Shropshire Council

WEST MERCIA ENERGY

Shropshire Council
Legal and Democratic Services
Guildhall,
Frankwell Quay,
Shrewsbury
SY3 8HQ

Date: 17 September 2026

Committee:
West Mercia Energy Joint Committee

Date: **Friday, 25 September 2026**
Time: **10.30 am**
Venue: **Council Chamber, The Guildhall, Frankwell Quay, Shrewsbury, SY3 8HQ**

You are requested to attend the above meeting. The Agenda is attached

There will be some access to the meeting room for members of the press and public, but this will be limited. If you wish to attend the meeting please email democracy@shropshire.gov.uk to check that a seat will be available for you.

Please click here to view the livestream of the meeting on the date and time stated on the agenda*

The recording of the event will also be made available shortly after the meeting on the Shropshire Council Youtube Channel Here

Richard Phillips
Service Director – Legal and Governance (Monitoring Officer)

Members of West Mercia Energy Joint Committee

Peter Stoddart (Chairman)	Herefordshire Council
Graham Biggs	Herefordshire Council
Roger Evans	Shropshire Council
Alex Wagner	Shropshire Council
Zona Hannington (Vice Chairman)	Telford & Wrekin Council
Ollie Vickers	Telford & Wrekin Council
Josh Robinson	Worcestershire County Council
Matt Jenkins	Worcestershire County Council

Your Committee Officer is:

Shelley Davies Committee Officer
Tel: 01743 257718
Email: shelley.davies@shropshire.gov.uk

When attending this meeting, Members are reminded of the three principles of the Jo Cox Foundation and Compassion in Politics Civility Pledge:

1. *Use a civil and constructive tone in debate*
2. *Act with integrity, honesty and compassion*
3. *Behave respectfully towards others, including those I disagree with*

*(Please note that while we strive to live stream meetings, technical issues may occasionally occur. In the event of a technical disruption, the meeting will be paused to try to resolve the issue. Should it not be possible to resume the live stream, the meeting will proceed as scheduled, and a backup recording will be made available after the meeting. Any disruption to the live stream does not affect the legality of the meeting).

AGENDA

1 Apologies for Absence

To receive apologies for absence.

2 Disclosable Pecuniary Interests

Members are reminded that they must declare their disclosable pecuniary interests and other registrable or non-registrable interests in any matter being considered at the meeting as set out in Appendix B of the Members' Code of Conduct and consider if they should leave the room prior to the item being considered. Further advice can be sought from the Monitoring Officer in advance of the meeting.

3 Minutes (Pages 1 - 6)

To approve the minutes of the meeting held on 27th March 2026. [Minutes Attached]

Contact: Shelley Davies, Committee Officer.

4 Public Questions

To receive any questions from members of the public of which notice has been given. The deadline for this meeting is 12.00 p.m. on Monday 21st September 2026.

5 Supplier contracts

The Director of West Mercia Energy Joint Committee will provide a verbal update in line with the West Mercia Energy Joint Committee Standing Orders.

6 Statement of Accounts 2025/26 and Annual Governance Statement 2025/26 (Pages 7 - 62)

Report of Treasurer. [Report attached]

Contact: Duncan Whitfield.

7 **External Audit - Audit findings report 2025/26** (Pages 63 - 76)

Report of the Head of Finance & Billing, West Mercia Energy. [Report attached]

Contact: Jo Pugh.

8 **Distribution of Surplus** (Pages 77 - 80)

Report of Treasurer. [Report attached]

Contact: Duncan Whitfield.

9 **Risk Management Update** (Pages 81 - 82)

Report of the Director of West Mercia Energy. [Report attached]

Contact: Nigel Evans.

10 **Anti-Slavery and Human Trafficking Policy** (Pages 83 - 88)

Report of the Director of West Mercia Energy. [Report Attached]

Contact: Nigel Evans.

11 **Standing orders** (Pages 89 - 102)

Report of the Director of West Mercia Energy. [Report attached]

Contact: Nigel Evans.

12 **Exclusion of Press and Public**

To resolve that, in accordance with the provisions of schedule 12A of the Local Government Act 1972 and Paragraph 10.4 [3] of the Council's Access to Information Rules, the public and press be excluded from the meeting during consideration of the following items.

13 **Exempt Minutes** (Pages 103 - 106)

To approve the exempt Minutes of the meeting held on 27th March 2026. [Minutes Attached]

Contact: Shelley Davies.

14 **Update on Business Plan and Trading Performance to Date 2026/27** (Pages 107 - 124)

Exempt Report of the Director of West Mercia Energy. [Report attached]

Contact: Nigel Evans.

15 **Date of Next Meeting**

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.

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Committee and Date
West Mercia Energy Joint Committee 25th September 2026

WEST MERCIA ENERGY JOINT COMMITTEE

Minutes of the meeting held on 27 March 2026
In The Council Chamber, The Guildhall, Frankwell Quay, Shrewsbury, SY3 8HQ
10.00 - 11.08 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) and 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
George Thomas - External Auditor, WR Partners
Adam Williams - Principal Auditor, Shropshire Council
Duncan Whitfield - Section 151 Officer, Shropshire Council (Remotely)
Richard Vaughan - Sustainability & Climate Change Manager, Herefordshire Council (Remotely)
Chris Bird - Chief Accountant, Worcestershire County Council (Remotely)

1 **Apologies for Absence**

Apologies for absence were received from Councillors Graham Biggs, Ian Cresswell, Rob Wharton and Rob Wilson.

2 **Minutes**

RESOLVED:

That the Minutes of the West Mercia Energy Joint Committee held on 26th September 2025 be approved as a correct record.

3 **Public Questions**

No public questions had been received.

4 **Disclosable Pecuniary Interests**

None declared.

5 Supplier contracts

Nigel Evans, Director reported a new entry to the procurement register dated 12th March 2026, concerning a late tender submission for the supply and installation of solar PV, which was allowed to be considered due to mitigating circumstances.

6 External Audit Plan 2025/26

Jo Pugh, Head of Finance and Billing introduced the report which set out the proposed external audit plan for 2025/26.

George Thomas, External Auditor provided an overview of the External Audit Service Plan for 2025/26, outlining the scope of the audit, confirmation of auditor independence, and key responsibilities, noting that the audit would primarily focus on the statutory audit with financial statements prepared by officers. He explained the proposed materiality level, the identified risks (including fraud, management override of controls and sector-wide going concern considerations), and confirmed that no significant issues had arisen from planning and interim work undertaken to date.

RESOLVED:

That the Joint Committee:

1. Approve the draft audit plan for 2025/26 as presented by WR Partners attached at Appendix 1.

2. Approve the commissioning of WR Partners to undertake the audit in accordance with the audit plan.

7 Internal Audit Annual Report 2025/26

Adam Williams, Principal Auditor introduced the Internal Audit Annual Report for 2025/26, which provided a summary of Internal Audit's work for 2025/26. He highlighted that a substantial assurance opinion had been issued, confirming that governance, risk management and internal control arrangements were sound and operating effectively. It was explained that this was the highest level of assurance available and reflected the strong control environment in place. He summarised the audit work undertaken, covering areas including finance, debtors, procurement, IT and corporate governance, noting that no adverse audit opinions had been issued and that only a small number of recommendations had been made, largely to address minor weaknesses or housekeeping matters.

The Chairman commented that the findings were reassuring and welcomed the positive assessment, noting that the report provided confidence that the organisation was operating as expected and that controls were being applied effectively.

RESOLVED:

That the Joint Committee endorse:

a) Performance against the Audit Plan for the year ending 31 March 2026.

b) 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 2025/26.

c) The Chief Audit Executive's substantial year end opinion on West Mercia Energy's governance, risk management and internal control environment for 2025/26 based on the work undertaken and management responses received.

8 **Internal Audit Strategic Plan 2026/27**

Adam Williams, Principal Auditor introduced the Internal Audit Strategic Plan for 2026/27, explaining that the proposed programme of work had been developed in consultation with management and aligned with the West Mercia Energy risk register to ensure appropriate coverage of key financial, governance and IT risks. The plan included audits covering areas such as procurement, debtors, finance, IT and corporate governance, with flexibility built in to address any emerging risks during the year, and it was noted that detailed scopes would be agreed with officers prior to each audit commencing.

The Chairman noted that he welcomed the level of audit days allocated, which he considered was a good figure and demonstrated that the work will be conducted with appropriate depth and analysis.

RESOLVED:

That the Joint Committee endorse the proposed programme of audits for 2026/27.

9 **Anti-Slavery and Human Trafficking Statement 2025/26**

Nigel Evans, Director presented the Anti-Slavery and Human Trafficking Statement Transparency Statement for 2025/26 and requested delegated authority to finalise and publish the statement after year-end.

RESOLVED:

That the Joint Committee:

1. Approve the draft WME Transparency Statement for 2025/26.

2. Delegate authority to the Director to finalise the WME Transparency Statement and publish it in accordance with section 54 of the Modern Slavery Act 2015.

10 **Risk Management Update**

Nigel Evans, Director presented the Risk Management Update, which provided a review of the WME Risk Management Strategy. He explained that risks were formally reviewed by the management team twice a year and reported that the majority of identified risks were assessed as low or very low due to effective controls being in place. It was noted that one medium risk remained, relating to the potential breach of capital risk levels arising from volatility in energy markets, which was considered particularly relevant in current market conditions. He also reported that a previously identified medium risk concerning potential loss of school business linked to a central government initiative had been reassessed and downgraded, following improved engagement with the Department for Education (DFE) and increased confidence around re-approval as a DFE framework provider.

The Chairman welcomed the pragmatic and proactive approach to risk management, noting that the risk register was actively used as a live management tool rather than a static document and the approach demonstrated effective risk oversight and ongoing monitoring.

RESOLVED:

That the Joint Committee:

1. Approve the WME Risk Management Strategy attached at Appendix A; and

2. Accept the position as set out in this report.

11 **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.

12 **Exempt Minutes**

RESOLVED:

That the Exempt Minutes of the West Mercia Energy Joint Committee held on 26th September 2025 be approved as a correct record.

13 **Annual Business Plan and Budget 2026/27 including review of 2025/26**

Nigel Evans, Director presented an exempt report for approval.

RESOLVED:

That the recommendations contained within the exempt report be approved.

14 **Energy Governance, Accountability, Risk and Reporting Policy**

Nigel Evans, Director presented an exempt report for approval.

RESOLVED:

That the recommendation contained within the exempt report be approved.

15 **Date of Next Meeting**

It was noted that the next meeting of the West Mercia Energy Joint Committee will be held on Friday 25th September 2026 10.30 a.m. in the Council Chamber, The Guildhall, Shrewsbury.

Signed .... (Chairman)

Date: ....

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Committee and Date	Item
West Mercia Energy Joint Committee 25th September 2026	 Public

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

Responsible Officer Duncan Whitfield - Treasurer
e-mail: Duncan.Whitfield@shropshire.gov.uk Tel: 01743 254928

1. Summary

1.1 The purpose of this report is to present to the Joint Committee the Statement of Accounts 2025/26 and the Annual Governance Statement 2025/26.

2. Recommendations

2.1 The Joint Committee is asked;

a) To consider with appropriate comment the finalised Statement of Accounts 2025/26 to be signed by the Chair and the Treasurer of the Joint Committee.

b) To consider with appropriate comment the Annual Governance Statement 2025/26.

REPORT

3. Risk Assessment and Opportunities Appraisal

3.1 Details of the potential risks affecting the balances and financial health of WME are considered within the Statement of Accounts

4. Financial Implications

4.1 This report considers the overall financial position of WME in the form of the Statement of Accounts, the accounts consider the level of assets controlled by WME and the level of balances held.

5. Background

5.1 WME external auditors, WR Partners audited the accounts during July 2026.

5.2 The Joint Committee is required to approve the annual Statement of Accounts by the 30th September after the findings of the audit are known. The Statement of Accounts are contained in Appendix 1.

5.3 The Statement of Accounts is accompanied by WME's Annual Governance Statement 2025/26, which details processes and procedures in place to enable WME to carry out its' functions effectively. See Appendix 2.

5.4 Key elements of the Statement of Accounts to note:

- The Performance and Outlook section on page 4 summarises the year's trading performance, including customer retention, energy market drivers, system developments and the financial result.

- The Income and Expenditure Statement (page 9) sets out the trading result for the year being a net operating surplus of £2.192m versus £1.969m for the prior year as well as the distributions made over the same two periods.

- The Balance Sheet on page 10 presents the net asset position at the end of March 2026 which stands at £3.982m broadly in line with the position at the end of March 2025.

- The Pension Scheme Actuarial Valuation as at 31st March 2026 showed a pension scheme surplus of £1.484m. However, in accordance with Accounting Standard IAS 19, asset ceiling restrictions apply and no pension asset has been recognised in respect of this surplus.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information) CIPFA Code of Practice (CODE) on Local Authority Accounting CIPFA/SOLACE guidance on the Annual Governance Statement Joint Committee 28th September 2015 – Local Audit and Accountability Act
Member Councillor P Stoddart of Herefordshire Council (Chair of the Joint Committee)
Appendices 1 - Statement of Accounts 2025/26 2 - Annual Governance Statement 2025/26

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WEST MERCIA ENERGY
JOINT COMMITTEE

STATEMENT OF ACCOUNTS
FOR THE YEAR
ENDED 31ST MARCH 2026

WEST MERCIA ENERGY JOINT COMMITTEE

CONTENTS

WEST MERCIA ENERGY JOINT COMMITTEE

FINANCIAL SUMMARY
FOR THE YEAR 2025/26

Introduction

This document is the Statement of Accounts for West Mercia Energy Joint Committee. It covers the financial year 1 April 2025 to 31 March 2026 and shows the organisation's financial position at the year end together with the trading income and expenditure figures that have been produced throughout the period.

The Statements

Narrative Report
This provides an effective guide to the most significant matters reported in the accounts, including an explanation of the financial position and details the performance during the financial year.

Statement of Responsibilities and Joint Committee Approval
This section deals with the financial responsibilities of the Joint Committee and the Treasurer to the Joint Committee and confirms the date when the Joint Committee approved the accounts.

Movement in Reserves Statement
This statement shows the movement in the year on the different reserves held by the Joint Committee.

Comprehensive Income and Expenditure Statement
This account summarises the annual income and expenditure of the trading operations to show the organisation's net surplus for the year.

Balance Sheet
This sets out the financial position of the Joint Committee as at the year end 31 March 2026.

The Cash Flow Statement
This summarises the inflows and outflows of cash arising from the day to day transactions of the organisation.

