

## **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**

#### **Health & Safety**

Safety remains the top priority at Yorwaste as the waste industry is the second most dangerous industry in the UK. At the time of submitting this report, and over the course of this fiscal year, the Company has seen two Lost Time Injuries (which were relatively minor in nature), and zero RIDDORs.

#### **Financial**

The Company is expected to deliver a full year profit in line with that of the prior year and ahead of the budget target.

This fiscal year has benefited from high electricity prices from landfill gas generation supported by above trend gas volumes achieved from projects which have maximised gas extraction.

Whilst disposal costs have increased significantly (an indirect shareholder benefit under the AWRP investment), operational costs have been well managed and are favourable to budget.

## **Governance & Best Practice**

The Company remains Teckal compliant and this will be independently audited by Veritau as part of the year-end audit process.

In January the Company was subject to a shareholder review by NYC to measure compliance against the recommendations of the guidance in the “*CIPFA Local Authority Owned Companies 2022 report*”. No areas of concern were identified and the Company was rated green across all categories.

## **Environment & Climate Change**

A decision on the Harewood Whin solar project is expected to be made by CYC planning this month (March 2024). Approval has already been granted to the Solar 2 project adjacent to Harewood Whin.

Yorwaste is reviewing options for fleet decarbonisation as part of a wider project being undertaken by NYC.

## **4. Business Plan 2024/25.**

Over the current fiscal year the Company has benefited from high landfill gas revenues however, whilst next years “strike” price is still higher than before the start of the Ukraine war, the combination of lower rates and reduced volumes will see those revenues drop substantially.

Whilst headline reported inflation is abating there is still residual inflation in the supply chain. Wage inflation is also higher than headline CPI driven by a 10% increase in Living Wage which does not just impact those at the Living Wage but also those just above that rate.

This drop in landfill gas revenues and real-terms costs increases, along with limiting the Teckal price increase to the local authorities, is therefore expected to result in a marginally profitable position for Budget 2024/25.

There is some room for upside on this position depending on the outcome of various commercial opportunities the Company is progressing.

The Company cash position continues to be strong which will allow the company to meet its significant capital expenditure outflows over the next 36 months (plant & fleet replacements, site infrastructure, and in-house solar) without any need for recourse to the shareholding authorities.

## **Strategic Priorities for Business Plan 2024/25**

The following strategic priorities for the coming year are essentially unchanged:

- 1) Continued focus on Health & Safety as the number one priority.
- 2) Ongoing optimisation of the current business both in terms of operating costs and commercial customer base.
- 3) Supporting shareholder needs under the Governments Resource and Waste Strategy policy.
- 4) Development of business case for solar on closed landfills to help deliver the shareholders Net Zero vision.