



Committee and Date

West Mercia Energy Joint
Committee

14th March 2025

Item

12

Public

RISK MANAGEMENT UPDATE

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1. Summary

- 1.1 The Joint Committee annually reviews the WME Risk Management Strategy and at each meeting receive details regarding the key risks identified.

2. Recommendations

The Joint Committee are recommended to:

- 2.1 approve the WME Risk Management Strategy attached at Appendix A;
2.2 accept the position as set out in this report.

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 current WME Risk Management Strategy was approved by the Joint Committee on 22nd March 2024, as detailed in Appendix A. The WME management team has conducted their annual review of the Strategy document, and no changes are proposed.

5.2 The risk register is regularly monitored and is formally reviewed by WME management twice a year. The current risk register includes seventy-one highlighted risks.

5.3 The majority of the risks documented in the risk register are operational, with mitigating controls effectively reducing the impact of these risks to an acceptable level.

5.4 The Strategy requires the Joint Committee to review all medium and high risks at each meeting. The table below shows the two current medium risks and the two risks that have been downgraded since the last meeting.

Ref	Risk	Risk Owner	L	I	Rank	Rank Change
<i>Current Medium Risks</i>						
1	Breach of Capital at Risk levels above 10% of Review Point level (as a result of market spike)	Julie Wassall	1	5	Medium	No change
2	Loss of business due to central government initiative or regulatory change	Nigel Evans	2	4	Medium	No change
<i>Reduced risks</i>						
1	Trading performance leads to uncompetitive portfolio prices during financial year	Julie Wassall	2	2	Low	Reduced from Medium to Low
2	Supplier reputational risk e.g. oil major or having ownership or investments within Russia or Belarus	Nigel Evans	5	1	Low	Reduced from Medium to Low

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

5.5 Risk Ref 1 remains at a medium level and continues to be monitored closely in light of increasing volatility in the market.

5.6 Risk Reference 2 remains at a medium level to address any potential central government policies or initiatives that could negatively impact our business. We are currently monitoring a Department for Education (DfE) energy pilot project in collaboration with the Crown Commercial Service. Given that education is a significant part of our customer base, we are closely observing the developments of this initiative.

5.7 The risk related to our trading performance resulting in uncompetitive prices during the year has been reduced from medium to low. The likelihood level has also been lowered because, at the time of writing this report, our position relative to the market was positive.

5.8 The impact level concerning the risk associated with our customers' perception of the investments and trading activities of our key energy suppliers has been lowered, resulting in a ranking reduction from medium to low.

<p>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</p> <p>Joint Committee 22nd March 2024 – Risk Management Update</p> <p>Joint Committee 20th September 2024 – Risk Management Update</p>
<p>Member</p> <p>Councillor G Butler of Shropshire Council (Chair of the Joint Committee)</p>
<p>Appendices</p> <p>Appendix A - WME Risk Management Strategy</p>