

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. Out-turn for Fiscal Year 2022/23.

Risk & Compliance

Whilst the British Safety Council Five Star Health & Safety Audit award demonstrates the Company's commitment to providing a safe environment for its employees and other stakeholders, there were unfortunately 4 RIDDORs in the year. Whilst all 4 events arose because of employees either not taking notice of their environment and/or through not following Company procedures it does highlight that there is still work to be done and this will form part of the Company's focus over the next fiscal year.

The Company had Health & Safety Executive site inspections as part of the agency's focus on the waste industry. None of those inspections resulted in any concerns being raised and overall, the feedback from the inspectors was positive.

The Company had zero Compliance Assessment Report scores (CARs) arising from the Environment Agency audits. The last time the Company received any CARs points was March 2020.

The Company also continued its “Green” operator (low risk classification) under the DVSA’s Operator Compliance Risk Score assessments.

Financial Performance

Whilst the Annual Report has not been finalised nor approved by the Board the Company expects to report performance which was above its target profit for the year albeit that this was below the prior year. This is because the Company absorbed many of the past years inflationary pressures rather than pass them onto its NYC and CYC Clients.

Whilst operating costs inflation was significant, the Company benefited from higher landfill revenues and contribution from third party recycle processing. Landfill revenues benefited from Company initiatives to slow the decline in gas volumes combined with above trend prices in electricity generation.

The Company experienced a fire in its Harewood Materials Recycling Facility in January, most likely the result of a lithium battery which ended up in the hard plastics bay. The fire was largely restricted to the picking line and damage to the wider building was limited thanks to the fire suppression system. Within 2 weeks a temporary facility was in operation at Thirsk which allowed CYC to continue to benefit from recycling rebates, in under 10 weeks the main Harewood facility was up and running with improved quality rates. Throughout the whole period there was no interruption to service provision for CYC.

The Company generated robust cash flow in the year and accelerated the pay-down of the shareholder loans. This is a benefit in cash to the shareholder and reduces the Company’s gearing and its future interest costs at a time of rising interest rates.

The Company delivered the required target tonnage to maximise the Authority’s investment at AWRP. This was despite the Authorities’ own tonnages being down 5% year-on-year.

The Annual Accounts for the year ended 31 March 2023 are due to be finalised later this month and a copy will be provided as an appendix to the report at the next Shareholder meeting.

Governance & Best Practice

Over the course of the last financial year the Company was accredited under both Investors In People and the Good Business Charter. It also achieved Cyber Essential Plus accreditation for its Information Systems security infrastructure.

4. Current Trading

Risk & Compliance

The Company is in the process of implementing the recommendations which accompanied its award from the British Safety Council Five Star Health & Safety Audit.

Financial Performance

The Company's Budget target for the current fiscal year was only marginally profitable as a real-terms reduction in charges to the client have further trimmed profit headroom.

That said with 2 months results the Company has got off to a good start for the year, and whilst there are many months to go, on balance the Company sees more upsides than downsides at this point in the cycle.

Governance & Best Practice

The Company has recently had its first annual follow up after its award of the Investors In People (IIP) last year. The feedback from that review was very positive and we continue to implement the IIP recommendations.

The Company is in the process of renewing its ISO accreditations and implementing the recommendations from both the 5-star audit and IIP reports.

The Company has arranged Directors Responsibility training for its two most recent director appointments as part of best practice governance guidelines.

Environment & Climate Change

The Company is supporting the planning process for the large-scale solar farm at Harewood closed landfill with a decision expected late this year or early next.

The Company is also exploring small and mid-scale solar with an aim to meet its own annual electrical consumption from renewables by 2030.