements and the letters of representation were to be signed by Mr Starkey and Mr Penson following the meeting with copies scanned to EY. EY will then return electronic copies of the account to Mr Penson with a signed audit opinion. This full signed version will then be submitted by Mr Penson to TMF for filing at Companies House.</p> <p>On behalf of the Board, Mr Gray thanked Ms McNeil's team for their hard work and for the efficient manner in which the audit has been conducted.</p> <p>Ms McNeil then left the meeting.</p>	
<p>2. Minutes of Previous Meeting</p> <p>The minutes of the previous meetings on 17th May and 7th June were agreed. Mr Gray will print and sign them following the meeting and send a scanned copy to the Company for filing.</p>	<p>C Penson K Starkey</p> <p>R Gray</p>
<p>3. Matters Arising</p> <p><i>Insurance renewal</i></p> <p>Mr Penson updated the Board on the latest discussions relating to the insurance renewal and confirmed that a meeting with FM Global had taken place in the previous week following on from an engineering visit in May. Mr Starkey informed the Board that following the completion of the furnace hall roof replacement FM Global intended to award the Company "Best in Class" status. The timetable for renewal remains the same and FM Global will provide an indication of terms in September.</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>	

There were no injuries reported in April, with one injury in each of May and June.

There were no breaches of the operating permit and no external environmental complaints since the last Board meeting. There was one abnormal operation where 11 minutes of data were lost on stream 2 due to a breaker trip. The service technician was onsite and able to respond and reset.

Company pandemic control measures will continue in force for the time being. The senior management will review any changes in measures announced by the government and amend the Company's mitigation plan as appropriate.

Meetings continue to discuss the recent changes in the Best Available Technique Reference Documents (BREF) at the Environmental Services Association (ESA) via video conference. There are still no indications when the Company will be issued with a new permit. The deadline of December 2023 remains in place and the Company is actively engaged with ESA and the Environment Agency.

At the Household Waste Recycling Centre Coventry City Council have agreed that two members of the public can leave their vehicle to dispose waste. The previous restriction of one person caused instances of verbal abuse and health and safety risks amongst members of the public were increased.

Mr Starkey concluded his report by referring to the 2021 improvement programme. All projects were on target to be completed within the designated timescales.

5. Commercial Report

Mr Starkey confirmed that there were no matters on which to provide an update.

6. Company Performance Report

Mr Starkey presented the plant performance for the first two months ended 23rd May 2021.

The waste throughput is in line with budget but 11% lower than last year. A and B Shareholder waste throughput was 14% lower than budget and 5% higher than last year. C Shareholder waste throughput was 2% ahead of budget and 6% lower than last year. Non-shareholder waste throughput was ahead of budget and 64% lower than last year.

A and B Shareholder waste accounted for 47% of total throughput compared with 40% in the same period last year. A,B and C Shareholder waste accounted for 93% of total throughput compared with 83% in the same period last year.

Plant availability was 88% compared with a budget of 87% and a prior year performance of 95%. Significant downtime was caused by tube leaks to unit 2 in period 1. In addition the minor outage carried out in the prior year was reduced in scope and caused lower than budgeted downtime while the minor outage in the current year was of a normal scope and duration. Average waste throughput per unit hour was [REDACTED] tonnes compared with a budget of [REDACTED] tonnes and a prior year performance of [REDACTED] tonnes.

Electricity export was 3% higher than budget and 12% lower than last year due primarily to the lower throughput.

Mr Penson reported to the Board on the Company's financial performance. The profit before tax and pension provision for the first 2 months was £1,635k which was £553k ahead of budget and £746k lower than last year. Revenues were £146k higher than budget due principally to higher than expected waste sales, arising from the better throughput rate, and a switch in sales mix between A and B shareholder waste and C shareholder and non-shareholder waste. Electricity generation revenues are also higher than budget.

Mr Penson reported that total EfW costs are £350k lower than the budget. There have been cost savings compared to the budget in most categories, most notably maintenance, utilities, compliance and performance, administration and depreciation.

Mr Penson presented a revised forecast for the year ending 31st March 2022. The forecast profit before interest, pensions and tax is £10.2m compared with a budget of £8.6m. The year-end cash position is forecast to be £11.9m, compared with a budgeted figure of £9.4m, due to a better than budgeted opening position and better forecast trading.

7. Future Electricity Trading Strategy

Mr Starkey presented a paper on a proposal for the future electricity trading strategy. He outlined the current strategy of using the NFPA e-Power auction and compared it to an alternative near curve trading approach, providing details of the potential risk and rewards of adopting such an approach.

Mr Starkey proposed that the Board approve a one year trial with the Company's preferred near curve trading partner, [REDACTED], for G2's electrical export, so that the suitability of the arrangement can be assessed, and reported to the Board with a view to making a further decision about whether this approach should be used going forward for the sale of all or some of the Company's electrical export.

<p>The Board approved Mr Starkey to enter into an initial one-year trial with [REDACTED] for G2 electrical export.</p>	<p>K Starkey</p>
<p>8. Review of Risk Register Mr Starkey and Mr Penson updated the Board on the items listed in the Business Risk Register which were discussed and approved.</p>	
<p>9. Register of Directors' Interests Mr Penson presented the Register of Directors' Interests which was approved by the Board as an accurate record.</p>	
<p>10. Contracts for Board Authorisation Mr Starkey presented the Board Contract Authorisation Record which was noted by the Board and the items relating to electrical export and APCR disposal were approved.</p>	
<p>The items relating to the office building replacement, the steam generation bank tube replacement and the CEMS equipment upgrade were noted but Mr Starkey was asked to provide further details to the Board prior to any final decision regarding the approval of contracts being made.</p>	<p>K Starkey</p>
<p>10. Any other business None</p>	

Dates of next meetings

The dates of the next meetings were confirmed as:

- | | |
|---------------------------|---|
| Management Review Meeting | Monday 4 th October 2021 commencing at 10.00. Method of meeting TBA. |
| Board Meeting | Monday 8 th November 2021 commencing at 10.00. Method of meeting TBA. |
| Shareholder Panel Meeting | Wednesday 19 th January 2022 commencing at 16.00. Method of meeting TBA. |

There being no further business, the Chairman closed the meeting at 11.15.

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Chairman