Narrative report 2025/26

Organisational Overview

West Mercia Energy Joint Committee is a purchasing consortium established as a Joint Committee under s.101 of the Local Government Act 1972 and comprises of four Member Authorities:

- Herefordshire Council
- Shropshire Council
- Telford & Wrekin Council
- Worcestershire County Council

Each Member Authority appoints two of their Elected Members to serve on the Joint Committee, each with voting rights. The Joint Committee is delegated with the operation and management of the organisation and is responsible for the discharge of the functions of the Member Authorities.

Governance

Certain professional services are provided for Joint Committee including:

- Financial Advice
  The Member Authorities have appointed Shropshire Council as Treasurer.

- Legal Advice
  The Member Authorities have appointed Shropshire Council as Secretary.

The Treasurer and the Secretary liaise with officers of Member Authorities so that they comply with their responsibilities under s.5 of the Local Government and Housing Act 1989 and s.151 of the Local Government Act 1972.

The review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the officers within the organisation who have responsibility for the development and maintenance of the internal control environment. On the basis of the work undertaken and management responses received the Head of Policy & Governance at Shropshire Council was able to deliver a substantial year end opinion on West Mercia Energy's internal control environment for 2025/26 confirming that the organisation's governance, risk management and internal control processes were sound and working effectively.

Risks and Opportunities

The WME Risk Management Strategy is approved annually by the Joint Committee and a detailed risk register is maintained. The risk register is kept under constant review and all risks which have been classified as medium or high are reported to the Joint Committee at each meeting.

Performance and Outlook

Effective management of the WME trading strategy resulted in rates for 2025/26 being lower than the previous year, supporting customers to balance their budgets. This was the main reason for the 10% decline in sales, with the unusually warm weather within the year further reducing demand, particularly for gas. Furthermore, through this effective management of trading within the year at levels below the sales cap, this allowed £1m in credits to be returned to customers in June.

Looking ahead to 2026/27, gas rates issued were again lower, while electricity prices saw only modest increases. The rise in electricity prices was driven by continued growth in non-commodity costs as the UK Government advanced its Clean Power 2030 agenda. Geopolitical events, particularly in the Middle East, were the main market driver during the year, especially in March, and continued to influence the market after the year end.

Customer retention remained strong, with all major external contracts retained during the year and exceptionally high retention across smaller contracts. Growth also continued in the education sector, with several Multi-Academy Trusts joining the WME portfolio. In addition, Liverpool City Council joined WME on 1st April 2026, further expanding the WME customer base.

During the year, several system enhancements were introduced to benefit both WME internally and clients. These enhancements included a new trading platform, benchmarking for schools within the myWME customer portal, and improved KPI reporting for key customers. In addition, 2025/26 was the second year of delivering the new Social Value Strategy, through which more than 100 projects were supported, with contributions totalling approximately £95k over the two year period.

The net operating surplus of £2.192 million, was slightly above the 2024/25 result of £1.969 million and ahead of budget for the year. Overall, this was an excellent outcome for the business while still offering competitive rates to customers.

With regards the levels of short-term debtors and creditors held at the year end, these have fallen broadly in line with the turnover levels. Positive bank balances have been held through the financial year which reflects the continued excellent financial stewardship within the business.

The organisation has been considered as a going concern with a strong Business Plan in place for 2026/27, continued positive cash positions held with both supplier and customer contracts in place beyond March 2027.

Further Information

For further information about the Joint Committee's Statement of Accounts, please contact:

Duncan Whitfield
S151 Officer
Shropshire Council
Shirehall
Abbey Foregate
Shrewsbury, Shropshire
SY2 6ND

STATEMENT OF RESPONSIBILITIES AND JOINT COMMITTEE APPROVAL

Responsibilities of West Mercia Energy Joint Committee

West Mercia Energy Joint Committee is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this organisation, that officer is the Treasurer to the Joint Committee. Day to day financial management is the responsibility of the Director. The Director is also responsible for:

  i. keeping proper accounting records, which are up to date.

  ii. taking reasonable steps for the prevention and detection of fraud and other irregularities.

- to manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets.

- to approve the Statement of Accounts.

Responsibilities of the Treasurer to the Joint Committee

The Treasurer to the Joint Committee, with support from the Director, is responsible for the preparation of West Mercia Energy Joint Committee Statement of Accounts which, in terms of the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom ('the Code'), is required to provide a true and fair view of the financial position of the organisation at the accounting date and its income and expenditure for the year ended 31 March 2026.

In preparing this Statement of Accounts the Treasurer to the Joint Committee has:

- selected suitable accounting policies and then applied them consistently;

- made judgements and estimates that were reasonable and prudent;

- complied with the Code;

- applied the concept of 'going concern' by assuming that Joint Committee's services will continue to operate for the foreseeable future.

The Treasurer to the Joint Committee has also to:

- ensure proper accounting records are kept, which are up to date;

- take reasonable steps for the prevention and detection of fraud and other irregularities.

APPROVAL OF THE STATEMENT OF ACCOUNTS

Treasurer to the Joint Committee

I certify that the Committee’s Statement of Accounts provides a true and fair view of the financial position of the West Mercia Energy Joint Committee at 31 March 2026 and its income and expenditure for the year ended 31 March 2026.

Duncan Whitfield
Treasurer to West Mercia Energy Joint Committee

Joint Committee Approval

I certify that the West Mercia Energy Joint Committee approved the Statement of Accounts for the year ended 31 March 2026.

Cllr Peter Stoddart
Chairman of the
West Mercia Energy Joint Committee

Date:

MOVEMENT IN RESERVES STATEMENT
AS AT 31 MARCH 2026

This statement shows the movement in the year on the different reserves held by the Joint Committee. The gain or (loss) for the year shows the true economic cost of the Joint Committee's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

	General fund	Pensions reserve	Joint Committee capital adjustment account	Total reserves
		Note 21	Note 22	
	£000	£000	£000	£000
Balance at 31 March 2025	**3,885**	**98**	**5**	**3,988**
Total comprehensive income & expenditure	-6	-	-	-6
Transfer to/from Reserves	-	-98	98	-
Minimum Revenue Provision charged on finance lease	-2	-	2	-
Increase/decrease in year	-8	-98	100	-6
Balance at 31 March 2026	**3,877**	**-**	**105**	**3,982**

Pensions Reserve
The Pensions Reserve represents the difference between the actuarially calculated value of the pension fund assets and the present value of the scheme liabilities.

Joint Committee Capital Adjustment Account
The Joint Committee Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets as if in accordance with statutory provisions.

The notes to the Core Financial Statements are on Pages 12 onwards.

MOVEMENT IN RESERVES STATEMENT (CONTINUED)
AS AT 31 MARCH 2025

	General fund	Pensions reserve	Joint Committee capital adjustment account	Total reserves
		Note 21	Note 22	
	£000	£000	£000	£000
Balance at 31 March 2024	**4,243**	**192**	**5**	**4,440**
Total comprehensive income & expenditure	-452	-	-	**-452**
Transfer to/from Reserves	94	-94	-	**-**
Increase/decrease in year	-358	-94	0	-452
Balance at 31 March 2025	**3,885**	**98**	**5**	**3,988**

The notes to the Core Financial Statements are on Pages 12 onwards.

West Mercia Energy

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 MARCH 2026

This Statement shows the accounting income and cost in the year of providing services in accordance with generally accepted accounting practice.

	Notes	2025/26	2024/25
		£000	**£000**
INCOME			
Turnover	**6**	-160,630	-178,261
Less cost of goods sold		158,935	176,366
Gross profit		-1,695	-1,895
Other trading operation income		-1,283	-815
Gross Profit		**-2,978**	**-2,710**
OPERATING EXPENSES			
Employees	**8**	1,022	917
Pension impact (IAS19)	**19**	89	120
Premises		34	38
Supplies & services		109	139
Central departmental & technical support		104	102
Provision for bad debts		-18	140
Depreciation		11	4
Total Operating Expenses		**1,351**	**1,460**
SURPLUS OF SERVICES		**-1,627**	**-1,250**
Financing and investment income and expenditure	**7**	-565	-719
NET OPERATING SURPLUS		**-2,192**	**-1,969**
Distribution to Member Authorities		2,183	2,438
NET LOSS / (PROFIT) FOR THE YEAR		**-9**	**469**
OTHER COMPREHENSIVE INCOME & EXPENDITURE			
Remeasurements (Liabilities & Assets)	**19**	-7	-483
Movement in pension surplus recognition	**19**	22	466
Other Comprehensive Income & Expenditure		**15**	**-17**
TOTAL COMPREHENSIVE INCOME AND EXPENDITURE		**6**	**452**

The notes to the Core Financial Statements are on Pages 12 onwards.

BALANCE SHEET
AS AT 31 MARCH 2026

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Joint Committee. The net assets of the Joint Committee (assets less liabilities) are matched by the reserves held by the Joint Committee.

31 March 2025 £000		31 March 2026 £000	Notes
5	Right of use assets - property	90	12,13
-	Plant & equipment	13	12
5	**Long term assets**	**103**	12
36,245	Short term debtors	31,319	16
16,520	Cash and cash equivalents	15,723	17
52,765	**Current assets**	**47,042**	
-48,880	Short term creditors	-43,088	18
-48,880	**Current liabilities**	**-43,088**	
3,885	**Net current assets**	**3,954**	
98	Defined benefit pension surplus	-	19
98	**Defined benefit pension asset**	**-**	
-	Lease liabilities	-75	13
-	**Long term liabilities**	**-75**	
3,988	**Net Assets**	**3,982**	
	Financed by:		
3,885	General fund	3,877	
98	Pensions reserve	-	
5	Joint committee capital adjustment account	105	
3,988	**Total Reserves**	**3,982**	20

The notes to the Core Financial Statements are on Pages 12 onwards.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2026

The Cash Flow Statement shows the changes in cash and cash equivalents of the Joint Committee during the reporting period. The statement shows how the Joint Committee generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Joint Committee's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the Joint

2024/25		2025/26		
£000		£000	£000	Notes
	Operating activities			
	Cash outflows			
930	Cash paid to and on behalf of employees	1,020		
419	Other operating costs	233		
179,413	Cost of goods sold	164,748		
180,762			166,001	
	Cash inflows			
-180,236	Turnover	-165,556		
-815	Other trading operation income	-1,283		
-181,051			-166,839	
-289	**Net cash inflow from operating activities**		-838	**23.1**
-706	**Investing activities**		-550	**23.2**
2,438	**Financing activities**		2,185	**23.3**
1,443	**Net decrease in cash and cash equivalents**		**797**	**23.4**
17,963	Cash and cash equivalents at 1st April		16,520	
16,520	**Cash and cash equivalents at 31st March**		**15,723**	**23.4**

The notes to the Core Financial Statements are on Pages 12 onwards.

NOTES TO THE CORE FINANCIAL STATEMENTS

1. Accounting Policies

1.1 General Principles

This Statement of Accounts for 2025/26 summarises the Joint Committee's transactions for the 2025/26 financial year and its position at 31 March 2026. The accounts have been prepared in accordance with Code of Practice on Local Authority Accounting in the United Kingdom (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) Code Board, as far as it is practicable and applicable to the Joint Committee, supported by International Financial Reporting Standards (IFRS). The nature of the Joint Committee as a purchasing consortium means that full compliance is not always possible. The only departure relates to the the Comprehensive Income and Expenditure Statement layout which shows the income first and then all the expenditure grouped by type of expense. This differs from Local Authority Accounting, but this layout does allow a reader to interpret the statement in relation to the industry the Joint Committee operates in.

1.2 Concepts

The Statement of Accounts have been prepared in accordance with all prevailing concepts of accrual and going concern together with relevance, reliability and comparability. The going concern concept assumes that the organisation will continue in operational existence for a minimum of 12 months from the date of the approval of the financial statements. The management of WME are of this view due to the Joint Agreement that is in place and both supplier and customer contracts are in place beyond 30th September 2027.

1.3 Legislation

Where specific legislative requirements regarding accounting treatment conflict with the Joint Committee's own accounting policies, legislative requirements shall apply.

1.4 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policy or to correct a material error. Changes in accounting estimates are accounted for prospectively i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the changes provide more reliable or relevant information about the effect of transactions, other events and conditions on the organisations' financial position or financial performance.

Where a change is made it is made retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparable amounts for the prior period.

1.5 Accruals of Expenditure and Income

Revenue and capital transactions are accounted for on an accruals basis in accordance with proper accounting practices. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed.
- Expenses in relation to services received are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract

Sums owed to the Joint Committee as at 31 March are included as debtors. Sums still owed by the Joint Committee at 31 March are included as creditors.

1.6 Property, Plant and Equipment and Motor Vehicles

Under s102 of the Local Government Act 1972, a Joint Committee does not have sufficient corporate status to acquire assets. However, given that the Joint Committee both accrues the economic benefits from and assumes liabilities for its building assets, the “substance over form” policy justifies the inclusion of the assets in the organisation’s accounts.

Plant and equipment and motor vehicles are tangible assets (ie assets with physical substance) that are held for use in the production or supply of goods and services, or for administrative purposes, and are expected to be used during more than one period.

Property is a right of use asset.

Recognition

The cost of an item of plant and equipment and motor vehicles is recognised (and hence capitalised) as an asset on the Balance Sheet if:

- it is probable that the future economic benefits or service potential associated with the item will flow to the organisation;
- the cost of the item can be measured reliably; and
- has a value in excess of £500.

Costs that meet the recognition principle include initial costs of acquisition and construction, and costs incurred subsequently to enhance, replace part of, or service the asset. Subsequent costs arising from day-to-day servicing of an asset (ie labour costs and consumables), commonly referred to as ‘repairs and maintenance’, are not capitalised if they do not meet the recognition principle because the expenditure does not add to the future economic benefits or service potential of the asset and is charged to revenue, when it is incurred.

Right of use assets are recognised on the Balance Sheet at the commencement date of the lease, measured initially at cost and subsequently measured at cost less accumulated depreciation, impairment losses and any remeasurement adjustments.

Initial Measurement
Expenditure on the acquisition, creation and enhancement of plant and equipment, with a value in excess of £500, that qualifies for recognition is capitalised on an accruals basis in the accounts. To be capitalised, the expenditure must be for assets yielding benefits to the Joint Committee for a period of greater than one year.

Measurement After Recognition
Plant and equipment are valued on the basis recommended by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS). Plant and equipment are classified into the groupings required by the Local Authority Code and are included in the Balance Sheet net of depreciation.

Derecognition
The carrying amount of an item of plant and equipment shall be derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from derecognition of an asset shall be the difference between the net disposal proceeds, if any, and the carrying amount of the asset. The gain or loss arising from derecognition of an asset shall be included in the Surplus or Deficit on the Provision of Services when the item is derecognised.

