

**Committee and Date**

West Mercia Energy Joint
Committee

12 March 2027

WEST MERCIA ENERGY JOINT COMMITTEE**Minutes of the meeting held on 25 September 2026**

In the Council Chamber, The Guildhall, Frankwell Quay, Shrewsbury, SY3 8HQ

10.30 - 11.53 am

Responsible Officer: Shelley Davies

Email: shelley.davies@shropshire.gov.uk Tel: 01743 257718

Present

Councillor Peter Stoddart (Chairman)

Councillors Roger Evans, Zona Hannington (Vice Chairman), Matt Jenkins and Paul Davis
(Substitute for Ollie Vickers)

Officers in Attendance:

Nigel Evans – Director, WME

Jo Pugh - Head of Finance and Billing, WME

Gavin Owen - Head of Business Development, WME

Julie Wassall - Head of Energy Procurement and Energy Services, WME

Alex Riley - External Auditor, WR Partners

Duncan Whitfield - Section 151 Officer & Treasurer, Shropshire Council (Remotely)

Daniel Lenain - Sustainability & Climate Change Officer, Herefordshire Council (Remotely)

Chris Bird - Chief Accountant, Worcestershire County Council (Remotely)

16 Apologies for Absence

Apologies were received from Councillors Graham Biggs, Alex Wagner, Josh Robinson and Ollie Vickers (Substitute: Councillor Paul Davis).

17 Disclosable Pecuniary Interests

None received.

18 Minutes**RESOLVED:**

That the minutes of the meeting held on 27th March 2026 be approved as a correct record.

19 Public Questions

No public questions had been received.

20 **Supplier contracts**

The Director of West Mercia Energy, Nigel Evans confirmed that there were no entries to report.

21 **Statement of Accounts 2025/26 and Annual Governance Statement 2025/26**

The Director of West Mercia Energy, Nigel Evans presented the Statement of Accounts 2025/26 and Annual Governance Statement 2025/26 report. He highlighted the key areas of the accounts, including a strong trading performance, high customer retention levels, the impact of energy market conditions during the year, system developments delivered over the previous 12 months and the overall financial results.

Members were informed that the Income and Expenditure Account showed a net operating surplus of £2.192 million, compared with £2 million in the previous year and although turnover had reduced during the year it was explained that this reflected lower energy prices for customers and was therefore a positive outcome. In relation to pensions, it was noted that an actuarial valuation showed the pension scheme to be in surplus, although no pension asset had been recognised in accordance with accounting standards.

Referring to the Annual Governance Statement, Nigel Evans highlighted the internal audit work undertaken during the year. He reported that audit opinions had generally been positive, apart from procurement, where a significant recommendation had been made regarding the absence of a formal service level agreement (SLA) with the member authorities. He advised that this issue was being addressed through the development of a formal agreement with Shropshire Council and added that Internal Audit had provided a high assurance rating for the organisation's governance arrangements.

RESOLVED:

1. That the finalised Statement of Accounts 2025/26 be signed by the Chairman and the Treasurer.
2. That the Annual Governance Statement 2025/26 be noted.

22 **External Audit - Audit findings report 2025/26**

Jo Pugh, Head of Finance and Billing - West Mercia Energy, introduced the External Audit Report and explained that WR Partners had completed its audit of the 2025/26 accounts and advised that the audit plan had been presented to the Joint Committee in March and that, following completion of the audit work, the auditors anticipated issuing an unqualified opinion.

Alex Riley, WR Partners explained that the audit had focused on key risk areas, including management override of controls, fraud relating to income recognition and the organisation's status as a going concern. He reported that testing in all areas had

identified no issues and that the auditors agreed with management's assessment that West Mercia Energy remained a going concern.

He further advised that the audit had identified no corrected or uncorrected misstatements and that the financial statements remained unchanged from those originally presented by management. The report also confirmed that there were no significant subsequent events requiring disclosure and that the auditors remained independent. The only recommendation arising from the audit related to the need for a formal service level agreement with Shropshire Council, which was categorised as a low-risk matter.

During questions, Councillor Paul Davies sought an update on when the service level agreement would be completed. In response, Nigel Evans, Director - West Mercia Energy explained that draft agreements covering the relevant service areas had been prepared and were being finalised, with completion expected within the next few weeks.

The Chairman welcomed the audit findings, noting that the report provided strong assurance. He congratulated the West Mercia Energy team and thanked the auditors for their work.

RESOLVED:

That the contents of the audit findings report presented by WR Partners be considered and endorsed.

