

# WORCESTERSHIRE COUNTY COUNCIL

## RECORD OF MEMBER DELEGATED DECISION

### WEST MERCIA ENERGY JOINT COMMITTEE VARIATION TO JOINT AGREEMENT

<b>Date of Decision</b>	9 June 2022
<b>Decision Maker</b>	Adam Kent

**Brief Description of Decision**

In 2012, Cabinet granted approval for Worcestershire County Council to enter into a Joint Agreement with Shropshire, Worcestershire, Telford & Wrekin and Herefordshire Councils trading as West Mercia Energy (WME). WME now supplies energy on behalf of its partners to public sector organisations across the country.

The Joint Agreement includes the provision that accumulated surpluses identified for distribution are allocated to Member Authorities each year. The current method was set up on the basis where all Member Authorities adopt the same margin approach, there is however significant risk to this. To address this risk the Member Authorities unanimously propose to amend the terms of the Agreement as set out below – by Deed of Variation. 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:

$$DA = A + B$$

	<p>C is 25% of the expenditure incurred by WME during the previous Financial Year;</p> <p>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;</p> <p>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.</p>
<b>Reason(s) for Decision</b>	This decision manages the risks associated with a reduction in any members adjusts their margins it adversely impacts the cost share across the four partners, and as a result of this Worcestershire will receive a higher dividend in 2021/22 than under the previous formula
<b>Alternative Options Considered and Rejected</b>	To retain the current model, however this is discounted due to the risks associated with that.
<b>Any Conflict of Interest declared by a consulted Cabinet Member/ any dispensation granted</b>	None
<b>Signature of Decision Maker</b>	Adam Kent

**Date of Implementation of Decision**