If the asset derecognised was carried at a revalued amount an additional entry is required; the balance of the Revaluation Reserve in respect of asset derecognised is written off to the Joint Committee Capital Adjustment Account and reported in the Movement in Reserves Statement.

Depreciation
Depreciation is provided on tangible fixed assets calculated by using the straight-line method where appropriate.

Depreciation and amortisation are charged over the finite useful life of each asset, based on their value, these lives, and methods of valuation, being as follows:

Asset and Method of Valuation	Depreciation/Amortisation Period
Computer Equipment (Historical Cost)	3 years
Office Equipment (Historical Cost)	3 years
Fixtures & Fittings (Historical Cost)	3 years
Motor Vehicles (Historical Cost)	3 years
Property (Lease Cost)	5 years (term of the lease)

Impairment
At the end of each reporting period an assessment takes place as to whether there is any indication that an asset may be impaired. Examples of events and changes in circumstances that indicate an impairment may have incurred include:

- a significant decline (i.e. more than expected as a result of the passage of time or normal use) in an asset's carrying amount during the period, that is specific to the asset;
- evidence of obsolescence or physical damage of an asset;
- a commitment by the organisation to undertake a significant reorganisation; or
- a significant adverse change in the statutory or other regulatory environment in which the organisation operates.

1.7 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that are readily convertible to known amounts of cash with insignificant risk of change in value. The Joint Committee holds no cash equivalents.

1.8 Debtors and Creditors

Revenue and capital transactions are accounted for on an accruals basis and where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the obligations in the contract or transfer of economic benefits.

1.9 Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at;

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The Joint Committee's business model is to hold investments to collect contractual cash flows ie payments of interest and principal. Most of the Joint Committee's financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest i.e. where the cash flows do not take the form of a basic debt instrument.

Financial Assets Measured at Fair Value through Profit and Loss

These are financial assets in the form of loans and receivables. These are assets that have fixed or determinable payments but are not quoted in an active market. The loans and receivables are initially measured at fair value and carried at their amortised cost.

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Joint Committee becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:
Instruments with quoted market prices – the market price
Other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:
Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.

Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Expected Credit Loss Model

The Joint Committee recognises expected credit losses on all of its financial assets held at amortised cost (or where relevant FVOCI), either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Joint Committee.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses

1.10 Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

1.11 Leases

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for.

The lease liability is measured at the present value of lease payments, discounting by applying the incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. The lease liability is subsequently measured at amortised cost, using the effective interest method.

Short-term leases and leases of low-value assets are exempt from recognition under IFRS 16 and the associated payments are charged to revenue on a straight-line basis over the lease term.

1.12 Reserves

General Fund Balance
The Balance Sheet includes a sum for the General Fund Balance. This shows the total unused accumulated net surplus for the Joint Committee carried forward to 2026/27.

Pensions Reserve
The Pensions Reserve represents the difference between the value of the pension fund assets and the present value of the actuarially calculated scheme liabilities, after applying any restriction on the recognition of a pension surplus.

Joint Committee Capital Adjustment Account
This represents the difference between the costs of fixed assets consumed and the financing set aside to pay for them.

1.13 Employee Benefits

The accounting policy relating to the treatment of benefits payable during employment and post-employment benefits is consistent with IAS 19 Employee Benefits.

Benefits Payable During Employment
Where the accumulating short-term absences (e.g. annual leave and flexi time earned by employees but not taken at 31st March) are not material, these are not accrued for in the accounts.

Post-Employment Benefits

As part of the terms and conditions of employment of its employees, the Joint Committee offers retirement benefits. These benefits will not be payable until retirement but the Joint Committee has a commitment to make payments that need to be disclosed at the time that the employees earn their future entitlement.

The Joint Committee participates in the Shropshire County Pension Fund, which is a funded Defined Benefit scheme.

The liabilities of the Pension Fund attributable to the Joint Committee are included in the Balance Sheet on an actuarial basis using the project unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc and projections of projected warnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate of 6.4 % (2024/25: 5.9%) based on the indicative rate of return on high quality corporate bonds of appropriate duration.

The assets of Shropshire County Pension Fund attributable to the Joint Committee are included in the Balance Sheet at their fair value:

- quoted securities – current bid price
- unquoted securities – professional estimate
- unitised securities – current bid price
- property – market value.

The change in the net pensions liability is analysed into the following components:

- Service cost comprising:
  - Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the service expenditure
  - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on Services in the Comprehensive Income and Expenditure Statement
  - Net interest on the net defined benefit liability (asset), i.e. net interest expense for West Mercia Energy Joint Committee – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

- Remeasurements comprising:
  - The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
  - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

- Contributions paid to the Shropshire County Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, the General Fund Balance is to be charged with the amount payable by the Joint Committee to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Pension Surplus (net Pension Asset)

Pension surplus is the fair value of plan assets less the fair value of the defined benefit obligation, less any associated costs. Where a net pension asset would otherwise arise, recognition is restricted to the extent that the organisation could have an unconditional right either to a reduction in future contributions or a refund assuming the gradual settlement of the schemes liabilities over its life. Where a surplus is shown, the surplus is on the basis the pensions scheme continues until final payment is made to the final member in the scheme and is restricted to the reduction in future contribution or refund receivable. There is no pension surplus recognised as at 31 March 2026.

1.14 Interest

Interest receivable from investments is recognised in the financial statements during the period in which it became due to the Joint Committee.

Interest payable to Member Authorities is recognised in the financial statements during the period in which it became due by Joint Committee.

1.15 Foreign Currency

Foreign currency transactions are converted to sterling at the exchange rate applicable on the date of the transaction. There were no foreign currency transactions during the year.

1.16 Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events;
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

1.17 Provisions

Provisions are made where an event has taken place that gives the Joint Committee a legal or constructive obligation that requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the appropriate line in the Comprehensive Income and Expenditure Statement in the year that the Joint Committee becomes aware of the obligation, and measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation. When payments are made they are charged to the provision carried in the Balance Sheet.

Expected credit loss from 2025/26 is accounted for as a provision on debt at the year end. Prior to 2024/25, the credit loss was accounted for as a provision for all debts over 12 months old plus any debts which were less than 12 months old.

1.18 Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from His Majesty's Revenue and Customs. VAT receivable is excluded from income.

1.19 Distribution of Surplus to Member Authorities

The Joint Agreement requires the Joint Committee to determine the level of accumulated surplus that shall be retained for various reserve purposes. In practice the Joint Committee typically takes its decision in October. The decision is taken in the light of known accumulated surplus, a view at that point of the amount to be retained for contingency, future investment or other reserve purposes, including a consideration of performance, risks and development proposals at that time. The distribution made to Member Authorities is then charged to the Comprehensive Income and Expenditure Statement in the year that it is agreed by the Joint Committee.

2. Accounting standards that have been issued but have not yet been adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The standards introduced by the 2026/27 Code where disclosures are required in the 2025/26 financial statements, are:

- Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024
- Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024.

These changes are not expected to have a material impact on the accounts

3. Critical judgements in applying accounting policies

We've generally complied with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). In instances where code is not relevant, we would make a critical judgement.

In applying the accounting policies set out in Note 1, the Joint Committee has had to consider certain judgements about complex transactions or those involving uncertainty about future events.

There are no other critical judgements made in the Statement of Accounts.

4. Expenditure and funding analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2025/26	As Reported to Management	Adjustment to arrive at the net amount chargeable to the General Fund	Net Expenditure in the Comprehensive Income and Expenditure Statement	Adjustments between the Funding and Accounting Basis	Net Expenditure Chargeable to the General Fund Balance
	£'000	£'000	£'000	£'000	£'000
Energy	1,501	68	1,569	-	1,569
Services/Support services	766	-143	623	109	732
Net cost of Services	2,267	-75	2,192	109	2,301
Other Income and Expenditure			-15		-15
Distribution of Surplus to Member Authorities			-2,183		-2,183
Surplus or (Deficit)			-6	109	103
Opening General Fund					3,885
Capital Purchases funded from General Fund					-109
Add surplus on General Fund					103
Minimum Revenue Provision charged on finance lease					-2
Closing General Fund					**3,877**

2024/25	As Reported to Management	Adjustment to arrive at the net amount chargeable to the General Fund	Net Expenditure in the Comprehensive Income and Expenditure Statement	Adjustments between the Funding and Accounting Basis	Net Expenditure Chargeable to the General Fund Balance
	£'000	£'000	£'000	£'000	£'000
Energy	1,602	72	1,674	-	1,674
Services/Support services	487	-192	295	98	393
Net cost of Services	2,089	-120	1,969	98	2,067
Other Income and Expenditure			17		17
Distribution of Surplus to Member Authorities			-2,438		-2,438
Surplus or (Deficit)			-452	98	-354
Opening General Fund					4,243
Capital Purchases funded from General Fund					-4
Add surplus on General Fund					-354
Closing General Fund					**3,885**

4a. Note to the expenditure and funding analysis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts

	2025/26			
	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000
Net Cost of Services	11	98		109
Other income and expenditure from the Expenditure and Funding Analysis		-15		-15
Capital Purchases funded from General Fund	-109			-109
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	-98	83	-	-15

	2024/25			
	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000
Net Cost of Services	4	94		98
Other income and expenditure from the Expenditure and Funding Analysis		17		17
Capital Purchases funded from General Fund	-4			-4
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	-	111	-	111

4b. Analysis of income and expenditure by nature

Income received on a segmental basis is analysed below:

	2025/26 Income from Services	2024/25 Income from Services
	£000	£000
Energy Sales	160,403	177,984
Other Income	227	277
Total income analysed on a segmental basis	160,630	178,261

An analysis of Expenditure is shown on the face of the Comprehensive Income and Expenditure Statement

5. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures based on assumptions made by the Joint Committee. Estimates are made taking into account historical experience, current trends and other relevant factors. There is, however, a risk that actual results could be materially different from the assumptions and estimates.

There are no items in the Joint Committee's Balance Sheet at 31 March 2026 for which there is a risk of material adjustment in the forthcoming year.

6. Turnover and other income

Turnover is the VAT exclusive total of invoiced sales for energy and related income.

7. Financing and Investment Income and Expenditure

Interest and Investment Income
The Joint Committee's daily bank balances are invested with Shropshire Council balances. Interest is debited or credited to the Joint Committee because of the level of daily bank balances invested.

	2025/26	2024/25
	£000	£000
Net interest on pension scheme assets and liabilities	-6	-9
Interest receivable and similar income	-563	-710
Interest payable and similar on property lease	4	-
Total	**-565**	**-719**

8. Staff Remuneration

In 2025/26 the number of employees who received remuneration in excess of £50,000 fell into the following bands:

Band	Number of Employees 2025/26	2024/25
£ 60,000 to £ 64,999	-	1
£ 65,000 to £ 69,999	2	2
£ 70,000 to £ 74,999	2	1
£ 105,000 to £ 109,999	-	1
£ 110,000 to £ 114,999	1	-

Remuneration for these purposes includes all sums paid to an employee by way of salary, expenses, profit related pay and the money value of any other benefits received other than cash.

There are no staff members receiving remuneration between £50,000 and £59,999 or £75,000 to £104,999, so the staff remuneration table above has been adjusted accordingly.

Disclosure of Remuneration for Senior Employees

2025/26

Post Title	Salary (inc fees & allowances) £	Bonuses (PRP) £	Pension Contributions £	Total Remuneration (inc pension contribution) £
Director	100,076	12,209	-	112,285
	100,076	**12,209**	**-**	**112,285**

2024/25

Post Title	Salary (inc fees & allowances) £	Bonuses (PRP) £	Pension Contributions £	Total Remuneration (inc pension contribution) £
Director	97,673	11,980	-	109,653
	97,673	**11,980**	**-**	**109,653**

9. Audit Costs

During 2025/26 the Joint Committee incurred the following fees in respect of external audit and inspection.

	2025/26 £000	2024/25 £000
Fees payable to External Auditors with regard to external audit services	16	16

10. Related Party Transactions

The Joint Committee is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Joint Committee or to be controlled or influenced by the Joint Committee. Disclosure of these transactions allows readers to assess the extent to which the organisation might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the organisation.

Members and Officers
Members of the Joint Committee have direct control over the Joint Committee's financial and operating policies. Certain senior officers may also be in a position to influence policies, particularly those who form the organisation's management team. All members and senior officers have been written to, advising them of their obligations and asking for any declarations of related party transactions to be disclosed.

The Joint Committee Members are also members of other local organisations (for example county councils). No other personal or prejudicial interest in the material transactions of the Joint Committee has been disclosed by any of the Joint Committee Members or by any of the senior management. The Joint Committee is owned by four Member Authorities. Membership entitles the authorities to a share of any surplus generated by the Joint Committee. For clarity, the turnover with each Member Authority was:

	2025/26 £000	2024/25 £000
Herefordshire Council	2,763	3,207
Shropshire Council	4,528	6,118
Telford & Wrekin Council	4,730	5,712
Worcestershire County Council	3,246	4,276

Included within Central Departmental Costs are the following amounts for services provided by Shropshire Council during the year:

	2025/26	2024/25
	£000	£000
Human Resources Support Services	3	3
Payroll Services	2	2
Treasury Services	6	5
Committee Services	8	8
Financial Advice	19	18
Internal Audit	10	8
ICT support	12	26
Procurement	9	8

11. Net Surplus Adjustment for PRP/ Distribution Purposes

The Comprehensive Income and Expenditure Statement shows the net surplus for the year. For internal memorandum purposes, this figure requires adjustment to provide a net surplus that is used to calculate profit related pay and member authority distributions.

First, the employee's expenses line in the Income and Expenditure Statement accrues for the profit related pay due to employees. Second, adjustment is made for the distribution of retained surplus that has been charged to the Income and Expenditure Statement.

Additionally, the effects of IAS19 pension adjustments (See Note 19) have to be neutralised by adjusting for the Earmarked Pension Reserve movement.

The calculation is shown in the table below:

	2025/26	2024/25
	£000	£000
Net Loss / (Profit) for the Year – Per Comprehensive Income and Expenditure Statement	-9	469
Profit Related Pay accrual	-102	-105
Distribution of Surplus to Member Authorities	-2,183	-2,438
Pensions Movement included in Operating Expenses	-83	-111
Accruals written back	291	-
Net Surplus for PRP/Distribution Purposes	**-2,086**	**-2,185**

The employees are set an annual surplus target level which is compared to the final result to determine the level of PRP.
These statements include the distribution from the General Fund to Member Authorities of £2.183million. This payment distributes part of the General Fund brought forward at the end of 2024/25 between Member Authorities.

