



Committee and Date

West Mercia Energy Joint
Committee

26th September 2023

Item

Public

RISK MANAGEMENT UPDATE

Responsible Officer Nigel Evans

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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 March. 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 eighty-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 eight current high and medium risks.

Ref	Risk	Risk Owner	L	I	Rank	Rank Change
Current High and Medium Risks						
1	Market conditions pre-pricing leading to less competitive prices / high year on year price rises	Julie Wassall	4	3	Medium	No Change
2	Breach of trading risk levels due to significant "in year" supplier reforecasting of volumes	Julie Wassall	2	5	High	No Change
3	Central government policy or Regulative initiative	Nigel Evans	1	5	Medium	No Change
4	Poor performance by a key supplier leading to customer service issues including a) billing issues, b) information - pricing/budgets,	Julie Wassall	5	2	Medium	Increased from Low
5	Unexpected consequences of a change of supplier e.g. diminishing levels of service, transfer delays and/or potential financial implications	Julie Wassall	3	4	Medium	Increased from Low
6	Loss of key staff	Nigel Evans	2	4	Medium	No Change
7	Bad debts / delayed payment	Jo Pugh	3	4	Medium	No Change
8	Dealing with suppliers whose ownership, structure, investments or general business activities are not deemed satisfactory by customers.	Nigel Evans	5	2	Medium	No Change

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

- 5.5 With still relatively high volatility remaining in the market, Risk Ref 1 and 2 remain at a medium and high rank respectively. Risk Ref 3 remains at a medium level to cover any central government policy or initiative which would adversely affect our business.
- 5.6 We have experienced some deterioration in service levels from our key energy supplier and as such Risk Ref 4 has been increased to a medium level. Regular

communications are in place between ourselves and the supplier. Whilst we have seen some improvements in service delivery recently, further improvements are required.

- 5.7 With a new electricity supply contract in place from 1st April 2024 with a different supplier, the risks associated with a change of supplier has been elevated (Risk Ref 5). There is a detailed transition plan in place to mitigate the risks here but as we haven't had a major move in supplier since 2016 the likelihood level as obviously risen.
- 5.8 Whilst four new staff have been recruited within the last year to help mitigate the risk relating to the loss of key staff, the risk (Ref 6) remains at the medium level. This recruitment does build in greater resilience and strengthens the business for further growth but it will take a little time for these new staff to develop and grow into their new roles.
- 5.9 Risk Ref 7 relates to the concerns around delayed or non-payment of bills by WME customers. For the financial year to date, our cash and debt management continues to be excellent but with the increasing financial pressures experienced by our customers, this risk remains at the medium level.
- 5.10 Risk Ref 8 remains at a medium level.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Joint Committee 15th March 2023 – Risk Management Update

Member

Councillor G Butler of Shropshire Council (Vice-chair of the Joint Committee)

Appendices

None