



Committee and Date

West Mercia Energy Joint
Committee

27th September 2022

WEST MERCIA ENERGY JOINT COMMITTEE

Minutes of the meeting held on 15 March 2022

**In the Shrewsbury/Oswestry Room, Shirehall, Abbey Foregate, Shrewsbury,
Shropshire, SY2 6ND**

10.00 am - 12.40 pm

Responsible Officer: Emily Marshall

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Present

Councillors Evans, Hardman, Kent, Davies, Harvey, Ed Potter and Gwilym Butler (joined remotely as a non voting member)

1 Election of Chairman

RESOLVED:

That Councillor Liz Harvey be appointed Chairman for the ensuing year.

2 Apologies for Absence

Apologies for absence were received from Councillor Lee Carter.

3 Appointment of Vice-Chairman

RESOLVED:

That Councillor Rae Evans be appointed Vice-Chairman for the ensuing year.

4 Minutes

RESOLVED:

That the Minutes of the West Mercia Energy Joint Committee held on 29th November 2021 be approved as a correct record and signed by the Chairman.

5 Public Questions

One question was received from Slawomir Adam Fejfer. A full copy of the question and response provided is attached to the web page for the meeting and also attached to the signed minutes.

6 Disclosable Pecuniary Interests

None declared.

7 Supplier Contracts

The Director of WME confirmed that there were no entries to report.

8 External Audit Plan 2021/2022

The Director introduced, John Fletcher (Partner) and Alex Riley (Audit Manager) from W R Partners. Alex Riley provided an overview of the audit plan and invited questions.

Clarification was sought in relation to page 11 relating to fraud and the disruption in world economy and how this impacted contracts. In response John Fletcher explained that this linked in with going concern. Reverse stress testing was performed, and this is linked into commercial contracts.

In response to a question relating to cyber fraud, John Fletcher explained that there was an increased risk due to the pandemic, due individuals working from home and receiving authorisation through emails and linked in with the fraud assessment and looking closely at the IT controls within an organisation. This was an area that was being focused on as part of the audit and they would report back. The Director of WME also confirmed that the business was working closely with Shropshire Council's Internal audit ICT Teams and WME was currently looking to review their Cyber Essentials Accreditation.

RESOLVED:

1. That the draft audit plan for 2021/22 as presented by WR Partners attached at Appendix 1, be approved.
2. That the commissioning of WR Partners to undertake the audit in accordance with the audit plan be approved.

9 Internal Audit Performance Report to March 2022

Ceri Pilawski, Head of Internal Audit presented the report, which outlined the Internal Audit Performance reports to March 2022.

The Chairman thanked the Head of Internal Audit for the excellent report and good assurance.

RESOLVED:

That the performance to date against the 2021/22 Audit Plan as set out in this report be endorsed.

10 Internal Audit Strategic Plan 2022

Ceri Pilawski, Head of Internal Audit presented the report, which outlined the Internal Audit Strategic Plan 2022/2023.

RESOLVED:

That the proposed programme of audits for 2022/23 be endorsed.

11 **Anti-Slavery and Human Trafficking Statement - 2021/2022**

The Director of West Mercia Energy presented the Anti-Slavery and Human Trafficking Statement Transparency Statement for 2021/22 for approval.

RESOLVED:

1. That the draft WME Transparency Statement for 2021/22 be approved.
2. That authority be delegated to the Director to finalise the WME Transparency Statement and publish it in accordance with section 54 of the Modern Slavery Act 2015.

12 **Risk Management Update**

The Director presented a report which provided a review of the WME Risk Management Strategy, including new risks and those upgraded, several of which were related to extreme and challenging market conditions and high prices currently being experienced.

It was questioned whether the commercial market had been affected by those suppliers who had ceased trading and how this had affected the scope in terms of the options available from different companies. In response the Director explained that the number of fixed price tenders that WME run were limited and Total, WME's flexible procurement framework provider, did not have a footprint in the domestic market and so there had been no impact there, it was added that recently many supplies have been reluctant to quote but overall there has been no significant effect on our supplier base.

In response to a question relating to risks associated with key staff, the Director was pleased to report that a new Head of Energy Procurement and Risk Management had been appointed.

In response to a question relating to climate change and how academics could be worked with to save energy and reduce over consumption, the Director confirmed that WME was looking to engage with partner organisations to gain the relevant expertise.

RESOLVED:

1. That the WME Risk Management Strategy attached at Appendix A be approved
2. That the position as set out in this report be noted.

13 **Distribution of Surplus**

The Treasurer presented the report which recommend the level of distribution of the surplus held on 31st March 2021 to the Member Authorities. The Treasurer explained that the new distribution method had been approved by the Cabinet's of Herefordshire Council, Shropshire Council and Telford & Wrekin Council but approval from Worcestershire County Council had not yet been secured. It was confirmed that for a distribution to be made, uniform agreement of the method is required by all four Member Authorities, if agreement from Worcestershire County Council was not secured an alternative approach would need to be found.

RESOLVED:

1. That the retention of a minimum accumulated surplus of £0.894 million be approved
2. That authority be delegated to the Treasurer, following a review of the updated forecasted positions and final volumes for March 2022, to increase the retained amount of the accumulated surplus in Recommendation 2.1 in order to ensure prudent cashflow for the 21/22 financial year.
3. That once the Treasurer has exercised the delegation in Recommendation 2.1(b), the distribution of any remaining accumulated surplus up to a maximum of £0.576 million following the deduction of the retained amount, in accordance with the revised distribution method under the amended provisions of the Joint Agreement. This is subject to the formal approval of the revised distribution method by Worcestershire County Council, the remaining Member Authority to do so.

14 Exclusion of Press and Public

RESOLVED:

That under Section 100(A)(A4) of the Local Government Act 1972, the public be excluded during the consideration of the following items of business on the grounds that they might involve the likely disclosure of exempt information as defined in Schedule 12(A) of the Act.

15 Exempt Minutes

RESOLVED:

That the Exempt Minutes of the meeting held on 29th November 2021 be approved as a correct record.

16 Annual Business Plan and Budget 2022/23 including review of 2021/22

The Director presented an exempt report for approval.

RESOLVED:

That the recommendations contained within the exempt report be approved.

17 Date of Next Meeting

It was noted that the next meeting would take place on Tuesday, 27th September 2022 at 10.00 a.m. in the Shrewsbury Room, Shirehall, Shrewsbury.

Signed (Chairman)

Date: