



Recovering Energy from Waste

## Board Meeting Minutes

**Monday 11<sup>th</sup> July 2022**  
**10.00 at the Registered Office**

Present: R Gray (Chairman) – via video link  
B Hastie  
P Johnson  
K Starkey  
C Penson

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

	Action
<p><b>1. Statutory Accounts for Year Ended 31<sup>st</sup> March 2022</b></p> <ul style="list-style-type: none"><li>• Going Concern Report</li><li>• Auditor's Report to the Board by EY</li><li>• Representation Letters to EY</li><li>• Approval of Financial Statements</li></ul> <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 a major disruptive event does not have any material impact on the operations of the Company. The second considers the potential impact of a major disruptive event similar to the coronavirus pandemic on the Company.</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 31<sup>st</sup> March 2022.</p>	

<p>She gave an overview of the financial performance of the Company. She further 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 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. The letter was signed by Mr Starkey and Mr Penson and Mr Penson confirmed that he would send a scanned copy to Ms McNeil immediately following the meeting with the original being retained by the Company.</p> <p>The financial statements for the year ended 31st March 2022 were considered and approved by the Board. The financial statements were then signed by Mr Starkey and Mr Penson on behalf of the Company and Ms McNeil on behalf of EY. Mr Penson confirmed that he would send scanned copies of the signed versions to Ms McNeil immediately following the meeting with the originals being retained by the Company.</p> <p>On behalf of the Board, Mr Gray thanked Ms McNeil's team for their hard work during the audit. Ms McNeil thanked the Company for its assistance in ensuring that the process was as smooth and efficient as possible.</p> <p>Ms McNeil then left the meeting.</p>	<p>Mr Penson</p> <p>Mr Penson</p>
<p><b>2. Minutes of Previous Meeting</b> The minutes of the previous meeting on 3<sup>rd</sup> May were agreed. Ms Kaur will send a plain copy of the minutes to Mr Gray following the meeting for him to sign and return to the Company for filing.</p>	<p>Mr Gray</p>
<p><b>3. Matters Arising</b> There were no matters arising.</p>	
<p><b>4. Environment, Health &amp; Safety Report</b> 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>There were two injuries reported in April involving members of the public, none in May and one in June involving a contractor. All the injuries were minor.</p> <p>There were no abnormal operations, environment permit breaches, or emissions issues. The Environment Agency compliance officer visited site in May to audit the flood emergency response procedure and controls. There were also two environmental incidents in June</p> <p>There has been a slight increase in member of the public (MOP) accidents at the HWRC over but overall the rates remain extremely low when</p>	

compared to the number of MOP's visiting the site. However, in order to try and reduce the accidents a toolbox talk has been issued to all HWRC staff reminding them of how they can assist MOP's to safely dispose of their waste.

Mr Starkey concluded his report by referring to the 2022 improvement programme. All projects were on target 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 and other contracts.

## 6. **Company Performance Report**

Mr Starkey presented the plant performance for the first two months ended 22<sup>nd</sup> May 2022.

The waste throughput is 3% lower than budget but in line with last year. A and B Shareholder waste throughput was 6% lower than budget and 3% lower than last year. C Shareholder waste throughput was 8% lower than budget and 1% higher than last year. Non-shareholder waste throughput was 74% ahead of budget and 14% higher than last year. Waste receipts were lower than budget but waste throughput was 1% higher than both budget and prior year.

A and B Shareholder waste accounted for 46% of total throughput compared with 47% in the same period last year. A,B and C Shareholder waste accounted for 92% of total throughput compared with 93% in the same period last year.

Plant availability was 91% compared with a budget of 90% and a prior year performance of 88%. The average waste throughput per unit hour was ■■■ tonnes compared with a budget of ■■■ tonnes and a prior year performance of ■■■ tonnes.

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

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 £2,340k which was £288k ahead of budget and £705k ahead of last year. Revenues were £236k higher than budget due principally to higher than expected waste sales, arising from the better throughput rate, a switch in sales mix between A and B shareholder waste and C shareholder and non-shareholder waste and higher incinerated metal and heat sales. Electricity generation revenues are in line with budget.

