

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 2023/24.

As agreed in a previous Shareholder Committee, a copy of the Annual Report and Accounts will be included as an appendix once they have been approved at the Company's AGM and filed with Companies House.

Risk & Compliance

The Company had a strong performance for the last fiscal year both in terms of safety and financial return.

For the first time the Company had a full year with no RIDDOR incidents along with a 50% reduction in Lost Time Injuries. The Company was reaccredited under ISO 45001 and received another ROSPA Gold award.

The Company maintained its "Green-Green" OCRS status for its transport operations.

The Company has zero Environment Agency enforcement notices in the year.

Financial Performance

The Company's turnover increased by 10.8% a significant proportion of which was inflation related. Total operating costs increased at a similar rate with higher increases in disposal costs partly offset by lower increases in other operating costs.

Whilst Profit Before Interest showed an increase, this was offset by increased interests costs so Profit Before Tax was only slightly ahead of prior year at £1.35m. This was still a strong result driven by well above trend rates from landfill gas revenues and third-party recycling activities.

Cash generation continued and capital expenditure in the period totalled £4.5m which included heavy plant replacements, investment in a waste compactors, along with a series of essential site infrastructure to repair concrete pads and upgrade drainage. The Company has sufficient liquidity to meet its planned capital investment program over the next few years.

Over the course of the year the Company had its periodic independent review of its FRS12 aftercare liabilities and this demonstrated that the company has adequate provision on its balance sheet to meet those future liabilities.

The Company also delivered on its full volume and price targets to maximise the shareholders' return from their investment in Allerton Waste Recovery Park.

3. Current Trading

Whilst last fiscal year's performance benefited significantly from higher than normal landfill gas revenues, the coming fiscal year will see a significant drop in those landfill gas revenues as market rates return closer to historic trends.

That said, the first couple of months have benefited from the retention of the uncontracted third-party recycling and, to date, continues to do so. The Company has also seen growth in its commercial collections over the past couple of months which, if maintained, represents another potential upside for the current year's performance.

Annex 1 Yorwaste Headline Performance Review

Whilst there are many months remaining in the current fiscal year, the Company is more optimistic about a positive profit position than it was at the last Shareholder Committee meeting.

The impact of the Government's "Simpler Recycling" strategy continues to evolve and the Company, in close co-operation with its Shareholding Authority clients, has a number of options to meet those requirements in a cost effective and compliant manner.

The Company submitted a planning application for a 28 MW solar farm on the site of its Harewood Whin closed landfill with a decision expected in the Summer of 2024. In addition to this project the Company is progressing with small-scale solar projects scaled to meet their needs. The Company has a target to be net-negative carbon in relation to its electricity consumption by 2030. In terms of its vehicle carbon footprint, the Company is participating in NYC's fleet decarbonisation project.