

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 2026

The Yorwaste Annual Report & Accounts for the year ending March 2026 is included in the appendices as agreed in previous Shareholder Committee meetings.

3. Update on current performance

As explained at the last update the Company agreed a break-even budget with the Client-Shareholding Authorities for the current fiscal year pending the finalisation of a new funding formula which is underway with the client waste team.

However, this break-even position did not account for the significant increase in fuel prices which, whilst being broadly mitigated in Q1, is now creating a significant fiscal drag.

As of today, the Company is trending behind budget and the rate of shortfall looks set to increase as the price of diesel increases. The Company has a few mitigation options which it is looking to implement,

however as it has trimmed most of the financial “fat” over the past few years there is little remaining to offset the full impact.

Management remain focused on delivering to the budget and will continue to look for new revenues and/or further cost efficiencies, and if fuel costs ease in the next few weeks, we can be more optimistic for budget achievement.

On the more positive side the company has seen a marked decrease in the staff turnover at the HWRCs. This has contributed to a successful roll out of the North Yorkshire Council HWRC ePermit scheme which now requires NYC residents to register their vehicle in order to use the HWRC.

Similarly, the Company is seeing increased, albeit modest, like-for-like growth in commercial collections revenue, however the market for commercial collections remains intensely competitive.

4. Looking Forward

The main challenges and opportunities over the coming year arise from the continued roll out of the Government’s waste strategy.

We have previously outlined that simpler recycling creates additional costs in the processing of additional recycle streams, some of which may ultimately be counter-productive in their environment stewardship goals.

Overlay this with the EPR and DRS implementation and it is difficult to construct a solid investment case as the interaction between all three, Simpler recycling, EPR, and DRS, has the potential to create unintended consequences in the final operational solution for both commercial and local authority operators.

We continue to review the situation and work closely with the client waste team in the development of a solution which meets their objectives.