



Committee and Date

West Mercia Energy Joint
Committee

29th September 2020

Item

10

Public

**EXEMPT - NOT FOR PUBLICATION BY VIRTUE OF CATEGORY 3 PARAGRAPH
10.4.3 OF THE COUNCIL'S ACCESS TO INFORMATION PROCEDURE RULES**

RISK MANAGEMENT UPDATE

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1. Summary

- 1.1 The purpose of this report is for the Joint Committee to receive details of all medium and high risks in accordance with the WME Risk Management Strategy.

2. Recommendations

- 2.1 The Joint Committee are asked to consider and endorse, with appropriate comment the medium and high risks presented.

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998.
- 3.2 There are no direct environmental, equalities or climate change consequences arising from this report.
- 3.3 Given the subject matter of this report, the assessment of risk forms a fundamental part of the risk strategy.

4. Financial Implications

- 4.1 The financial implications of each risk are considered when the impact of the risk is assessed.

5. Background

- 5.1 The WME Risk Management Strategy is reviewed and presented to the Joint Committee on an annual basis. This was presented and endorsed by the Joint Committee in February. WME Risk Management Strategy states that the Joint Committee are to receive details of all medium and high risks at each meeting.
- 5.2 The risk register is kept under constant review and is formally reviewed by the management of WME twice a year. The current risk register comprises of seventy three highlighted risks.
- 5.3 The majority of the risks within the risk register are operational with controls in place which mitigate the impact of the risks to an acceptable risk level.
- 5.4 The table below identifies the five current high and medium risks, the three medium risks from the last meeting that now have a lower rank (classified as low) and the change in rank levels from the last meeting.

Ref	Risk	Risk Owner	L	I	Status	Rank	Rank Change
Current High and Medium Risks							
1	Breach of product tolerance levels	Gareth Maude	4	4	16	High	Increase
2	Breach of trading risk levels	Gareth Maude	1	5	5	Medium	No change
3	Central government policy or Regulative initiative	Nigel Evans	1	5	5	Medium	No change
4	Loss of key staff	Nigel Evans	2	4	8	Medium	No change
5	Impact of Covid-19 (lower volumes)	Nigel Evans	3	4	12	Medium	New risk
Previous Medium Risks							
1	Products to satisfy customers green agenda	Nigel Evans	3	3	9	Low	Decrease
2	Customer contracts	Nigel Evans	3	2	6	Low	Decrease
3	Negative asset position of WME balance sheet	Nigel Evans	1	3	3	Low	Decrease

L – likelihood of the risk
I – impact of the risk

- 5.5 Consideration of the impact of Covid-19 on lower consumed volumes has been identified as a new risk. Furthermore lower consumed volumes will impact on the potential breach of product levels and as a result the status of this risk has been increased from medium to high due to an increase in the likelihood level.
- 5.6 Three risks which were previous identified as medium have now been reclassified as low risk. The likelihood has been reduced on the first and third of the risks with the impact of the second risk downgraded.
- 5.7 With regards Brexit, to some extent it has ceased to be a factor impacting on the energy markets, particularly in light of the effects of Covid-19. As previously, any impacts of Brexit have been considered within other specific risks.

List of Background Papers (This MUST be completed for all reports, but does

not include items containing exempt or confidential information)

Joint Committee 25th February 2020 – Risk Management Update

Member

Councillor A Hardman of Worcestershire County Council (Chair of the Joint Committee)

Appendices

None