

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. Report & Accounts for Fiscal Year ending March 2022

A full copy of the annual report and accounts for the year-ending March 2022 has been included in the appendices to this report.

3. Update on current performance

Despite the strong economic head-winds and after five months of results in the current fiscal year the Company is both profitable and trending ahead of budget.

This has been achieved through continued tight cost management, strong performance on commercial contracts, and higher landfill gas prices which have helped offset energy price increases elsewhere.

Governance & Best Practice

The Company has achieved Cyber Essentials Plus accreditation of its IT security infrastructure. The Company takes the cyber threat very seriously has put in place measures to minimise that risk.

The Company has also recently been accredited under the Good Business Charter, as far as we are aware this makes it the first CYC investment company to do so.

Environment & Climate Change

The Company is progressing with plans to install solar onto Harewood to support the Company's on site requirements. This is the minimum level of solar planned for Harewood and is relatively straightforward.

Large scale solar continues to be an option, but whilst there is shareholder support, the state of electrical network infrastructure and available capacity is currently a barrier to being able to export any electricity generation to the grid. This is proving to be a challenge which may not have a quick solution.

The Company is looking to transition its energy mix and reduce its carbon footprint and has outline plans as to how to achieve this. The current barrier to achieve this is the expensive retrofitting of sites to get sufficient levels of electricity both onto the site, and thereafter to specific areas of the site and even at current energy prices the business case is marginal. Alternate technology solutions are being considered.

The Company is also exploring a number of projects with York University and FERA which would improve the company's sustainability profile, however these are at a very early stage.

4. Looking Forward

Whilst it is too early to give a full year forecast with any confidence, our outlook is more positive than anticipated at our previous shareholder presentation in June 2022. However, this carries the caveat of exceptional uncertainty in the wider economic environment.

It is also unclear as to the outcome and timetable for the Government's Resource and Waste Strategy implementation. The time to implement new policies of this magnitude before the next election is rapidly reducing. Yorwaste has been working with the authority waste teams and outline plans covering a number of policy outcomes are in place.