

# ANNEX 1:

## **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. Update on current performance**

After 559 days of no LTIs and 1016 days of no RIDDORs the company had 2 LTIs and 1 RIDDOR over the past quarter. The LTIs were relatively minor in nature and the RIDDOR was a shoulder injury following a slip. Whilst it is disappointing that our LTI/RIDDOR free run has come to an end, it is good to know

that those accidents were not serious nor the result of failures in the companies procedures.

Financially the Company is on course to deliver somewhere between £0.7m and £1.0m Profit Before Tax which, whilst below last year, is primarily the result of absorbing a level of increased operational costs (mostly staff related) rather than pass them onto the local authority customer.

### **3. Current Issues**

We currently have a shortage of HGV drivers driven by wage competition in the local market and some retirements. A recruitment

campaign is underway along with a review of the driver compensation package.

We recently had a series of fires in RCVs and Waste Transfer Stations, most likely the result of Lithium Batteries being disposed of general waste. No one was injured and no equipment had any significant damage. This is an industry wide issue and whilst the ideal scenario would be that people disposed of lithium batteries in designated waste streams (HWRCs, some supermarkets) it is a risk that needs to be accepted and managed as elimination is unlikely.

In December we also had a spate of compost fires, all of which were quickly brought under control with no harm to staff or equipment. Whilst compost fires do occur from time to time, to have had three in the space of a month is unprecedented, and we are undertaking a review to see what lessons might be learned to limit future events.

#### **4. Looking Forward**

We are currently in the process of finalising next years budget. Both operating costs are increasing at rates above CPI inflation, with the 6.7% increase in Foundation Living Wage impacting the majority of our staff costs along with additional capital costs arising to meet EA guidelines.

Competition in the wider commercial market will place pressure on price increases, further squeezing margins.

The evolving requirements of government legislation is creating capacity pressure on some HWRCs and Waste Transfer Stations and we are looking at capital investment to address those pressures.

Longer term opportunities around upgrades or relocation of the MRF and/or investment in IVCs have been presented to the client and are now undergoing options appraisal.