

Cabinet Member with Responsibility (CMR)

Response to a Scrutiny Report

Summary of Report details:

Title of Scrutiny Report: The Council's Energy Purchasing Arrangements

Lead Member of the Task Group: Councillor Adam Kent

Relevant CMR: Councillor Karen May, CMR for Transformation and Commissioning

Date of Overview and Scrutiny Performance Board approval: 6 January 2021

Date of Cabinet: 4 February 2021

Purpose of the Scrutiny Task Group

To review the Council's energy purchasing arrangements from West Mercia Energy (WME) to ensure best value for Worcestershire County Council.

General comments from the CMR on the Report:

I would like to thank the Scrutiny Task Group for the time and effort that has gone in to undertaking this review, as well as for the comprehensive summary of findings and recommendations that have been present in respect of the West Mercia Energy arrangements. As acknowledged in the report, energy purchasing is both complex and highly technical, and the arrangements in place with WME add an additional dimension of complexity for Task Group members to familiarize themselves with. I appreciate the close level of engagement throughout this process and would like to further express my thanks for the opportunity to respond to the findings in the report.

In summary, I find all recommendations to be reasonable, appropriate and proportionate, though I would caveat that not all are within our exclusive gift to implement. Specific details are captured below for each recommendation, and we will use our best endeavors to ensure the outcomes, as recommended, are achieved.

Recommendations to Cabinet

Governance, Transparency and Oversight

Recommendation 1: The Cabinet Member with Responsibility, the Strategic Director of Commercial and Change, the representatives on the WME Joint Committee and the S151 Officer should be invited to Scrutiny on an annual basis to provide an update on WME including the Business Plan and the activities relating to the Council. The Council's Overview and Scrutiny Performance Board should determine the most appropriate body to carry this Scrutiny out and accordingly, should be added to the appropriate Scrutiny work programme.

CMR Response to recommendation: Please tick ✓ as appropriate

- | | | |
|----|--|-------------------------------------|
| 1. | Accept recommendation in full | <input checked="" type="checkbox"/> |
| 2. | Accept recommendation <u>in part</u> * | <input type="checkbox"/> |
| 3. | Decline recommendation* | <input type="checkbox"/> |

Recommendation accepted in full. I will engage with the scrutiny chair and the Strategic Director of Commercial and Change to agree the first most appropriate date for this annual review to commence, and how this can be facilitated. OSPB will advise the appropriate body with which to engage for scrutiny purposes.

Recommendation 2: The Joint Committee Agreement stipulates that decisions of the Joint Committee will be subject to Scrutiny by the constituent authorities and its decisions can also be called-in within each constituent authority, using their own respective mechanism. In practical terms, for this to happen within the timescale set i.e. any call-in must be exercised by 5pm on the 5th working day after the decision is published, it is recommended that the Members of OSPB are sent the agendas and minutes of all WME Joint Committee meetings.

CMR Response to recommendation: Please tick ✓ as appropriate

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|----|--|-------------------------------------|
| 1. | Accept recommendation in full | <input checked="" type="checkbox"/> |
| 2. | Accept recommendation <u>in part</u> * | <input type="checkbox"/> |
| 3. | Decline recommendation* | <input type="checkbox"/> |

Recommendation accepted in full. In lieu of the changes outlined in recommendation 6 below, I will liaise with our representatives on the joint committee to ensure agendas and minutes are provided. Subject to the changes outlined in recommendation 6 being implemented, I will ensure these are obtained and circulated to the OSPB.

Recommendation 3: Acknowledging that WME is subject to the auditing arrangements in place by the host authority (Shropshire Council), the Task Group nevertheless recommends that, due to the potential financial risks involved, the Council's Internal Audit Department should ensure that it has oversight of WME Joint Committee and Business Plan.

CMR Response to recommendation: Please tick ✓ as appropriate

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|----|--|-------------------------------------|
| 1. | Accept recommendation in full | <input checked="" type="checkbox"/> |
| 2. | Accept recommendation <u>in part</u> * | <input type="checkbox"/> |
| 3. | Decline recommendation* | <input type="checkbox"/> |

Recommendation accepted in full. We will engage with the risk and audit committee to understand how this can be facilitated, along with any challenges with doing so.

Recommendation 4: It is recommended that in line with two of the other Member Authorities, a County Council Contracting (Procurement) Officer should act as the Council's Representative on the WME Flexible Energy Advisory Panel. This would ensure that the Procurement function has oversight, understanding and influence of the Council's energy purchasing arrangements. It would also give improved networking opportunities for the Procurement Officer with the representatives of WME and the other Member Authorities.