12. Property, Plant & Equipment and Motor Vehicles

	Property, Plant, Equipment and Motor Vehicles 2025/26 £000	Property, Plant, Equipment and Motor Vehicles 2024/25 £000
Cost / Valuation		
As at 1 April	92	88
Additions	109	4
Disposals	-14	-
As at 31 March	187	92
Accumulated Depreciation		
As at 1 April	87	83
Charge	11	4
Relating to disposals	-14	-
As at 31 March	84	87
Net Book Value		
As at 31 March	**103**	**5**

All property, plant & equipment and motor vehicles are valued at cost depreciated over their anticipated useful life, commencing in the year of acquisition.

13. Right of Use Assets and Lease Liabilities

Property, Plant & Equipment and Motor Vehicles include a right of use asset relating to a lease agreement on the business premises, as follows:

	Property 2025/26 £000	Property 2024/25 £000
Cost / Valuation		
As at 1 April	-	-
Additions	96	-
As at 31 March	96	-
Accumulated Depreciation		
As at 1 April	-	-
Charge	6	-
As at 31 March	6	-
Net Book Value		
As at 31 March	**90**	**-**

The lease liability in relation to the right of use asset on the business premises is as follows:

	2025/26 £000	2024/25 £000
Lease liability at 1 April	-	-
Addition	96	-
Lease interest	4	-
Lease payments made	-6	-
Lease liability at 31 March	**94**	**-**
Current liability at 31 March	19	-
Non-current liability at 31 March	75	-
Lease liability at 31 March	**94**	**-**

14. Contractual Commitments

With the exception of the property lease, there were no capital commitments for the year ended 31st March 2026.

15. Financial Instruments

Categories of Financial Instruments

The Joint Committee has the following categories of financial instruments carried in the Balance Sheet. These categories are all classified as having insignificant risk.

Financial Assets

	Long Term				Current				Total	
	Investments		Debtors		Investments		Debtors			
	31-3-26	31-3-25	31-3-26	31-3-25	31-3-26	31-3-25	31-3-26	31-3-25	31-3-26	31-3-25
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fair Value through profit or loss										
Long term Equity Instruments	-	-	-	-	-	-	-	-	-	-
Amortised Cost										
Debtors	-	-	-	-	-	-	31,252	35,989	31,252	35,989
Cash & Cash Equivalents	-	-	-	-	-	-	15,723	16,520	15,723	16,520
Total Financial Assets	-	-	-	-	-	-	46,975	52,509	46,975	52,509
Non- Financial Assets	-	-	-	-	-	-	67	256	67	256
Total	-	-	-	-	-	-	47,042	52,765	47,042	52,765

West Mercia Energy

Financial Liabilities

	Long Term				Current				Total	
	Borrowings		Creditors		Borrowings		Creditors			
	31-3-26 £'000	31-3-25 £'000	31-3-26 £'000	31-3-25 £'000	31-3-26 £'000	31-3-25 £'000	31-3-26 £'000	31-3-25 £'000	31-3-26 £'000	31-3-25 £'000
Amortised Cost										
Principal	-	-	75	-	-	-	43,088	48,880	43,163	48,880
Loans Accrued interest	-	-	-	-	-	-	-	-	-	-
Bank Overdraft	-	-	-	-	-	-	-	-	-	-
Total Financial Liabilities	-	-	75	-	-	-	43,088	48,880	43,163	48,880
Non- Financial Liabilities	-	-	-	-	-	-	-	-	-	-
Total	-	-	75	-	-	-	43,088	48,880	43,163	48,880

Income, Expense, Gains and Losses

	2025/26					2024/25				
	Financial Liabilities measured at amortised cost £000	Financial Assets: Loans and receivables £000	Financial Assets: Available for sale £000	Assets and Liabilities at Fair Value through Profit and Loss £000	Total £000	Financial Liabilities measured at amortised cost £000	Financial Assets: Loans and receivables £000	Financial Assets: Available for sale £000	Assets and Liabilities at Fair Value through Profit and Loss £000	Total £000
Interest expense	-	-4	-	-	-4	-	-	-	-	-
Total expense in Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-
Interest income	-	563	-	-	563	-	710	-	-	710
Total income in Surplus or Deficit on the Provision of Services	-	563	-	-	563	-	710	-	-	710
Gains/losses on revaluation	-	-	-	-	-	-	-	-	-	-
Net gain for the year	-	559	-	-	559	-	710	-	-	710

Fair Values of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- No early repayment or impairment is recognised;
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount;
- The fair value of Creditors is taken to be the invoiced or billed amount.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

Nature and Extent of Risks Arising from Financial Instruments

The organisation's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Joint Committee.
- Liquidity risk – the possibility that the Joint Committee might not have funds available to meet its commitments to make payments
- Market risk – the possibility that financial losses might arise from changes in such measures as interest rates.

Credit Risk

Credit risks arise from deposits with banks and from credit exposures to the organisation's customers. Deposits are made managed by Shropshire Council and are made with banks which satisfy criteria as outlined in Shropshire Council's creditworthiness policy.
Customer debt is managed in accordance with the Joint Committee Credit Management Policy. The level of debt written off each financial year in previous years is negligible, with the net position of write offs over the last three financial years being less 0.03% of turnover.

The Joint Committee generally allows its customers 28 days credit. Of the £31.319m outstanding (2024/25 - £36.245m) from customers, £1.384m (2024/25 - £0.585m) is past its due date for payment. The amount past due date is analysed by age as follows:

	2025/26 £'000	2024/25 £'000
Less than 3 months overdue	1,503	709
3 to 6 months overdue	-	26
6 months to 1 year overdue	-19	-52
More than 1 year overdue	-100	-98
Total	**1,384**	**585**

Older credit balances represent credit notes or payments on account which arise in the normal course of business and may be offset by outstanding debt in the less than 3 months overdue category.

Liquidity Risk

In order to support seasonal trade variations, the Joint Committee has a treasury arrangement with Shropshire Council that provides ready access to liquid funds for short-term borrowing at market interest rates.

Market Risk

The Joint Committee is exposed to interest rate risk in terms of its exposure to rate movements on its bank deposits and short-term borrowings. The impact on the Income and Expenditure Statement for rate changes on interest receivable and payable on such transactions is nominal in relation to the Joint Committee's turnover.

16. Short Term Debtors

	31 March 2026 £000	31 March 2025 £000
Member Authorities	3,278	4,095
Other Local Authorities	27,913	31,849
Bodies external to general government	128	301
	31,319	**36,245**

The amounts due from "Member Authorities" referred to in the above table also include the amounts due from related parties, as follows:

	31 March 2026 £000	31 March 2025 £000
Herefordshire Council	352	394
Shropshire Council	1,521	1,975
Telford & Wrekin Council	622	626
Worcestershire County Council	783	1,100
	3,278	**4,095**

17. Cash and Cash Equivalents

	Opening Balance 1st April 2025	Movement During the Year	Closing Balance 31st March 2026
	£000	£000	£000
Bank current accounts	**16,520**	**-797**	**15,723**

18. Short Term Creditors

	31 March 2026 £000	31 March 2025 £000
Member Authorities	197	1,017
Other Local Authorities	6,595	6,808
Bodies external to general government – lease liabilities	19	-
Bodies external to general government - other	36,277	41,055
	43,088	**48,880**

The amounts due to "Member Authorities" referred to in the above table also include the amounts due from related parties, as follows:

	31 March 2026 £000	31 March 2025 £000
Herefordshire Council	8	234
Shropshire Council	166	447
Telford & Wrekin Council	14	17
Worcestershire County Council	9	319
	197	**1,017**

19. Defined Benefits Pension Scheme

As part of the terms and conditions of employment of its employees, the Joint Committee offers retirement benefits. These benefits will not be payable until retirement but the Joint Committee has a commitment to make payments that need to be disclosed at the time that the employees earn their future entitlement.

The Joint Committee participates in the Shropshire County Pension Fund, which is a funded Defined Benefit scheme. This means that retirement benefits are determined independently of the investments of the fund and the Joint Committee has an obligation to make contributions where assets are insufficient to meet employee benefits. The Joint Committee and its employees pay contributions into the fund which is calculated at a level intended to balance pension liabilities with investment assets. The Joint Committee recognises the cost of retirement benefits in the cost of employees when they are earned rather than when the benefits are paid as pensions.

The principal risks to the Joint Committee of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (ie large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement during 2025/26.

Comprehensive Income & Expenditure Statement	**2025/26 £000**	**2024/25 £000**
Operating Expense (Employees):		
• Current Service Cost	80	114
• Past Service Cost	-	-
• Administration Expenses	9	6
• Employers Contributions	-	-
• Settlements and Transfer	-	-
Pension Impact (IAS19)	89	120
Financing and Investment Income and Expenditure:		
• Net Interest Cost	-6	-9
Total Post-employment benefits contained within Net Operating Surplus	**83**	**111**
Other Comprehensive Income & Expenditure:		
Remeasurement of the net defined benefit liability comprising;		
Return on plan assets (excluding the amount included in the net interest expense)	-	-10
Actuarial gains arising on changes in financial assumptions	-7	-473
Movement in pension surplus recognition	22	466
Total Post-employment Benefits contained within the Other Comprehensive Income and Expenditure	**15**	**-17**
Net (income) / charge to Comprehensive Income & Expenditure Statement	**98**	**94**

As part of the terms and conditions of employment of its employees, the Joint Committee offers retirement benefits. These benefits will not be payable until retirement but the Joint Committee has a commitment to make payments that need to be disclosed at the time that the employees earn their future entitlement.

Movement in Reserves Statement:	2025/26 £000	2024/25 £000
Reversal of net charges made for retirement benefits in accordance with IAS19	-83	-111
Actual Amount Charged against the General Fund Balance for Pensions in the Year:		
• Employers contributions payable to the Scheme	-	-
Remeasurement of the net defined liabilities	7	483
Movement in pension surplus recognition	-22	-466
Movement on Pensions Reserve	**-98**	**-94**

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Joint Committee's obligation in respect of its defined benefit plans is as follows;

	2025/26 £000	2024/25 £000
Present Value of the defined benefit obligation	1,831	1,649
Fair Value of plan assets	-3,315	-3,128
Movement in pension surplus recognition	1,484	1,381
Net asset arising from defined benefit obligation	**-**	**-98**

Reconciliation of the Movements in the Fair Value of the Scheme (Plan) Assets:

	2025/26 £000	2024/25 £000
Opening fair value of scheme assets	-3,128	-2,931
Interest income	-185	-145
Remeasurement gain		
The return on Plan assets	-	-10
Employer contributions	-	-
Contributions by scheme participants	-65	-56
Benefits paid	54	8
Administration Expenses	9	6
Settlements	-	-
Transfer to another employer	-	-
At 31 March	**-3,315**	**-3,128**

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation):

	Funded	Liabilities
	2025/26 £000	2024/25 £000
At 1 April	1,649	1,867
Current service cost	80	114
Interest cost	98	93
Contributions by scheme participants	65	56
Past service cost (gain)	-	-
Remeasurement (Liabilities)		
• Experience loss	84	-
• Actuarial gains on financial assumptions	-80	-467
• Gain on demographic assumptions	-11	-6
Benefits paid	-54	-8
Lump sum deficit repayment	-	-
At 31 March	**1,831**	**1,649**

Pension Scheme Assets

	Fair value of Scheme Assets 2025/26 £000	2024/25 £000
Cash & Cash Equivalents		
• Cash Accounts	27	21
Cash Total	**27**	**21**
Equity Instruments		
• UK Quoted	-	-
• Global quoted	1,846	1,843
Equity Instruments Total	**1,846**	**1,843**
Bonds		
• Overseas - Global active investment grade	331	309
• Overseas – Global Dynamic	98	112
• UK Gov conventional gilts	80	-
• UK Gov indexed linked gilts	81	-
• **Bonds Total**	**590**	**421**
Property		
• Property Funds	151	137
Property Total	**151**	**137**
Private Equity	223	236
Private Equity Total	**223**	**236**
Other Investment Funds		
• Infrastructure	174	184
• Hedge Funds	143	132
• BMO – LDI manager	-	-
• Property debt	3	13
• Private Debt	101	90
• Insurance Linked Securities	57	51
Other Total	**478**	**470**
Total assets	**3,315**	**3,128**

All scheme assets have quoted prices in active markets

Basis for Estimating Assets and Liabilities

The liabilities of the scheme have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent upon assumptions including mortality rates and salary levels.

The Pension Fund liabilities/assets have been assessed by Mercer Limited who are independent actuaries.

The significant assumptions used by the actuary have been:

Mortality assumptions:	2025/26	2024/25
Longevity at 65 for current pensioners (years):		
Men	21.6	21.8
Women	24.2	24.3
Longevity at 65 for future pensioners (years):		
Men	22.9	23.1
Women	25.7	26.0
Rate of CPI Inflation	2.9%	2.6%
Rate of Increase in Salaries	4.15%	3.85%
Rate of Increase in Pensions	3.0%	2.7%
Rate for Discounting Scheme Liabilities	6.4%	5.9%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, ie on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Impact on the Defined Benefit Obligation in the Scheme* Increase in assumption £000
Longevity (increase in 1 year)	1,860
Rate of inflation (increase by 0.25%)	1,930
Rate of increase in salaries (increase by 0.25%)	1,866
Rate of increase in pensions (increase by 0.25%)	1,930
Rate for discounting scheme liabilities (increase by 0.5%)	1,648

*The current Defined Benefit Obligation as at 31st March 2026 is £1.831 million

Techniques Employed to Manage Risk

The Shropshire County Pension Fund does not hold an Asset & Liability Matching Strategy however does use other techniques to manage risks within the Fund. The Fund's primary long term risk is that the Fund's assets will fall short of its liabilities (i.e promised benefits to pay members). Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price, currency and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows.

Impact on the Joint Committee's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Lead Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 19 years. Funding levels are monitored on an annual basis. A triennial valuation was completed as at 31 March 2025. Revised contribution rates from the 2025 actuarial valuation took effect on 1st April 2026

The Joint Committee anticipates to pay £0.007 million expected contributions to the scheme in 2026/27.

The weighted average duration of the defined benefit obligation for scheme members is 23 years, 2025/2026 (28 years 2024/2025).