Mr Penson reported that total EfW costs which are in line with budget. There have been cost savings compared to the budget in most categories,

	<p>most notably depreciation, maintenance, utilities and compliance and performance. However, these savings have been offset by higher costs in administration (due to recruitment) and operations where consumable costs are more than £130k higher than budget.</p> <p>Mr Penson presented a revised forecast for the year ending 31<sup>st</sup> March 2023. The forecast profit before interest, pensions and tax is £16.2m compared with a budget of £15.4m. The year-end cash position is forecast to be £14.4m, compared with a budgeted figure of £9.9m, due to a better than budgeted opening position, lower forecast capital expenditure and better trading. Mr Penson commented that there was considerable uncertainty surrounding the forecast due to rising prices, in particular of operational consumables.</p> <p>Mr Starkey and Mr Penson also gave an update on operational and financial performance for period 3.</p>	
7.	<p><b>Carbon Zero Strategy</b> Mr Starkey presented the Carbon Zero Strategy which was noted by the Board.</p>	
	<p>Mr Johnson commented that the report needs to outline what the next steps for the Company are, and Mr Starkey undertook to amend the report so that the next steps are highlighted.</p>	Mr Starkey
	<p>Mr Hastie suggested that a shorter, summarised version of the report giving an overview of the key elements should be prepared by Mr Starkey for future communication to the Shareholder Panel.</p>	Mr Starkey
	<p>The method of communication to the Shareholder Panel was discussed and it was agreed that the matter should be addressed as part of the Five Year Plan presentation to the Panel in January 2023.</p>	Mr Starkey
8.	<p><b>Electricity Trading Strategy</b> Mr Starkey updated the Board on the proposed future electricity trading strategy. The Board supported the strategy and gave approval for Mr Starkey to proceed with a one-year contract with EnDCo for G2 export and to sell G1 export one year ahead via the e-Power auction at a time to be determined at the executive directors' discretion.</p>	Mr Starkey Mr Starkey/ Mr Penson
8.	<p><b>Review of Risk Register</b> Mr Starkey and Mr Penson updated the Board on the items listed in the Business Risk Register which were discussed and approved.</p>	
9.	<p><b>Register of Directors' Interests</b> Mr Penson presented the Register of Directors' Interests which was approved by the Board subject to two of Mr Hastie's appointments being removed at his request. Mr Penson stated that he would circulate a revised schedule.</p>	Mr Penson

<p><b>10. Contracts for Board Authorisation</b>  Mr Starkey presented the Board Contract Authorisation Record which was considered by the Board. The record was approved by the Board, subject to it being amended for the decisions on the sale of electrical export for 2023/24 agreed earlier in the meeting. Mr Penson stated that he would circulate a revised schedule.</p>	<p>Mr Penson</p>
<p><b>10. Any Other Business</b></p> <p>Mr Starkey provided a brief overview of the Long Term Business Plan to the Board and undertook to circulate the document to members prior to the next Board meeting.</p> <p>Mr Gray asked Mr Penson to update the Board on a recent Freedom of Information Act request which had been received.</p> <p>Mr Gray commented that whilst the ability to attend meetings via video conferencing was useful if the need arose, he had experienced some technical challenges. Mr Starkey commented that these would be investigated and resolved following the meeting.</p>	<p>Mr Starkey</p> <p>Mr Starkey</p>

**Dates of next meetings**

The dates of the next meetings were confirmed as:

- Management Review Meeting      Friday 23<sup>rd</sup> September 2022 commencing at 10.00 at the Registered Office
- Board Meeting                      Monday 7<sup>th</sup> November 2022 commencing at 10.00 at the Registered Office
- Shareholder Panel Meeting      Wednesday 25<sup>th</sup> January 2023 commencing at 16.00  
Method of meeting TBA

There being no further business, the Chairman closed the meeting at 12.15.

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Chairman