

**DELEGATION TO THE DIRECTOR
REPORT OF THE CHIEF EXECUTIVES**

WEST MERCIA ENERGY JOINT COMMITTEE

25 FEBRUARY 2013

Purpose

1. The purpose of this report is to present to Members a recommendation on the level of authority to be given to the Director of West Mercia Energy (WME) in terms of approving contracts both with suppliers and customers.

Background

2. Since the sale of the catalogue division, the retention of the residual energy business, and given the current governance in place for WME, the Director of WME currently has no delegated authority to approve contracts. Contracts which have been approved since the set up of WME have been formally signed by each of the Owing Authorities.
3. The recommended levels of delegations have been determined by consideration of the future trading activity with both customers and suppliers and the balance between operational ease and control. The recommended levels will provide the Director of WME to contract with customers such as Academies without the necessity of approval by each of the four Owing Authorities but will give assurance to the Owing Authorities that larger customer contracts (e.g. with a Local Authority) and supplier contracts, such as those with electricity, gas and oil suppliers would need their approval.

Recommendations

4. It is recommended that the Director of WME be granted the delegated authority to approve customer contracts up to a level of £500,000 and supplier contracts up to a level of £100,000. Any contract above these levels will require the approval of each of the Chief Executives of the Owing Authorities or their nominated representative.