20. Reserves

An analysis of the reserves is shown below:

	Opening Balance 1st April 2025 £000	Contributions To £000	From £000	Closing Balance 31st March 2026 £000
General Fund	3,885	2,488	-2,496	3,877
Pensions reserve	98	192	-290	-
Joint Committee capital adjustment account	5	111	-11	105
Total reserves	**3,988**	**2,791**	**-2,797**	**3,982**

Comparative Analysis in 2024/25

	Opening Balance 1st April 2024 £000	Contributions To £000	From £000	Closing Balance 31st March 2025 £000
General Fund	4,243	2,081	-2,439	3,885
Pensions reserve	192	628	-722	98
Joint Committee capital adjustment account	5	4	-4	5
Total reserves	**4,440**	**2,713**	**-3,165**	**3,988**

21. Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits as if in accordance with statutory provisions. The Joint Committee accounts for post-employment benefits in the Comprehensive Income & Expenditure Statement as the benefits earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. Statutory arrangements, however, require benefits earned to be financed as the Joint Committee makes employer's contributions to pension funds or pays any pension for which it is directly responsible.

Where the balance on the Pensions Reserve shows a surplus, this could result in a right to a refund of surplus assets assuming the full settlement of plan liabilities in the event of a plan wind-up. The Joint Committee, in the ordinary course of business has no right to unilaterally wind up the scheme, or otherwise augment the benefits due to scheme members. There is no balance on the Pensions Reserve as at 31 March 2026.

	2025/26 £000	2024/25 £000
Opening Balance at 1 April	98	192
Remeasurement (Liabilities & Assets)	7	483
Movement in pension surplus recognition	-22	-466
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement	-83	-111
Closing Balance at 31 March	**-**	**98**

22. Joint Committee Capital Adjustment Account

The Joint Committee Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets as if under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement. The Account is credited with the amounts set aside by the Joint Committee as finance for the costs of acquisition, construction and enhancement.

	31 March 2026 £000	31 March 2025 £000
Opening balance at 1 April	5	5
Fixed assets purchased from revenue resources	109	4
Depreciation of fixed assets	-11	-4
Minimum Revenue Provision charged on finance lease	2	-
Closing Balance at 31 March	**105**	**5**

23. Note to the Cash Flow Statement

23.1 Reconciliation of Income and Expenditure Statement to Net Cashflow

2024/25 £000		2025/26 £000
1,969	**Net Operating Surplus on Comprehensive I&E Statement**	2,192
	Adjust net surplus on the provision of services for non cash movements	
4	Depreciation	11
111	Movements on Pension	83
1,975	Increase in debtors	4,926
-3,060	Increase in creditors	-5,811
	Adjust for items included in the net surplus on the provision of services	
-710	Interest and investment income	-563
289	**Net cash inflow from operating activities**	**838**

23.2 Cash Flow Statement – Investing Activities

	31 March 2026 £000	31 March 2025 £000
Interest and investment income	-563	-710
Purchase of plant and equipment	13	4
TOTAL	**-550**	**-706**

23.3 Cash Flow Statement – Financing Activities

	31 March 2026 £000	31 March 2025 £000
Distribution to Member Authorities	2,183	2,438
Payments for the reduction of a finance lease liability	2	-
TOTAL	**2,185**	**2,438**

23.4 Movement in Cash and Cash Equivalents

	Balance 31/03/25 £000	Balance 31/03/26 £000	Movement In Year £000
Cash in hand	16,520	15,723	-797

24. Purchase of Non-current Assets

Non-current assets to the value of £109,000 relating to property, computer and office equipment were financed from the General Fund Balance in 2025/26 (£4,000 2024/25).

As the purchase of assets is a charge to the General Fund Balance, the expenditure did not constitute a cash outflow from the Income and Expenditure Statement.

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WEST MERCIA ENERGY JOINT COMMITTEE

WEST MERCIA ENERGY JOINT COMMITTEE

ANNUAL GOVERNANCE STATEMENT 2025/26

Scope of Responsibility

West Mercia Energy Joint Committee (Joint Committee) is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

The Joint Committee also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness

In discharging this overall responsibility, the Joint Committee is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the organisation's functions and which includes arrangements for the management of risk.

The Joint Committee has an interlocking set of documents, protocols and procedures that provide assurance on corporate governance matters. These are consistent with the CIPFA/SOLACE Delivering Good Governance in Local Government Framework (2016) and the 2025 Addendum, together with CIPFA's The Role of the Chief Financial Officer in Local Government (2015). They also support compliance with Regulation 4(2) of the Accounts and Audit (England) Regulations 2015 relating to the publication of an Annual Governance Statement.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture values, by which the Joint Committee is directed and controlled and reviews how its activities contribute to the strategic objectives of the Member Authorities. It enables the Joint Committee to monitor the achievement of its own strategic objectives and to consider whether those objectives have led to the delivery of the intended outcomes as set out in the Business Plan.

The system of internal control is designed to manage risk to a reasonable level and is not intended to eliminate all risk of failure to achieve policies, aims and objectives completely. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is designed to identify and prioritise the risks to the achievement of the Joint Committee policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

It is kept under continual review and changes are made to accommodate a changing risk profile when and where necessary. The Joint Committee seeks to maintain sound systems to protect against risks and mitigate their impact upon the organisation. The systems are constantly being reviewed and updated. Risks in this policy relate to the whole organisation and not just trading risks which inevitably form the largest sector of risk.

The Governance Framework

The business is operated under the authority of a Joint Committee formed under the Local Government Act 1972, the Member Authorities being Shropshire Council, Herefordshire Council, Worcestershire County Council and Telford & Wrekin Council. A Joint Agreement between those Member Authorities determines the governance arrangements.

The Joint Committee is the elected Member body responsible for the discharge of the functions of the Member Authorities. The Joint Agreement determines a number of strategic policies that shall be maintained and provides Financial Regulations for the business. It operates under a system of Standing Orders, an annual business plan (including budget) and strategic policies. Many of the strategic policies are modelled on those adopted by Shropshire Council. All delegation and authority levels relating to the business are outlined in the West Mercia Energy Scheme of Delegation.

Shropshire Council acts as the Lead Authority and employs staff and holds property employed on behalf of the Member Authorities. A Secretary and a Treasurer to the Joint Committee are appointed from the Officers of the Member Authorities. A Director, appointed by the Joint Committee, operates and manages the business on a day to day basis.

From June 2013 to reflect the size of the organisation and simplify the governance arrangements appropriate to risk, the duties of the Audit Committee transferred to the Joint Committee. These duties include review of the financial and performance reporting of the organisation, the adequacy of the internal control, governance and risk management framework and considering any issues arising from the auditing of the organisation either by Internal or External Audit.

Objectives, targets and performance measures are set in an Annual Business Plan which reflects the outcome of external and customer consultation, analysis of current and future needs and consideration of current performance.

Members, officers and staff behaviours are governed by Codes of Conduct, which include a requirement for declarations of interest to be completed by Members and senior officers annually. Registers of interests of Members are maintained by their own councils.

Key decisions are made by the Joint Committee based on written reports which may include assessments of legal and financial implications, consideration of risks and how these will be managed. Other day to day decisions are made by officers, which were referred to the Director as appropriate.

Risk Management procedures are formalised within the Risk Management Strategy, which is reviewed on an annual basis. The Business Continuity Plan is reviewed on an annual basis.

Review of Effectiveness

The review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the officers within the organisation who have responsibility for the development and maintenance of the internal control environment.

Internal Audit

Five audits were performed during the year covering finance, debtors, corporate governance including risk management, procurement and IT. The reviews of finance, debtors, corporate governance including risk management and IT resulted in ‘good’ assurance opinions with the procurement assurance level ‘reasonable’.

A total of five recommendations has been made over the five audit areas reviewed in the year, four of which require attention with one significant recommendation, demonstrating a strong internal control environment. An action plan is in place to address recommendations within an agreed timeframe.

The significant recommendation relates to procurement and requires a formal agreement to be put in place with the relevant Member Authority for procurement support services. Although these services were provided to WME during 2025/26, no formal agreement was in place. This will be resolved during the 2026/27 financial year.

Based on the work undertaken and management responses received; the organisation’s governance, risk management and internal control processes are sound and working effectively and the Head of Policy & Governance of Shropshire Council can deliver a substantial year end opinion on West Mercia Energy’s internal control environment for 2025/26.

In addition, WME’s Cyber Essentials certification demonstrates independent validation of the cyber security controls in place, reducing exposure to common cyber threats while providing assurance and confidence to customers, partners and stakeholders that data is being managed securely.

Key Risks

Management review the risk profile of the business on a continual basis and reports highlighting all risks rated medium and high are presented to the Joint Committee at each meeting. No high risks were identified within the year. As part of the 2025/26 Internal Audit plan, an independent review of WME’s Corporate Governance and Risk Management arrangements was undertaken which attracted a “Good” level of assurance.

Certification

To the best of our knowledge, the governance arrangements as defined above have been operating effectively during the year. Steps will be taken over the coming year to resolve the governance arrangements as highlighted above. Any improvements implemented shall be monitored as part of the next annual review.

Treasurer of the Joint Committee: ………………………………………

Duncan Whitfield

Chair of the Joint Committee:

Cllr P Stoddart …………………………………………

Committee and Date	Item
West Mercia Energy Joint Committee 25th September 2026	 Public

EXTERNAL AUDIT – AUDIT FINDINGS REPORT 2025/26

Responsible Officer Jo Pugh
e-mail: jpugh@westmerciaenergy.co.uk Tel: 0333101 4356

1. Summary

1.1 WR Partners, the Joint Committee's external auditors, have completed their audit work regarding the financial statements of the Joint Committee for the year ended 31st March 2026 and this report enables them to present their audit findings to the Joint Committee.

2. Recommendations

2.1 The Joint Committee are asked to consider and endorse, with appropriate comment, the contents of the audit findings report presented by WR Partners.

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 WR Partners' audit work was conducted in accordance with the International Standard on Auditing (UK).

4. Financial Implications

4.1 There are no direct financial implications arising from this report.

5. Background

5.1 At the Joint Committee of 28 September 2015, it was highlighted that from 1st April 2015 implementation of the Local Audit and Accountability Act 2014 meant that joint committees are no longer required to have their accounts separately prepared and audited. At this Joint Committee it was agreed to continue with an annual external audit in order to provide the Joint Committee with the necessary continued assurance regarding stewardship of funds.

5.2 WR Partners presented their audit plan for 2025/26 to the March Joint Committee which was considered and approved.

5.3 WR Partners have completed their audit work of the WME financial statements and they anticipate issuing an unqualified audit opinion following this Joint Committee meeting.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information) Joint Committee 27th March 2026 – External Audit Plan 2025/26 Joint Committee 28th September 2015 – Local Audit and Accountability Act
Member Councillor P Stoddart of Herefordshire Council (Chair of the Joint Committee)
Appendices WR Partners, Audit Findings Memorandum for Year Ended 31 March 2026

Audit Findings Memorandum

Year ended 31 March 2026

West Mercia Energy

25 September 2026

Service Team

Alex Riley
Audit Director
E: ariley@wrpartners.co.uk

George Thomas
Assignment Manager
E: gthomas@wrpartners.co.uk

Contents

The purpose of this memorandum is to highlight the key issues affecting the financial statements of West Mercia Energy for the year ended 31st March 2026. It is also used to report to management and those charged with governance in order to meet the mandatory requirements of International Standard on Auditing (UK) 260.

The matters raised in this and other reports that will flow from the audit are only those which will have come to our attention arising from, or relevant to, our audit that we believe need to be brought to your attention. They are not a comprehensive record of all the matters arising and in particular we cannot be held responsible for reporting all risks in your business or all internal control weaknesses.

This report has been prepared solely for your use and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose.

Acknowledgements

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during the course of our audit.

1. Overview

1.1 Overview of audit scope

We have performed our work in accordance with the requirements of the International Standards on Auditing (“ISAs”) (UK), for those entities as set out in our Service Plan.

1.2 Overview of approach

Our audit approach is risk based; emphasis placed on the audit areas considered to be of higher risk. In completing our work, we have not had to alter or change our approach to that we communicated to you at the start of the audit within the Service Plan.

We have updated our knowledge of your systems and controls, and tested those controls upon which we intended to place audit reliance. We have supplemented our testing of controls with substantive tests of detail and/or substantive analytical review procedures.

1.3 Status of the audit

Our audit of the financial statements is substantially complete and subject to resolution of the outstanding queries set out on page 4 we anticipate our audit opinion to be unmodified.

1.4 Completion timetable

The timetable to completion has been agreed as follows:

	Date
Audit Close Meeting	5th August 2026
Joint Committee meeting to approve financial statements	25th September 2026
Audit report approval	25th September 2026

WR Partners

Materiality

The concept of materiality applies to the preparation of the financial statements and the audit process and applies to monetary misstatements, disclosure requirements, adherence to acceptable accounting practice and applicable law.

Misstatements, including omissions, are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

We have determined the financial statement materiality based on the factors noted in the table below.

Our assessment of materiality has been revised from that considered at the planning stage on receipt of the draft financial statements.

We also design our procedures to detect errors in specific accounts at a lower level of precision. Accordingly, Directors' remuneration and key management personnel remuneration materiality has been reduced to £1,000 due to it being material by nature.

Final Materiality Levels			
Financial statement area	**Benchmark**	**Overall materiality**	**Clearly trivial**
Financial Statements	1% of turnover. Capped at £1.5m to not exceed profit for the year (based on budgeted profit).	£1,500,000	£75,000
Expenditure	50% of overall materiality	£750,000	£27,500
Related Party Transactions	Material by nature	£1,000	N/A

2. Status of the audit and audit opinion

Our work is substantially complete and there are currently no matters of which we are aware that would require modification to our audit opinion, subject to the satisfactory completion of the matters detailed below:	
●	Receipt and audit of outstanding information: • No further information required
●	Completion of audit testing : • No further audit work to be performed
●	Final subsequent events review & completion procedures

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Impact

- ● (green) Not considered likely to result in material adjustment or change to disclosures within the financial statements
- ● (amber) Potential to result in material adjustment or change to disclosures within the financial statements
- ● (red) Likely to result in material adjustment or change to disclosures within the financial statements

Anticipated audit opinion

Subject to all of the matters discussed within this document being cleared, we anticipate our audit opinion to be unmodified.

3. Summary of key audit findings

3.1 Significant and elevated audit risks

Risk Area Identified	Risk Level	Risk Description	Audit Findings	Assessment
Fraud – management override of controls	Significant	Under ISA 240 (UK) there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.	We have not identified any matters in relation to management override of controls	
Fraud – Income recognition	Significant	Under ISA 240 (UK) there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.	We have not identified any matters relating to improper revenue recognition	
Going Concern	Elevated	Due to the volatility of the energy sector in recent years, going concern was identified as an elevated risk at the planning stage of the audit.	Going Concern basis of preparation appears reasonable. See page six for further detail regarding the management's assessment.	

WR Partners

3.2 Going concern

We are required to obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern basis of accounting.

