

Report of the Managing Director of Yorwaste

1. How Yorwaste delivers shareholder value.

As a Teckal company, Yorwaste delivers shareholder value in a number of ways:

Directly through either a reduction in the cost of service provision to the shareholding authority or in the generation of profits which accrue to the shareholding authority. This value is enhanced by the operation of commercial activities which can offset operating costs to the authority or enhance the generation of profits.

Indirectly through the shareholders' investment in Allerton Waste Recovery Park (AWRP) by maximising their potential financial return from volume related contractual terms.

Intangibly in that, because of its shareholding ownership, additional ad-hoc services and assistance to the shareholding authority are provided at either cost or zero charge.

The challenge for Yorwaste is to balance the above factors to deliver a cost effective, tax efficient, value for money solution for the local taxpayer.

2. Outturn for Fiscal Year 2024/25.

The Company had another successful year both operationally and financially.

Risk & Compliance

The Company had no Lost Time Incidents in the fiscal year (first time ever) and has had no RIDDORs for more than 2 years. The Company's continued focus on safety was recognised with a ROSPA Gold Medal award.

In respect of vehicle compliance the Company maintained its "Green-Green" OCRS status for its transport operations. The Company had no Environment Agency enforcement notices in the year.

The Company maintained its Cyber Essentials Plus accreditation and had no data breaches or data losses.

Operations

The Company saw an increase in its Commercial revenues whilst keeping costs tightly controlled. This has been helped with increased marketing supported by better on-line customer onboarding process which now accounts for the majority of new signings.

The Company upgraded its Materials Recycling Facility (MRF) operations to handle increased volumes and improve recyclate quality, the combined impact of which has increased the value of recyclate rebate to its Local Authority customers. The Company also retained significant volumes of third-party recyclate processing albeit at slightly reduced margins.

The recent requirement of the Environment Agency to separately collect and handle POPs (Persistent Organic Pollutants) has placed additional strain on HWRCs and Waste Transfer stations due to the need for increased segregation as well as increased the number of transport lifts. Whilst this new waste stream has been successfully accommodated some sites are now near capacity and medium term additional investment may be required should further waste segregation be required.

Planning approval for the solar farm at Harewood Whin has been granted and the Company is working with City of York Council on how to best to proceed. Whilst Yorwaste has a need for up to 1MW of capacity on the site (to meet its Net Zero commitments to the shareholder), the remainder is reserved for CYC.

Financial Performance

Company turnover for the year was broadly flat at £46.1m with reductions in revenues from landfill gas generation offset by revenue increases in its core waste management activities. This was achieved on a reduced operating cost base of c. £0.3m resulting in an increased Profit Before Tax of £1.65m (vs prior year).

The Company continues to maintain adequate provisions to meet its FRS12 landfill aftercare liabilities.

As in previous years the Company delivered on its full volume and price targets to maximise the shareholders' return from their investment in Allerton Waste Recovery Park.

As agreed in a previous Shareholder Committee, a copy of the Annual Report and Accounts will be included as an appendix once they have been approved at the Company's AGM and filed with Companies House.

3. Current Performance

With only a couple of months trading the Company's year-to-date trading is marginally behind that of the prior year, however it is too early to make any meaningful predictions on what this means for full year.

The Government's "Simpler Recycling" strategy came into effect on 1st March which has increased the requirement for commercial recyclate and food waste collections. The impact of this won't be fully understood until we reach a steady state as the commercial sector is still in a period of transition to the new collection model.

The Company has introduced a new safety measure to reduce the risk to staff on waste transfer stations. This new measure, which is fitted on heavy plant, will significantly reduce the risk of collision with personnel walking in the area of operation (this being one of the reasons for fatalities in the waste industry).

In recognition of the Company's continuous improvement strategy and commitment to its employees wellbeing Yorwaste was recently awarded Investors in People Silver accreditation.

4. Looking Forward

Whilst there are no imminent large scale changes anticipated on the near horizon, there are a number of medium term strategic questions being explored with the client-shareholder. These include future MRF requirements, the need for capacity expansion at Waste Transfer Stations, and the potential impact of changing EA regulations on HWRCs.