



Recovering Energy from Waste

## Board Meeting Minutes

**Monday 10<sup>th</sup> July 2023**  
**10.00 at the Registered Office**

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

In attendance: L McNeil - EY (agenda item 1) - via video link  
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 by video link. 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.</p> <p>The first considered going concern in the normal way, assuming that a major disruptive event does not have any material impact on the operations of the Company but taking into account the fact that on 27th May 2023 the Company's G1 turbine suffered a serious failure. The Company's forecasts have been updated to recognise the impact of this. The second considered the potential impact of a major disruptive event similar to the coronavirus (COVID-19) 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 2023 and she gave an overview of the financial performance of the Company.</p> <p>Ms McNeil further updated the Board on issues arising from the audit, in particular the change in the method of valuation for the defined benefit pension scheme, confirmed that EY considered themselves to be independent, that they agreed that the accounts could be drawn up on a going concern basis and that 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 to be signed by Mr Penson and Mr Starkey after the meeting. 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 31<sup>st</sup> March 2023 were considered and approved by the Board. The financial statements were to be signed by Mr Starkey and Mr Penson on behalf of the Company and Mr Penson would send a scanned copy to Ms McNeil immediately following the meeting. Ms McNeil would sign them on behalf of EY and then send scanned versions of the financial statements to the Company so that the necessary filings could be made in due course.</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><b>2. Minutes of Previous Meeting</b></p>	Mr Penson
<p>The minutes of the previous meeting on 12<sup>th</sup> May and 5<sup>th</sup> June were agreed and signed</p>	
<p><b>3. Matters Arising</b></p>	Mr Penson
<p>There were no matters arising.</p>	Mr Penson
<p><b>4. Environment, Health &amp; Safety Report</b></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. Mr Starkey pointed out that there was an error within the Environment, Health &amp; Safety report regarding accident numbers reported within the table and the RIDDOR graph. A new version of the report will be issued showing the correct information.</p>	
	Mr Starkey

There were no injuries reported in April. There were two injuries in the month of May and a further two in June. Three of the injuries involved members of the public and were minor injuries. One of the injuries involved a staff member causing damage to their finger during a lift. This incident is under investigation and was reportable under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR).

There were no breaches of permitted emission limit values (ELVs), environmental incidents reported, abnormal operations or environmental complaints received in April, May and June 2023.

Mr Starkey concluded his report by referring to the 2023 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.

Nitrous Oxide (N<sub>2</sub>O/Laughing Gas) cylinders are finding their way into the Company's waste stream. These are exploding and causing damage to the plant and taking it offline. The Company have given [REDACTED] either to remove the cylinders and conform to the contractual waste acceptance criteria or find an alternative disposal route.

**6. Company Performance Report**

Mr Starkey gave an update to the Board with regard to the G1 turbine failure and a detailed timeline of events that took place on Saturday 27th May. The repair options and the potential financial impact on the business were discussed.

Mr Starkey presented the plant performance for the first two months ended 21<sup>st</sup> May 2023.

The waste throughput is 1% lower than budget but 7% behind last year. A and B Shareholder waste throughput was 17% lower than budget and 8% lower than last year. C Shareholder waste throughput was 2% higher than budget and 15% behind than last year. Non-shareholder waste throughput was 140% ahead of budget and 45% higher than last year. Waste receipts were lower than budget but waste throughput was 5% higher than budget although 6% behind prior year.

A and B Shareholder waste accounted for 45% of total throughput compared with 46% in the same period last year. A,B and C Shareholder waste accounted for 88% of total throughput compared with 92% in the same period last year.

Plant availability was 89% compared with a budget of 85% and a prior year

<p>performance of 91%. The average waste throughput per unit hour was [REDACTED] tonnes compared with a budget of [REDACTED] tonnes and a prior year performance of [REDACTED] tonnes.</p> <p>Electricity export was 7% higher than budget and 4% behind last year.</p> <p>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 £3,892k which was £1,217k ahead of budget and £1,552k ahead of last year.</p> <p>Revenues were £409k higher than budget due principally to a switch in the sales mix between A, B and C shareholder waste and higher electrical volumes, while the £1,888k better than prior year performance is caused mainly by the much higher electrical revenues due to the higher price.</p> <p>Mr Penson reported that total EfW costs were £789k lower than budget. There have been a significant cost savings in transport and disposal due to the lower than budgeted cost of IBA disposal, operating costs due to the lower than budgeted cost of consumables, principally lime and ammonia, and utilities and maintenance due to the delay in the outage</p> <p>Mr Penson presented a revised forecast for the year ending 31<sup>st</sup> March 2024. The forecast was based on certain assumptions relating to the G1 loss and is only an interim position pending a better understanding of the outcome of the property damage and business interruption claims.</p>	
<p><b>7. 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>	
<p><b>8. Policies for Approval</b> Mr Penson presented the following statements and policies which were discussed and approved:</p> <ul style="list-style-type: none"> <li>• Modern Slavery and Human Trafficking Statement (Modern Slavery Act 2015)</li> <li>• Anti-Slavery and Human Trafficking Policy (Modern Slavery Act 2015)</li> <li>• Anti-Facilitation of Tax Evasion Policy (Criminal Finance Act 2017)</li> <li>• Anti-Bribery and Anti-Corruption Policy (Bribery Act 2010)</li> </ul> <p>Mr Gray pointed out a typographical error in the definitions section of the Anti-Bribery Policy which Mr Penson stated that he would correct in the final version.</p>	Mr Penson
<p><b>9. Register of Directors' Interests</b> Mr Penson presented the Register of Directors' Interests which was approved by the Board subject to two changes. Mr Hastie's local school</p>	

<p>academy appointment to be removed and Mr Johnson's job title to be amended. Mr Penson stated that he would circulate a revised schedule.</p>	<p>Mr Penson</p>
<p><b>10. Contracts for Board Authorisation</b>  Mr Starkey presented the Board Contract Authorisation Record which was considered by the Board.</p> <p>Mr Gray queried whether non-capital contracts over a certain value needed Shareholder approval. Mr Penson stated that he did not believe this was the case but he would check the matters reserved to the Shareholder Panel in the Articles of Association.</p> <p>It was agreed that the title would be amended from authorisation to notification.</p>	<p>Mr Penson</p>
<p><b>11.</b></p> <div style="background-color: black; width: 100%; height: 100%; min-height: 60px;"></div>	
<p><b>12. Any Other Business</b></p> <p><b><i>West Midlands Pension Fund Update</i></b>  Mr Penson updated on the Board on further discussions held with the Fund regarding the preferred course of action should a crystallisation event occur. The Board were satisfied with the responses received from the Fund and confirmed that Mr Penson was authorised to progress discussions with WMPF and any other relevant advisors regarding the preferred approach, which is the entering into of a deferred debt arrangement (DDA).</p> <p><b><i>Trade Union</i></b>  Mr Starkey briefed Board members regarding the written request received from the trade union Prospect for recognition of a bargaining unit at the Company. Mr Starkey confirmed that voluntary recognition had been rejected and that the statutory recognition process was currently in progress.</p>	<p>Mr Penson</p>

## Dates of next meetings

The dates of the next meetings were confirmed as:

Management Review Meeting      Monday 25<sup>th</sup> September 2023 commencing at 10.00 via Teams

Board Meeting                              Monday 6<sup>th</sup> November 2023 commencing at 10.00 at the Registered Office

Shareholder Panel Meeting      Wednesday 24<sup>th</sup> January 2024 commencing at 16.00 via Teams

There being no further business, the Chairman closed the meeting at 11.55 am.

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Chairman