Assessment of Going Concern	Commentary
Managements assessment Management have undertaken the following to assess the appropriateness of the going basis of accounts preparation: • Produced budgets and forecasts, including cash flow forecasts, for the period up to September 26 • Prepared and assessed monthly management accounts • Produced a long-term business plan	Management have concluded that West Mercia Energy is a going concern and have prepared the financial statements on that basis. Management have provided us with a copy of the 2026/27 business plan which include forward looking projections for the period to 2028/29

Audit work performed
We have considered if there are any factor or events which may indicate that the going concern basis may not be appropriate.
 	
We have reviewed managements supporting documentation, including assumptions to determine if these are reasonable
	Key points arsing from our review of management's going concern assessment are:
	
	Key factors and assumptions taken into account by management are as follows:
	▪ Customer retention (See contracts ending in the next accounts period below)
	    ○ Birmingham Council (Ending 31 March 2026)
	    ○ Gloucestershire County Council (Ending 30 September 2026)
	    ○ South Gloucestershire Council (Ending 31 March 2026)
	▪ New contract wins
	▪ Ongoing energy reductions from the current customer base
	▪ Trading with the energy market and trading conditions
	▪ Gas volume reforecasts
	▪ Weather conditions
	▪ Bad debts

Audit assessment	The preparation of the financial statements on the going concern basis is reasonable.

3. Summary of key audit findings

WR Partners

3.3 Summary of corrected and uncorrected misstatements

We set out below details of the :

- Adjustments noted and made to the accounts during the course of the audit following discussion and agreement with you; and
- Details of potential adjustments identified during the course of our audit work.

Management should consider the misstatements identified during the course of our audit work in conjunction with the above findings.

Corrected misstatements

The adjustments identified during the course of the audit and reflected in the accounts following discussion with you are set out bellow.

There is no corrected misstatements impacting on the reported net profit for the year of £9k after distributions which have been identified during the course of the audit.

Uncorrected misstatements

The potential adjustments identified during the course of the audit which have not been reflected within the accounts are set out below.

4. Other matters

4.1 Other audit and accounting areas

We set out below the other matters which auditing standards require us to communicate to you

Area	Commentary	Assessment
Accounting estimates	In addition to the identified key accounting estimates and judgement, we have considered the other accounting estimates and have no matters to bring to your attention.	
Accounting policies	We have not noted any accounting policy changes or policies which do not comply with FRS	
Related parties	We are not aware of any related parties or related party transactions which have not been disclosed.	
Laws and Regulations	You have not made us aware of any significant incidences of non-compliance with laws and regulations and we have not identified any matters from our audit work.	
Matters in relation to fraud	We have previously discussed the risk of fraud and documented this in our service plan. Our work performed to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, is included within our draft audit opinion. No matters have been identified from our audit work and we have not been made aware on any matters by management or the board.	
Accounts disclosures	Our review found no material omissions in the financial statements.	
Other information	We are required to consider and give an opinion (within our audit report) on whether other information published together with the with audited financial statements (including the directors report) is materially inconsistent with the financial statements or our knowledge obtained during the audit or is materially misstated. No material inconsistencies have been identified and we plan to issue an unmodified audit opinion in this regard.	

WR Partners

4.2 Other audit and accounting areas

Area	Commentary	Assessment
Audit evidence and explanations/significant difficulties	All information and explanations requested from management have been provided.	●
Written representations	No specific letter of representations have been raised.	●
Subsequent events	Under International Standards on Auditing 560, we are required to confirm whether there have been any subsequent events since the year end impacting the financial statements as drafted which have not been disclosed within the financial statements. We understand that at present there are no identified subsequent events which require disclosure or adjusting within the financial statements.	●
Independence and ethics	We can confirm that we have re-evaluated our firm's independence in connection with the audit and we are not aware of any factors affecting our independence or objectivity and thus our ability to continue to act as auditors. The self review and management threats arising from our assistance in the provision of non-audit services, have been sufficiently addressed by appropriate safeguards including independent internal reviews, the existence of informed management, and the involvement of other relevant individuals who are required to approve all adjustments impacting the financial statements. Informed Management: Nigel Evans (Managing Director)	●

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Design and operating effectiveness of controls	Control recommendations arising from our testing are included within Appendix A to this report.

Appendix A – Design and Operating Effectiveness of Controls

WR Partners

This section of our report includes recommendations for improvements in systems or controls that were identified during the course of our audit work.

Impact assessment

- High – Matters that are considered fundamental against which management should take action as soon as possible
- Medium – Matters that are considered significant that should be addressed within 3 – 6 months
- Low – Matters that are not considered fundamental but where improvements can be made

Observation	Impact	Implication	Recommendation	Management Response
There is no service level agreement in place with Shropshire Council.	●	The absence of a formal SLA with Shropshire Council increases the risk of unclear responsibilities, service expectations, and charging arrangements, potentially leading to disputes or ineffective oversight.	WME should establish and periodically review a formal SLA with Shropshire Council that clearly defines services, responsibilities, performance expectations, and charging arrangements.	Management are pursuing a SLA with Shropshire Council and will have this in place as soon as possible.

West Mercia Energy

Committee and Date	Item
West Mercia Energy Joint Committee 25th September 2026	 Public

Distribution of Surplus

Responsible Officer Duncan Whitfield - Treasurer
e-mail: Duncan.Whitfield@shropshire.gov.uk Tel: 01743 254928

1. Summary

1.1 The purpose of this report is to recommend the level of retentions to be held and the amount to be distributed to the Member Authorities from the accumulated surplus held on 31 March 2026.

2. Recommendations

2.1 It is recommended that the Joint Committee;

a) Approve the retention of accumulated surplus of £1.594 million

b) Approve the distribution of accumulated surplus of £2.283 million, in accordance with the provisions of the Joint Agreement.

REPORT

3. Risk Assessment and Opportunities Appraisal

3.1 There is a risk to the Member Authorities and the business of WME if a distribution is made to the Member Authorities without retaining sufficient funds for the proper operation of the business, to maintain a contingency fund and general reserves or provide for future investment. This risk is mitigated as the amount recommended for retention has been calculated taking into account future capital commitments and energy trading reserves (Capital at Risk for gas and electricity).

3.2 There are no direct environmental, equalities or climate change consequences arising from this report.

4. Financial Implications

4.1 The effect of the amount recommended for distribution as surplus on WME's General Fund is detailed below;

Table 1: General Fund balance

	£'000s
General Fund Balances as at 1 April 2026	3,877
Recommended Surplus distribution	2,283
General Fund balance after distribution	1,594

5 Background

5.1 Following on from the completion of the Statement of Accounts 2025/26 and the External Auditor's finalised Audit Findings Report 2025/26, it is appropriate to consider distribution to the Member Authorities of the surplus held at the year end as described in the Joint Agreement;

Paragraph 7.3.

a) The Joint Committee shall determine the level of accumulated surplus that shall be retained for contingency, for future investment or for other reserve purposes, having considered the recommendations of the Treasurer and Director and

b) The whole or any part of any remaining accumulated surplus balance (not otherwise retained for contingency, future investment or reserve purposes) shall be distributed to the Member Authorities in the manner described in clause 8 hereto.'

5.2 The Joint Agreement outlines the distribution formula as follows:

The amount of the accumulated surplus to be distributed to each Member Authority in a Financial Year shall be calculated in accordance with the following formula:

DA = A + B – C (+ or –) D (+ or -) E

Where:

- DA is the distribution amount from the accumulated surplus to be paid to an individual Member Authority in a Financial Year;
- A is the gross profit contribution generated by that Member Authority's transactions with WME during the previous Financial Year;
- B is 25% of the gross profit generated by non-Member Authority customers during the previous Financial Year;
- C is 25% of the expenditure incurred by WME during the previous Financial Year;

- D is 25% of the amount allocated in WME's accounts for movement in the retention sum during the previous Financial Year, which may be a positive or negative figure;

- E is 25% of the amount allocated in WME's accounts for other movements in WME's General Fund during the previous Financial Year, which may be a positive or negative figure.

6 Retention of Surplus

6.1 The following amounts are recommended by the Treasurer and Director for retention;

Table 2: Retention 2026

	£'000s
Capital at Risk (gas and electricity)	1,494
General	100
	1,594

The Capital at Risk retention is held to support within year trading activity.

7 Distribution of Surplus

7.1 The accumulated surplus at 31 March 2026 was £3.877 million. Should the Joint Committee agree with the recommendation in this report as to the amount to be retained as surplus, consequentially £2.283 million is available for distribution to the Member Authorities.

7.2 If the amount for the distribution of surplus is agreed the amounts to be distributed to each Member Authority are:

Table 3: Owners element of distribution

	£
Herefordshire	536,333
Shropshire	589,590
Telford & Wrekin	586,072
Worcestershire	570,811
	2,282,806

7.3 If approved it is proposed to pay these amounts in October 2026.

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

Statement of Accounts 2025/26

Member Councillor P Stoddart of Herefordshire Council (Chair of the Joint Committee)
Appendices None

0

Committee and Date	Item
West Mercia Energy Joint Committee	
25th September 2026	Public

RISK MANAGEMENT UPDATE

Responsible Officer Nigel Evans
e-mail: nevans@westmerciaenergy.co.uk Tel: 0333101 4353

1. Summary

1.1 In accordance with the WME Risk Management Strategy, the purpose of this report is for the Joint Committee to receive details of any medium and high risks that have been identified by WME.

2. Recommendations

2.1 The Joint Committee are asked to consider and endorse, with appropriate comment the medium risks presented (no high risks identified).

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 review considers any new emerging risks as well as any of the existing risks which require revaluating. The current risk register comprises of seventy-two 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 presents the one medium risk identified. This risk continues to be assessed as medium, with the likelihood remaining at one. In WME's view, this means that a breach of the risk levels within the year would only occur in exceptional circumstances, however should it occur, the impact could be major.

Ref	Risk	Risk Owner	L	I	Rank	Rank Change
Current Medium Risks						
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

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

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information) Joint Committee 27th March 2026 – Risk Management Update
Member Councillor P Stoddart of Herefordshire Council (Chair of the Joint Committee)
Appendices None

Committee and Date	Item
West Mercia Energy Joint Committee 25th September 2026	 Public

ANTI-SLAVERY AND HUMAN TRAFFICKING POLICY

Responsible Officer Nigel Evans
e-mail: nevans@westmerciaenergy.co.uk Tel: 0333101 4353

1. Summary

1.1 This report is to present to the Joint Committee the updated Anti-Slavery and Human Trafficking Policy for WME for approval.

2. Recommendations

2.1 The Joint Committee are asked to approve the WME Anti-Slavery and Human Trafficking Policy.

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.

4. Financial Implications

4.1 There are no direct financial implications arising from this report.

5. Background

5.1 The Modern Slavery Act 2015 is aimed at combating crimes of slavery and human trafficking and recognises that businesses have a role to play in tackling these crimes. Section 54 of the Act requires any commercial organisation with a turnover of over £36m p.a. to publish an annual statement for each financial year to detail what steps the organisation has taken to ensure that human trafficking is not taking place in any of its supply chains or its business (this does not mean the organisation must guarantee the entire supply chain is slavery free); or make a declaration that no such steps have been taken. The aim is to ensure that businesses are transparent about what they are doing to tackle modern slavery and human trafficking.

5.2 In accordance with section 54 of the Modern Slavery Act 2015, a statement must be published at the end of the relevant financial year and specify the steps taken within the previous financial year to ensure that no slavery or human trafficking is taking place in any part of its business or in its supply chains.

5.3 The WME Anti-Slavery and Human Trafficking Policy was approved by the Joint Committee on 25th September 2017 and the draft annual statement was approved by the Joint Committee in March with the final statement subsequently published on the WME website in April.

5.4 We have reviewed and updated this policy after recently completing the Government's Modern Slavery Assessment which highlighted some areas where our policy could be improved. These changes have been marked on the attached updated policy. We will continue to review and update this policy as required considering such assessments.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information) WME Anti-Slavery and Human Trafficking Policy – 25th September 2017 Anti-Slavery and Human Trafficking Statement 2025/26 – 27th March 2026
Member Councillor P Stoddart of Herefordshire Council (chair of the Joint Committee)
Appendices WME Anti-Slavery and Human Trafficking Policy

Anti-slavery and Human Trafficking Policy

Policy Statement

Modern slavery is a crime and a violation of fundamental human rights. It takes various forms, such as slavery, servitude, forced and compulsory labour and human trafficking, all of which have in common the deprivation of a person's liberty by another in order to exploit them for personal or commercial gain.

West Mercia Energy have a zero-tolerance approach to modern slavery and are committed to acting ethically and with integrity in all our business dealings and relationships and to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in our own business or in any of our supply chains.

We are also committed to ensuring there is transparency in our own business and in our approach to tackling modern slavery throughout our supply chains, consistent with our disclosure obligations under the Modern Slavery Act 2015.

WME are committed to:

- *Adherence to local and national laws*
- *Freedom of workers to terminate employment*
- *Freedom of movement*
- *Freedom of association*
- *The prohibition of any threat of violence, harassment and intimidation*
- *The prohibition of the use of worker-paid recruitment fees*
- *The prohibition of compulsory overtime*
- *The prohibition of child labour*
- *The prohibition of discrimination*
- *The prohibition of the confiscation of workers original identification*
- *The provision of access to remedy, compensation and justice for victims of modern slavery*

We expect the same high standards from all of our contractors, suppliers and other business partners, and as part of our contracting processes we will include specific prohibitions against the use of forced, compulsory or trafficked labour, or anyone held in slavery or servitude, whether adults or children, and we expect that our suppliers will hold their own suppliers to the same high standards.

This policy applies to all persons working for us, including employees at all levels, directors, officers, agency workers, seconded workers, volunteers and interns. We will undertake appropriate checks of persons working on our behalf in any capacity, including contractors, external consultants, third-party representatives and business partners to ensure their compliance with the Modern Slavery Act 2015 and supporting policies (where appropriate).

This policy does not form part of any employee's contract of employment, and we may amend it at any time.

Responsibility for the policy

- The Managing Director has overall responsibility for ensuring this policy complies with our legal and ethical obligations, and that all those under our control comply with it.

- Senior Management have primary and day-to-day responsibility for implementing this policy, monitoring its use and effectiveness, dealing with any queries about it, auditing internal control systems and procedures to ensure they are effective in countering modern slavery, and for ensuring those reporting to them understand and comply with this policy and are given adequate information on it and the issue of modern slavery in supply chains.

- Members of staff are invited to comment on this policy and suggest ways in which it might be improved. Comments, suggestions and queries are encouraged and should be addressed to the Managing Director.

