

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. Review of performance for the first half of the current fiscal year to 31 March 2021.

Yorwaste continues to perform well both operationally and financially and was ahead of budget at the mid-year point.

The HGV driver shortage was a considerable operational challenge for the first half, but this situation has now stabilised. The Company, in line with the broader employment market, has also found it harder to recruit across a range of roles.

Management will continue to monitor this risk closely as it is anticipated that it will be several months until the market is back in balance.

Health & Safety

The Company has retained its ISO 450001 accreditation and was once again awarded ROSPA Gold. As covid restrictions reduced, and with a return to more normal operations, the injury incidence rate has

started to climb slightly from its all-time low and the Company is investing in additional training to mitigate this.

Environment & Climate Change

The Company is progressing with its work to support ISO 50001 Energy Management Certification and targets to gain accreditation by the end of the current fiscal year as the first step towards a comprehensive carbon reduction strategy.

The Company is currently conducting a feasibility study into the potential for Green Energy Parks at one, or both of, the closed Harewood and Seamer landfill sites. This project is being conducted in partnership with the Company's shareholders.

Full Year Financial Estimate

The company maintained many of the cost savings delivered during last year's lockdown, which combined with higher landfill gas prices and above expected performance on the Commercial side of the business, has resulted in the Company being ahead of budget at the mid-year point.

The second half of the year will be more challenging with wage price inflation and higher fuel pump prices. The wider supply chain is also showing signs of upward inflationary cost pressure.

As a result, the second half of the year is expected to be broadly in line with budget with additional commercial revenues offset by inflationary cost pressures. Overall, the Company still expects to exceed budget, but profits are not expected to match last year's levels.

The Company is on target to deliver the maximum shareholders volume and target gate price for AWRP.

3. Business Plan 2021/22

The Company is still in the process of compiling the Budget for 2022/23 and it is too early to report numbers at this stage.

4. Looking Forward

As stated in previous reports the outcome of the Government Resource and Waste Strategy consultation continues to have the potential to impact the operations of Yorwaste. Whilst the Company

has a range of investment options under consideration, it is not deemed prudent to make significant investments until the outcome of the consultation has been concluded.

The Company is performing well and in a strong position to support any outcome by continuing to provide a value for money service and by actively engaging with future Authorities to deliver the opportunities which might arise.