23 Distribution of Surplus

Nigel Evans, Managing Director of West Mercia Energy, presented the Distribution of Surplus report and advised that the general fund balance stood at £3.877 million at 31 March 2026. He explained that £1.594 million would be retained as a reserve, allowing a surplus of £2.283 million to be distributed to the four member authorities in accordance with the Joint Agreement. It was noted that the distribution was around £100,000 higher than the previous year and represented the second-highest distribution in the organisation's 13-year history.

During questions, a member asked about the impact of recent volatility in global energy markets and the role of renewable energy in the organisation's operations. In response, Nigel Evans explained that West Mercia Energy had moved quickly to lock in energy prices after market instability in March, meaning that there was currently no exposure to market fluctuations for 2026/27. He also advised that established customers, including the member authorities, were fully protected for 2027/28. Regarding renewable energy, he explained that customers could opt to purchase Renewable Electricity Guarantees of Origin (REGOs) and that the organisation offered enhanced products where renewable certificates were matched with generation sources, adding that further green energy products were being developed.

Members welcomed the positive financial outcome. The Chairman commented that the arrangement continued to provide member authorities with competitive energy

prices while also generating a significant financial return during a challenging economic period.

RESOLVED:

1. That the retention of accumulated surplus of £1.594 million be approved.
2. That the distribution of accumulated surplus of £2.283 million, in accordance with the provisions of the Joint Agreement be approved.

24 Risk Management Update

Nigel Evans, Managing Director of West Mercia Energy, presented the Risk Management Update and advised that the organisation maintained a risk register containing 72 identified risks. He explained that most risks were effectively mitigated through operational controls and had been reduced to an acceptable level. The only remaining medium-risk issue related to the possibility of breaching the organisation's capital risk threshold should energy market prices rise significantly after customer prices had been set. While the likelihood was considered low, the potential financial impact could be significant, and therefore the risk would remain on the register.

Members welcomed the report. Councillor Paul Davies commented that it was helpful for the risk to remain visible on the register and be reviewed regularly by the Committee. The Chairman also welcomed the approach taken, particularly the clear allocation of ownership for each risk, noting that this provided assurance that risks were being actively monitored and managed.

RESOLVED:

That the medium risks presented be considered and endorsed.

25 Anti-Slavery and Human Trafficking Policy

Nigel Evans, Managing Director of West Mercia Energy, presented the updated Anti-Slavery and Human Trafficking Policy, explaining that the existing policy had originally been approved in 2017 and had recently been reviewed using the Government's modern slavery assessment. As a result of that review, several improvements had been identified and incorporated into the revised policy. He advised that the proposed changes were shown in tracked changes and noted that the policy would continue to be reviewed and updated as further assessments were undertaken.

The Chairman emphasised the importance of maintaining and regularly updating the policy and stressed the importance of ensuring that robust policies and procedures were in place.

RESOLVED:

That the WME Anti-Slavery and Human Trafficking Policy be approved.

26 Standing orders

Nigel Evans, Managing Director of West Mercia Energy, presented the updated Standing Orders and outlined a number of proposed amendments. He explained that the changes included formally defining the role of the WME Procurement Advisor, updating procurement thresholds to reflect current regulations and incorporating references to modern slavery requirements. He also advised that the Standing Orders had been amended to reflect West Mercia Energy's increased responsibility for managing its own procurement processes through its Delta procurement platform, rather than relying on arrangements hosted by Shropshire Council. Nigel Evans emphasised that the changes were largely administrative and intended to ensure the Standing Orders remained up to date and fit for purpose.

In response, the Chairman welcomed the report and commented that it was reassuring to see the Standing Orders being thoroughly reviewed and updated rather than simply rolled forward each year. He noted the significant amount of work that had gone into maintaining the governance framework and observed that regular review of such policies provided assurance to both members and auditors.

RESOLVED:

That the updated WME Standing Orders be approved.

27 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.

28 Exempt Minutes

RESOLVED:

That the exempt minutes of the meeting held on 27th March 2026 be approved as a correct record.

29 Update on Business Plan and Trading Performance to Date 2026/27

Nigel Evans, Director, West Mercia Energy presented an exempt report, providing an update on the Business Plan and Trading Performance to date 2026/27.

RESOLVED:

That the recommendations contained within the exempt report be approved.

30 Date of Next Meeting

It was noted that the next meeting of the West Mercia Energy Joint Committee will be held on Friday 12th March 2027 at 10.00 a.m. in the Council Chamber, The Guildhall, Frankwell Quay, Shrewsbury, SY3 8HQ.

Signed (Chairman)

Date: