

**Committee and Date**

West Mercia Energy Joint  
Committee

25<sup>th</sup> February 2020

**WEST MERCIA ENERGY JOINT COMMITTEE**

**Minutes of the meeting held on 24 September 2019**

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

**10.00 - 11.46 am**

**Responsible Officer:** Emily Marshall

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**Present**

Councillor Peter Nutting

Councillors Evans, Davies, May and Harvey

**20 Apologies for Absence**

Apologies for absence were received from Councillor Carter, Hardman (Substitute Councillor May), Macey and Smith.

It was reported that Councillor Nutting would be joining the meeting late and it was agreed that Councillor Evans would chair the meeting until he arrived.

**21 Minutes****RESOLVED:**

That the Minutes of the West Mercia Energy Joint Committee held on 26<sup>th</sup> February 2019 be approved as a correct record and signed by the Chairman.

**22 Public Questions**

There were no public questions or petitions.

**23 Disclosable Pecuniary Interests**

Members were reminded that they must not participate in the discussion or voting on any matter in which they had a Disclosable Pecuniary Interest and should leave the room prior to the commencement of the debate.

Councillor Davies stated that she worked for Wye Valley NHS Trust, but had no pecuniary interest to disclose.

## **24 Supplier Contracts**

In accordance with Standing Orders, Mr N. Evans, Director of West Mercia Energy provided an update on Supplier Contracts.

With regards to the supplier of petroleum fuels, the Director reported that in accordance with Standing Order 5.3 he would be entering into post tender negotiations to clarify certain elements of their bid.

### **RESOLVED:**

That the update on supplier contracts be noted.

## **25 Statement of Accounts 2018/2019 and Annual Governance Statement 2018/2019**

Mr J. Walton, Treasurer (WME) presented the Letter of Representation, the Statement of Accounts 2018/19 and the Annual Governance Statement 2018/19 for the West Mercia Energy Joint Committee (copy attached to the signed minutes).

### **RESOLVED:**

1. That the Letter of Representation be noted and signed by the Chairman and submitted by the Treasurer.
2. That the finalised Statement of Accounts 2018/19 be approved and signed by the Chairman and the Treasurer.
3. That the Annual Governance Statement 2018/19 be approved.

## **26 External Audit - Audit Findings Report 2018/2019**

Mr R. Percival and Mr D. Rowley (External Auditors – Grant Thornton) presented the West Mercia Energy Joint Committee Audit Findings Report 2018/19 (copy attached to the signed minutes).

### **RESOLVED:**

That the West Mercia Energy Joint Committee Audit Findings Report 2018/19 be noted.

## **27 Internal Audit - Annual Report 2018/2019**

C. Pilawski, Head of Audit introduced Internal Audit Annual report 2016/17 (copy attached to the signed minutes).

### **RESOLVED:**

1. That performance against the Audit Plan for the year ended 31 March 2019 be endorsed.

2. To note that the system of governance, risk management and internal control is operating effectively and can be relied upon when considering the Annual Governance Statement for 2018/19.
3. That the Head of Audit's positive year end opinion on West Mercia Energy's governance, risk management and internal control environment for 2018/19 on the basis of the work undertaken and management responses received be noted.

## 28 Distribution of Surplus

The Treasurer presented the report which recommended the level of distribution of surplus held at 31 March 2019 to the Member Authorities (copy attached to the signed minutes).

In response to a question the Treasurer outlined how the surplus was calculated and that this formula was set out in the WME Joint Agreement.

In response to a question relating to incentives for energy efficiency, the Treasurer explained that while it could be possible to incorporate an incentivisation scheme into the surplus calculation, it would need careful consideration and the implications would need exploring. The Treasurer suggested an alternative option where the distribution received from WME by the Member Authorities could be ring fenced to support energy efficiency projects and this would be considered further.

### **RESOLVED:**

1. That the retention of accumulated surplus of £0.717 million be approved.
2. That the distribution of accumulated surplus of £0.704 million, in accordance with the provisions of the Joint Agreement, be approved.

## 29 Treatment of the WMS Pension Liability

The Treasurer presented the report which detailed proposals for the treatment of the West Mercia Supplies pension deficit (copy attached to the signed minutes).

The Treasurer outlined the history and the options that had been considered for the benefit of new members of the Committee. It was explained that the WME Risk Register had identified a potential risk in bidding for future contracts while carrying the liability for the former WMS employees on its balance sheet as potential customers would consider the financial position of WME in assessing their bid. The proposal that was being considered would result in the removal of the WMS Pension Liability from the West Mercia Energy balance sheet by transferring the responsibility for the liability to the four owning authorities.

*Councillor May joined the meeting at this point.*

The Treasurer stressed that in order to achieve implementation by April 2020, all four authorities had to agree on the same option for it to be taken forward and that he would make this clear in his report to the respective Cabinets.

*Councillor Peter Nutting joined the meeting at this point*

**RESOLVED:**

1. That a proposal to the four WME Owning Authorities of Shropshire Council, Telford & Wrekin Council, Herefordshire Council and Worcestershire County Council for them to take direct responsibility for the pension deficit liability relating to former WMS employees (including Compensatory Added Years Benefits) and WME with effect from 1<sup>st</sup> April 2020 be agreed; and
2. That, subject to the formal decisions to be taken by the four WME Owning Authorities in recommendation 2.1 of the report, the removal of the pension deficit liability relating to former WMS employees (including Compensatory Added Years Benefits) and WME from the WME Balance Sheet from 1 April 2020 be agreed.

**30 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.

**31 Exempt Minutes**

**RESOLVED:**

That the Exempt Minutes of the meeting held on 26<sup>th</sup> February 2019 be approved as a correct record.

**32 Minutes of the Flexible Energy Advisory Panel**

The Director presented an exempt report (copy attached to the signed exempt minutes), which presented the exempt minutes of the Flexible Energy Management/Advisory Panel meetings that had been held since the last meeting of the Joint Committee.

**RESOLVED:**

That the recommendation contained within the exempt report be approved.

**33 Risk Management Update**

The Director presented an exempt report (copy attached to the signed exempt minutes), which provided an update on risk management.

**RESOLVED:**

That the recommendation contained within the exempt report be approved.

**34 Update on Business Plan and Trading Performance to Date 2019/2020**

The Director presented an exempt report (copy attached to the signed exempt minutes), which provided an update on the West Mercia Energy Annual Business Plan and Budget 2019/20.

**RESOLVED:**

That the recommendation contained within the exempt report be approved.

**35 Fixed Price Supply Contract Arrangements**

The Director presented an exempt report (copy attached to the signed exempt minutes), which detailed the development of enhanced arrangements for fixed term energy supply contracts.

**RESOLVED:**

That the recommendation contained within the exempt report be approved.

**36 Date of Next Meeting**

It was noted that the next meeting would take place on Tuesday, 25<sup>th</sup> February 2020 at 10.00 a.m. in the Shrewsbury Room, Shirehall, Shrewsbury.

Signed ..... (Chairman)

Date: .....