Compliance with the policy

- All employees must read, understand and comply with this policy.

- The prevention, detection and reporting of modern slavery in any part of our business or supply chains is the responsibility of all those working for us or under our control. Employees are required to avoid any activity that might lead to, or suggest, a breach of this policy.

- Employees must notify their line manager or call the confidential whistle blowing helpline 01743 252627 as soon as possible if they believe or suspect that a conflict with this policy has occurred or may occur in the future.

- Employees are encouraged to raise concerns about any issue or suspicion of modern slavery in any parts of our business or supply chains of any supplier tier at the earliest possible stage.

- Employees should note that where appropriate, and with the welfare and safety of local workers as a priority, we will give support and guidance to our suppliers to help them address coercive, abusive and exploitative work practices in their own business and supply chains.

- If an employee is unsure about whether a particular act, the treatment of workers more generally, or their working conditions within any tier of our supply chains constitutes any of the various forms of modern slavery, raise it with your line manager or through the whistle blowing helpline.

- West Mercia Energy aims to encourage openness and will support anyone who raises genuine concerns in good faith under this policy, even if they turn out to be mistaken. We are committed to ensuring no one suffers any detrimental treatment as a result of reporting in good faith their suspicion that modern slavery of whatever form is or may be taking place in any part of our own business or in any of our supply chains. Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern. If an employee believes that they have suffered any such treatment, they should report this via the Grievance Procedure.

Communication and awareness of this policy

Communication of this policy, and on the risk our business faces from modern slavery in its supply chains, will form part of the induction process for all individuals who work for West Mercia Energy, and regular updates to maintain and raise awareness will be provided as necessary.

West Mercia Energy's zero-tolerance approach to modern slavery must be communicated to all suppliers, contractors and business partners at the outset of the business relationship with them and reinforced as appropriate thereafter. *Specifically, high risk suppliers are required to adhere to this policy as a contract condition.*

Breaches of this policy

Any employee who breaches this policy will face disciplinary action, which could result in dismissal for misconduct or gross misconduct.

West Mercia Energy may terminate our relationship with other individuals and organisations working on our behalf if they breach this policy.

Committee and Date	Item
West Mercia Energy Joint Committee 25th September 2026	 Public

STANDING ORDERS

Responsible Officer Nigel Evans
e-mail: nevans@westmerciaenergy.co.uk Tel: 0333101 4353

1. Summary

1.1 This report is to present to the Joint Committee the updated Standing Orders for WME for approval.

2. Recommendations

2.1 The Joint Committee are asked to approve the updated WME Standing Orders.

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.

4. Financial Implications

4.1 There are no direct financial implications arising from this report.

5. Background

5.1 The current Standing Orders of WME were approved by the Joint Committee on 25th September 2024 which were updated for the Procurement Act 2023.

5.2 These Standing Orders have been reviewed and updated for the following aspects:

- formally defining the WME Procurement Advisor
- updating procurement regulation thresholds
- enhancing for modern slavery aspects
- updating to reflect we are now running tenders through our own WME platform rather than via Shropshire Council.

A tracked changes version is attached to this report.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information) Joint Committee 20th September 2024 – Standing Orders
Member Councillor P Stoddart of Herefordshire Council (Chair of the Joint Committee)
Appendices Standing Orders

Standing Orders

West Mercia Energy

Contents Page

West Mercia Energy

1 – Introduction

1.1 These Standing Orders ~~have been updated to~~ incorporate the changes for ~~relating to t~~the Procurement Act 2023 which commenced 24th February 2025 ~~effective from 28th October 2024~~. All contracts procured under earlier regimes will continue to be governed by the relevant regulations.

1.2 The aims of these Standing Orders for the Regulation of Contracts are to:

- i ensure compliance with all legal requirements, including that contracts are awarded fairly and that all potential bidders are treated equally
- ii achieve value for money
- iii ensure transparency, openness, non-discrimination and fair competition
- iv demonstrate probity, consistency, accountability and integrity
- v support the WME and its Member Authorities aims
- vi protect Officers.

1.3 WME (as a Joint Committee of its four member Local Authorities) is a 'Contracting Authority' for the purposes of the Procurement Regulations and is thereby legally bound to comply with certain practices and procedures in the award of its contracts.

2 - Application of these Standing Orders

2.1 These Standing Orders apply to contracts being let by WME for the purchase of goods, works and services, including the establishment of Frameworks or Dynamic Markets for use by WME customers. They do not apply to contracts of employment or for the acquisition of land.

2.2 Where WME is purchasing on behalf of itself or a customer from a Framework, Dynamic Purchasing System (DPS) or Dynamic market (DM) established by another organisation, provided that Framework, DPS or DM is established in accordance with the Public Contracts Regulations 2015, or if established on or after 28th October 2024, the Framework or Dynamic Market is established in accordance with the Procurement Act 2023, a purchase using that procurement facility will be deemed to comply with the procurement processes within these Standing Orders.

2.3 WME customers will need to comply with their own governance arrangements or standing orders when entering into contracts for the purchase of goods, works and services.

3 - Definitions of terms used in these Standing Orders

In these Standing Orders:

"Acceptance Letter" means the letter advising a Tenderer that their bid has been accepted and that WME wishes to enter into contractual relations based on the bid submitted by the Tenderer, subject to those contract terms being agreed.

"Aggregated Value" means the total value of a series of purchases made of similar items or groups of items during the term of the contract or over a period of at least 12 months or the relevant definition as set out in the Procurement Regulations, Statutory Instruments or amendments thereto.

"**Central digital platform"** means the online system provided by the Cabinet Office for the publication of notices, documents and other information in relation to the Procurement Act.

"Consideration Payable" means the total value of consideration payable by or to WME under the contract or any series of contracts of which it forms a part.

"Contract" means any contract in writing or otherwise for the supply of goods, materials or services but shall exclude contracts of employment or contracts for the sale or purchase of any interest in land.

"Contractor" means any person or organisation awarded a Contract. This includes any consultant appointed by WME to advise on any project.

"Estimated Value" means the estimated value of the contract over the whole intended period of the contract to be let (included any anticipated extension periods).

"Framework Agreement" means an agreement or other arrangement with one or more suppliers which establishes the terms (in particular the terms as to price and, where appropriate, quantity) governing contracts to be awarded by WME with the supplier in the period during which the framework agreement applies. A framework agreement does not generally give rise to a binding obligation on a supplier to supply, or on a contracting authority (or other public purchaser for whose benefit the framework agreement has been set up) to buy.

"Invitation to Tender" means the document(s) containing the specification, proposed terms and conditions and other appropriate information as issued to Tenderers to solicit Tenders as part of a Procurement Exercise.

"Most Advantageous Tender" (MAT) means the tender that provides the best overall value to WME, taking into account a range of criteria beyond just the price. These criteria can include quality, social value, environmental considerations, and the economic benefits to the community.

"Negotiation" means any alteration in the terms of a tender offered to WME and shall include any variation in the terms of a tender whether by deletion of any requirement or provision or the rectification of any error or omission or otherwise.

"Over Threshold Tender" means a formal written offer to execute works or supply goods, materials or services following an advertisement in the Find a Tender or other relevant publications, the value of which meets or exceeds the relevant Procurement Threshold as set from time to time.

"Person" includes a partnership, body corporate or unincorporated association.

"Post Tender Negotiations" means the ability to negotiate with a Tenderer after a Tender has been opened and evaluated in accordance with the published evaluation criteria for the purposes of securing an improvement in the delivery of the contract including but not limited to improvements in price.

"Procuring Officer" means any Officer, acting under the delegated powers of the Director, who is responsible for the procurement of goods and services.

"Procurement Exercise" means any process conducted by WME by which goods, services and/or works are to be procured.

"Procurement Regulations" means the Procurement Act 2023

"Public Contracts Regulations" means the Procurement Act 2023 (previously Public Contracts Regulations 2015).

"Procurement Regulations Threshold" means the Estimated Value thresholds set within the Procurement Regulations above which compulsory compliance with the Procurement Regulations is triggered. As of 1st January ~~2024~~2026, the published thresholds are inclusive of VAT, however they are listed below net of 20% VAT as follows:

Public Contracts Regulations

- Supplies and Services - £~~214,904~~207,720 (net of VAT)
- Works - £~~5,372,609~~ 5,193,000 (net of VAT)

but as may be amended from time to time (threshold amounts are updated every 2 years).

"Quote/Quotation" means a formal written offer to execute works or supply goods, materials or services the value of which is below £30,000

"Tender" means the formal offer from a Tenderer, which is capable of acceptance by WME, which is a response to an Invitation to Tender. It shall include all documents comprising the submission including pricing, technical specification and method statements as well as information about the Tenderer.

"Tenderer" or **"Tenderers"** means the person or persons invited to participate in a Procurement Exercise.

"The Register" means the register referred to in section 13 containing records of action taken under these Standing Orders.

"Under Threshold Tender" means a formal written offer to execute works or supply goods, materials or services the value of which is above £30,000 but falls below the relevant Procurement Threshold as set from time to time.

"WME Member Authority" means the ~~owning~~Member Authorities who combine to form the WME Joint Committee

"WME Procurement Advisor" means the Procurement Team at Shropshire Council or other Member Authority which may be used from time to time

"WME Thresholds" are the thresholds adopted internally by WME and detailed in the table below.

Value of Order	Process
£0 - £10,000	Obtain at least two verbal/written quotes where practical and retain a written record of details of verbal quotes and retain on file. (If two quotations cannot be obtained a record of the reasons for this must be maintained.)
Between £10,000 and £30,000	Obtain at least three written quotations
Between £30,000 and Procurement Regulations Thresholds	Competitive tendering (noting that the 'below-threshold' requirements set out in paragraph 9 below must be followed)
Above Procurement Regulations Thresholds	Procedure compliant with the Procurement Regulations

4 - Responsibilities of Officers

All WME Officers are responsible for complying with these Standing Orders. This Section 4 outlines the responsibilities of all Officers as follows:

4.1 Director:

4.1.1 To keep these Standing Orders up to date and under review;

4.1.2 To approve and sign as applicable contracts in accordance with the WME Scheme of Delegation;

4.1.3 To act in accordance with the WME Scheme of Delegation;

4.1.4 To ensure that Procuring Officers receive appropriate training before exercising powers to negotiate/agree contracts;

4.1.5 to ensure that contracts and tendering processes follow these Standing Orders and WME's Financial Regulations.

4.2 Procuring Officers:

4.2.1 Must ensure they understand these Standing Orders and their obligations under them before commencing a Procurement Exercise.

4.2.2 Must ensure that all procurement processes undertaken are carried out in accordance with these Standing Orders and the Procurement Regulations and other applicable legislation in force at the relevant time and that any actions taken are within their level of authorisation in accordance with any delegations in place.

4.2.3 Must ensure that there is a suitable WME Joint Committee or Director approval for each contract for which they are responsible.

4.2.4 Must work with the WME~~'s~~ P~~Shrsophs p~~rocurement A~~a~~dvisor~~s~~ at the commencement of any procurement process to which the Public Contracts Regulations apply to ensure:

- all required notices are published during the lifetime of the contract
- all requirements of the Procurement Act 2023 are adhered to

4.2.5 Should prepare and document an estimate of the whole life cost of the contract including, where appropriate, any maintenance and on-going costs for the purposes of correctly assessing the value of a contract and to ensure that there is sufficient budget for the Contract.

4.2.6 Must ensure that discussions/correspondence with suppliers do not inadvertently commit WME to contractual relationships.

4.2.7 Subject to the nature and value of the intended contract, where there are any concerns arising, consult with the Director to arrange advice from WME's procurement and legal advisors as appropriate for guidance as early as possible in the procurement process.

4.2.8 Identify and allow a sufficient timescale for a procurement process to be undertaken prior to the anticipated commencement of a contract.

4.3 All Officers must:

4.3.1 Understand these Standing Orders and the processes they must follow when agreeing contracts or ordering goods, work or services.

4.3.2 Follow the national and local code of conduct for local government employees, a copy of which is included in the WME Staff Handbook.

4.3.3 Declare to the Director any interest which could influence their judgement in contracting matters. Legal advice must be obtained by Officers where any conflict has potential to impact on contractual relationships.

4.3.4 Make sure that WME obtains value for money.

4.3.5 Follow these Standing Orders and any codes of practice, guidance or instructions provided by the Director.

4.3.6 Follow all relevant laws.

4.3.7 Follow WME's Financial Regulations to follow the systems and procedures that are in place to control budgets properly.

4.4 General Points to Note by all Officers:

4.4.1 Third parties acting on behalf of the WME (e.g. consultants) must also comply with these Standing Orders. Officers instructing third parties to procure contracts must supply them with a copy of these Standing Orders and ensure that they are followed.

4.4.2 Corruption is a criminal offence. All Officers who let, manage or supervise contracts must ensure adequate records are kept and act in accordance with the highest standards of propriety and in accordance with the WME Employee Code of Conduct, particularly with regard to relationships between contractors and suppliers and the separation of roles during tendering processes.

4.4.3 The WME Director will be responsible for any interpretation of these Standing Orders.

4.4.4 In all instances, procurement shall be undertaken in accordance with the principles of obtaining value for money, and in a manner that is non-discriminatory, transparent and fair.

4.4.5 In accordance with the Procurement Act 2023

- Publication of a Tender Notice is mandatory when undertaking an open or competitive flexible procedure (including to establish a framework and awarding a contract under a dynamic market) or procuring a regulated below-threshold contract
- Publication of notifiable below-threshold contract opportunities should be made using a below threshold tender notice on the central digital platform, before publication on any other medium
- Publication of notifiable below-threshold contract awards should be made using the contracts details notice on the central digital platform

4.4.6 Contracts for goods, services and works shall be structured, where appropriate and within the legislative framework, to support and promote the policies and corporate priorities of WME and their Member Authorities. In particular, where appropriate and subject to procurement law, Procuring Officers, when procuring contracts of values up to £50,000 must invite at least one WME Member Authority based contractor to bid for - contracts. Invitations to tender should not be framed in such a way as to unnecessarily debar small and medium sized companies, the voluntary sector and social enterprises from bidding. Further details relating to offering tendering opportunities to local contractors and suppliers are set out in Section 9 of these Standing Orders.

4.4.7 All goods, services and works must comply with any relevant quality and safety standards or specifications, code of practice, British Standard Specifications or Codes of Practice applicable in the UK current at the date of the tender together with the WME's own Terms and Conditions (where applicable).

4.5 Consequences of failing to comply with these Standing Orders:

4.5.1 It is an implied condition of employment of all staff of WME with responsibility for the administration of contracts that they should at all times observe the provisions and the spirit of these Standing Orders.

4.5.2 Failure to comply with any of these Standing Orders may result in disciplinary action and legal proceedings against the Officer or third parties concerned. Any Officer who fails to follow these Standing Orders may lose the protection of the indemnity given to Officers by the Council and therefore may have personal liability for a contract or any losses.

4.5.3 Where it becomes apparent that an Officer has failed to comply with these Standing Orders then the Director must compile a report outlining the reasons for the non-compliance and the steps taken to prevent a re-occurrence. The Director shall provide a copy of the report to the Joint Committee's Secretary and Treasurer (in their capacity as Shropshire Council's s151 Officer and Monitoring Officer) for them to consider and take action as appropriate.

5 - Extent of Contract Standing Orders

5.1 The Director's delegated authority to enter into energy purchase contracts on behalf of WME is set out in the Director's current Scheme of Delegation.

5.2 The objective of these Standing Orders is to ensure that any contract or series of aggregated purchases is properly regulated. In particular, it is to ensure that contracts for the supply of goods, materials and services are obtained on the basis of the Most Advantageous Tender .

5.3 The Procurement Regulations apply to all public sector procurement where the value of a contract, or the Aggregated Value of a series of purchases within a contract or series of contracts, exceeds thresholds as set from time to time and published by the Cabinet Office. In such cases the requirement for a Procurement Regulations compliant procurement procedure shall apply in full to WME as set out in paragraph 8 of these Standing Orders.

5.4 Where the value of a contract, or the Aggregated Value of a contract, is deemed to be below the relevant Procurement Regulations thresholds, paragraph 9 of these Standing Orders shall apply.

5.5 Subject to the provision of paragraph 9.4 these Standing Orders must be observed on every occasion WME enters into a contract except where goods and services are being obtained on behalf of another public sector body when their Standing Orders will apply.

5.6 In addition to the obligations under the Procurement Regulations WME officer(s) undertaking the procurement should also have regard to other legislative obligations on contracting authorities when conducting procurement, such as the requirements of the Public Services (Social Value) Act 2012. This Act requires contracting authorities, at the pre-procurement stage, to consider how what they are proposing to procure may improve the economic, social and environmental well-being of their area (the areas of the Joint Committee's Member Authorities), and how it can act to secure that improvement in conducting the procurement process. This obligation applies to the procurement of service contracts (including those which may also involve goods) under the Public Contracts Regulations.

6 - Starting the Procurement Process

6.1 Introductory Note:

Before commencing a procurement activity all of the steps on the pages of these Standing Orders must be addressed or considered as appropriate. The requirements of this Section 6 apply to all procurement activity. Depending on the value of the contract to be awarded, the requirements that will need to be fulfilled with regard to each stage of a procurement process will vary.

6.2 There are effectively six stages to the procurement process:

- i preparation (pre-contract requirements) which may include preliminary market engagement and Pre-Qualification Questionnaires
- ii invitation of tenders/quotations
- iii evaluation of tenders/quotations
- iv acceptance and award
- v finalisation of contract documents
- vi monitoring of performance including publication of Contract Performance Notices

6.3 At **all stages** of the above process, modern slavery should be considered. For example, during the tender stage, labour costs should be factored into the procurement, and consideration given to whether the price being charged for goods and services is so low that the supplier (or suppliers) are likely to be exploiting workers.

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6.4 Furthermore, consideration should also be given to how purchasing practices could put pressure on suppliers, leading to modern slavery. Some examples of purchasing practices that could create these conditions include:

1. Aggressive pricing that does not consider sustainable production costs;
2. Short lead times;
3. Late high-volume orders;
4. Inaccurate forecasting;
5. Late or extended payments;
6. Withdrawing for contracts at the last minute;
7. Unfair penalties for not meeting orders despite last minute changes;
8. Accuracy of technical specifications.

For every contract that is to be let, Officers must ensure that they can, as a minimum, comply with the requirements of Sections 7-16.

7 - Establishing a Business Case

7.1 The extent of the Business Case will depend on the value and associated risk of the procurement activity. The responsibility for preparing the Business Case lies with the Procuring Officer. Procuring Officers must take the following into consideration when preparing the Business Case;

- i Identification of need
- ii What are the planned results/improved outcomes
- iii Identify the estimated cost and the budget available
- iv An options appraisal
- v An assessment of risks and how to manage them
- vi The preparation of a specification/brief and timetable
- vii Where the planned procurement is estimated to be over £50,000 in value, you must contact ~~Shropshire Council's Procurement Team~~the WME Procurement Advisor for assistance with the preparation of the criteria to assess tenders.

7.2 Once the Business Case has been prepared, the Procuring Officer should present it to the Director in order to obtain the necessary authority in accordance with section 8 and 9 below.

8 - Over Threshold Tender Procurement Procedures

8.1 Where the contract value or Aggregated Value of the contract is likely to exceed the relevant Threshold for the class of contract required the procedures set out in the relevant Procurement Regulations must be followed in full. The Procurement Officer MUST contact the WME~~'s~~ P~~p~~rocurement A~~a~~dvisor at the beginning of the Procurement Exercise to obtain advice on the appropriate procurement process to be followed, and consult at each stage of the Procurement Exercise where required including contract evaluation, award and performance monitoring.

8.2 It is very important that these Standing Orders are followed. The Procurement Regulations set out remedies available to a Tenderer who "has suffered, or is at risk of suffering loss or damage" who wish to challenge the award of a contract above the relevant Threshold which has not been subject to a compliant procurement process under the Procurement Regulations. Remedies available include

- An order to set aside a decision of a contracting authority in the course of a tender procedure.
- The award of damages to an operator which has suffered loss or damages as a result of a breach.

8.3 Before the award of any contract, financial checks must be carried out on the preferred bidder to ensure that they are of sufficient financial stability to undertake the contract.

9 -Below Threshold Tenders

9.1 Where contracts below the Procurement Threshold figures are being procured, WME officers shall follow the appropriate process for the value of the contract being let as set out in the WME Thresholds.

9.2 Where contracts below the Procurement Threshold figures are being procured the relevant Procurement Regulations should also be checked in order to comply with any 'below-threshold' requirements.

9.3 The Procurement Act 2023 identifies a "notifiable below-threshold contract" as a regulated below-threshold contract with an estimated value of not less that £30,000, requiring that:

9.3.1 A contracting authority may not advertise for the purpose of inviting tenders in relation to the award of a notifiable below-threshold contract without first publishing a below-threshold tender notice

9.3.2 Before inviting the submission of tenders in relation to the award of a regulated below-threshold contract, a contracting authority must—

(a)have regard to the fact that small and medium-sized enterprises may face particular barriers in competing for a contract, and
(b)consider whether such barriers can be removed or reduced.

9.3.3 If a contracting authority invites the submission of tenders in relation to the award of a regulated below-threshold contract, the authority may not restrict the submission of tenders by reference to an assessment of a supplier's suitability to perform the contract.

9.3.4 certain terms to be included in the contracts, including payment of undisputed invoices within 30 days

9.3.5 In any procurement of a value not requiring a quotation or tender process, the spirit of these Standing Orders shall be followed and although not required, whenever practicable at least three quotes or prices should be obtained from potential suppliers to ensure value for money is obtained.

9.4 A contract may be entered into by WME other than in accordance with Standing Orders 9.1 to 9.3 above in the following circumstances:

i Where the Director is satisfied that there is only one supplier and no acceptable alternative;

ii Where the Director is satisfied that it is in the best interests of the business to standardise by buying from only one supplier;

iii For the extension addition to or maintenance of existing goods, materials or services where the Director is satisfied that this can only be done satisfactorily by the original contractor or supplier;

iv For the urgent supply of goods where the Director is satisfied that the tender process is likely to prevent the supply of goods or services within the required timescale;

v For the supply of used or second hand goods or materials where the market for such goods or materials is such that it would be unreasonable to obtain quotes or tender or where the time required to complete the tender process is likely to lead to the loss of the opportunity to purchase a used or second-hand item which, in the Director's opinion, represents value for money;

vi For the supply of used or second hand goods, materials or services in any other circumstances where the Director is satisfied that there are proper service reasons for not obtaining quotes or tendering for the supply of goods, materials or services and where the Director is satisfied that it represents value for money and there will be no financial disadvantage as a result of not going through a competitive process.

All contracts let in accordance with Standing Order 9.4 shall be recorded in the Register referred to in paragraph 13 which shall show the Standing Order under which action has been taken

10 - Submitting and Opening Tenders

10.1 All Procurement Exercises for contracts in excess of the WME Threshold of £30k shall be issued and submitted electronically via WME's ~~via Shropshire Council's (as WME's procurement advisor) secure~~ secure e-tendering system ~~system and overseen by Shropshire Council's Procurement Team in order to~~ which~~and~~ will provide a full audit trail of the activity undertaken. ~~Tenders will be opened in accordance with Shropshire Council's formal receipt and opening of tenders process within the e-tendering systems and be forwarded on to WME for analysis after the time for receipt of tenders has expired. Shropshire Council shall keep the tenders secure and unopened until the expiry of the allocated tender return date and time. The Director or his delegated representative shall be automatically notified by e-mail when the tender submissions are opened and available for viewing and analysis.~~ Under no circumstances may a tender be opened prior to the allocated return date and time for that tender process. The use of ~~Shropshire Council's~~the e-tendering system does not allow tenders to be opened prior to this time.

10.2 The Director or his delegated representative must keep a record of these tenders which record shall be retained for a period of 5 years.

10.3 Late tenders must be recorded in the Register when they are received.

10.4 No tenders received after the time and date specified for its opening shall be accepted or considered by WME unless agreed by the Director in exceptional circumstances and in accordance with the procedure below.

10.5 In exceptional circumstances the Director, in consultation with WME procurement and legal advisors, may:

- i extend the deadline for submission of tenders. All known potential Tenderers should be notified of the amended submission date and time as soon as possible following the decision to extend the deadline;
- ii allow a late tender to be submitted after the deadline provided:
  - The Tenderer has contacted the WME Procurement Advisor~~Shropshire Council's Procurement Manager~~ and provided them with evidence that a genuine attempt to submit the tender prior to the deadline was made which was prevented by matters outside of their control, and
  - None of the tenders submitted in respect of the subject of the procurement have been opened at that time. If a submitted tender has already been opened, no later tenders shall be permitted.

The reasons for any extension of the tender deadline or for allowing a late tender to be submitted shall be recorded in the Register

11 - Evaluation of Quotations and Tenders

11.1 All Quotes and Tenders shall be evaluated in accordance with evaluation criteria notified in advance to those submitting quotes/tenders. Over Threshold Tenders shall be evaluated in accordance with the Procurement Regulations.

12 - Accepting Quotes and Tenders

12.1 Only those Quotes and Tenders that comply with the published evaluation criteria shall be considered for acceptance. The Director shall accept the Quote offering the best value to WME.

12.2 The Director may approve the amendment of a tender after it has been received and before it has been accepted only to enable the correction of an arithmetical or other error made in good faith (subject to the procedures for establishing explanation of abnormally low tenders as set out in the Procurement Regulations being followed for contracts so governed.)

- i In such circumstances the Tenderer shall be given details of the error or discrepancy found during the examination of the tender and shall be given the opportunity of confirming the tender with the amendment or withdrawing the tender.
- ii A record of any such alteration must be kept in the register.

12.3 Where the Director considers it appropriate he may enter into Post Tender Negotiations with the lowest Tenderer (or the Tenderer whose tender is to be accepted under clause 12.6 below) with a view to reducing the Consideration Payable in cases where payment is being made by WME or secure other improvements for WME, subject always to the Procurement Regulations where applicable.

12.4 The Director may also negotiate if he considers it appropriate with the highest Tenderer, where payment is to be made to WME, with a view to increasing the Consideration Payable, subject always to the Procurement Regulations where applicable.

12.5 If any negotiation takes place under clauses 12.3 or 12.4 above then that fact and a statement of reasons shall be made in the Register.

12.6 In respect of quotes or Tenders which are not subject to the Procurement Regulations, the Director is not bound to accept the lowest price and may accept other than the lowest price where:

- i There is a material improvement in specification in contrast to the lowest priced offer and where the Director is of the opinion that by virtue of the improved specification an offer other than the lowest quotation or tender represents the best value for money and should be deemed the Most Advantageous Tender .

ii The goods, materials or services tendered for are not available for immediate supply with the lowest offer and where in the opinion of the Director by reason of their non-availability another tender might reasonably be regarded as the Most Advantageous Tender .

All action taken under this Standing Order shall be recorded in the Register together with particulars and a statement of reasons.

12.7 For contracts subject to the Procurement Regulations, no negotiations will take place except as allowable under the relevant Procurement Regulations. In the case of all other contracts, no negotiations with Tenderers after the receipt of tenders shall take place except as authorised by the preceding paragraphs of this Standing Order without the prior approval of the Director and the fact that such negotiations have taken place shall be recorded in the Register with an indication of the reasons therefore.

13 - The Register

13.1 The Register shall be maintained by the Director and shall contain a record of any action under clauses 9.4, 10.5, 12.2, 12.3, 12.4 and 12.6

13.2 The Register shall be open for inspection at each meeting of the Joint Committee.

13.3 The Director will present a verbal update to the Joint Committee of any entries in the Register since the previous meeting.

14 - Forms of Contract

14.1 Every contract shall be made or confirmed in writing and signed in accordance with any authorisations included within the Scheme of Delegation.

15 - Corruption: Cancelling Contracts

15.1 Every contract must contain an appropriate Anti-Corruption and Bribery clause providing WME with the ability to cancel the contract and recover any resulting losses if the contractor or his/her employees or agents with or without his/her knowledge does anything improper to attempt to influence the award process.

16 - Compliance with Standing Orders

16.1 It shall be a condition of employment of the staff of WME that they should at all times observe the provisions of these Standing Orders. Failure to observe these Standing Orders will be regarded as a disciplinary matter.

16.2 When outside consultants or technical officers, excepting staff of WME, are employed to supervise contracts they must similarly follow these Standing Orders. Their contract for services must include this requirement.

17 - Review and Changes to these Standing Orders

17.1 These Contract Standing Orders shall be reviewed by the Director and updated on a regular basis. Save as set out below, amendments to these Standing Orders shall require approval of the WME Joint Committee and shall only be made after due consideration of a written report from the Secretary, the Treasurer and the Director.

17.2 The Director is permitted to make revisions to these Standing Orders to maintain compliance with and reflect changes to the Procurement Thresholds or legislation and is permitted to undertake such non-material amendments as a result of business changes from time to time.

Agenda Item 13

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Agenda Item 14

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