CMR Response to recommendation: Please tick ✓ as appropriate

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|----|--|-------------------------------------|
| 1. | Accept recommendation in full | <input type="checkbox"/> |
| 2. | Accept recommendation <u>in part</u> * | <input checked="" type="checkbox"/> |
| 3. | Decline recommendation* | <input type="checkbox"/> |

I accept and agree with the recommendation, however it may not be within our gift to introduce a further member to the WME FEAP. We will explore this and report back in turn.

Recommendation 5: It is recommended that, as part of the new Councillor Induction Programme, a session is included to explain the Council's Energy Purchasing arrangements via the WME Joint Committee Agreement.

CMR Response to recommendation: Please tick ✓ as appropriate

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|----|--|-------------------------------------|
| 1. | Accept recommendation in full | <input type="checkbox"/> |
| 2. | Accept recommendation <u>in part</u> * | <input checked="" type="checkbox"/> |
| 3. | Decline recommendation* | <input type="checkbox"/> |

Recommendations accepted in part. Given the current operational context, I have asked the Commercial Lead to prepare a short presentation outlining the arrangements with WME, along with compiling relevant supporting documentation. Their contact details will be included within the presentation, and Members (new and existing) will be invited to engage with the Commercial Lead where they wish to understand more. If OSPB finds that this is insufficient, we can look to formalise this as a dedicated induction meeting in the future.

Council Representation on the WME Joint Committee

Recommendation 6: The Task Group recommends that the relevant Cabinet Member with Responsibility should be one of the Council's two Representatives on the WME Joint Committee.

CMR Response to recommendation: Please tick ✓ as appropriate

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|----|--|-------------------------------------|
| 1. | Accept recommendation in full | <input checked="" type="checkbox"/> |
| 2. | Accept recommendation <u>in part</u> * | <input type="checkbox"/> |
| 3. | Decline recommendation* | <input type="checkbox"/> |

Recommendation accepted in full. One of the two positions will become vacant post election period, at which point I will propose that I step into the role at that time.

Risk

Recommendation 7: The Task Group recommends that the Council gains a better awareness and understanding of the risks and liabilities associated with being a Member authority in a Joint Committee and that, to this end, Internal Audit be asked to review the WME Risk Register on an annual basis.

CMR Response to recommendation: *Please tick ✓ as appropriate*

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|----|--|-------------------------------------|
| 1. | Accept recommendation in full | <input checked="" type="checkbox"/> |
| 2. | Accept recommendation <u>in part</u> * | <input type="checkbox"/> |
| 3. | Decline recommendation* | <input type="checkbox"/> |

Recommendation accepted in full. This will be addressed as part of recommendation 3.

Recommendation 8: The Task Group recommends that it is imperative that succession planning should be given a very high priority to reduce the potential risk resulting from a reliance on a limited number of key personnel and should be included as part of the Annual Business Plan.

CMR Response to recommendation: *Please tick ✓ as appropriate*

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|----|--|-------------------------------------|
| 1. | Accept recommendation in full | <input checked="" type="checkbox"/> |
| 2. | Accept recommendation <u>in part</u> * | <input type="checkbox"/> |
| 3. | Decline recommendation* | <input type="checkbox"/> |

Recommendation accepted in full. I will engage with the Strategic Director of Commercial and Change, as well as Cabinet colleagues, to understand how best to accommodate this recommendation, and report back in due course. I believe this encapsulates both member representation on the joint committee, as well as effective succession planning within the commercial team.

Long Term Planning of WME

Recommendation 9: The Task Group recommends that the Council should seek to encourage the West Mercia Energy Joint Committee to develop a long-term strategic plan for WME, to provide a more stable future and one where it is able to flourish to its full potential.

CMR Response to recommendation: *Please tick ✓ as appropriate*

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| 1. | Accept recommendation in full | <input checked="" type="checkbox"/> |
| 2. | Accept recommendation <u>in part</u> * | <input type="checkbox"/> |
| 3. | Decline recommendation* | <input type="checkbox"/> |

Recommendation accepted in full. We will also seek to encourage a longer term view on energy procurement, and challenge existing views on compliant process. With the imminent changes to public sector procurement regulation, and the flexibility this will afford us, we envisage a fundamental review of our commercial strategy will be required.