

ExCo – Quarterly Risk Review

19th November 2013

Review of top risks

Movement:

Top 5 risks as reported at XXXX (current profile reference number in brackets) –

- (1) Plans are significantly hindered, redirected or otherwise changed by major stakeholders
- (2) Dependency on small number of service or commercial contracts
- (15) Non-compliance with regulatory framework or contractual obligations
- (19) Failure to respond to the competitive environment with pace
- (20) Failure to fully engage operators in the plans for Network Transformation

The top 5 have been replaced with the following 6 Risks, 1 of which is new to the profile, “Strike action within supply chain could damage ability to distribute cash to network”.

Summary of top risks (of which there are 6):**Critical & Immediate risks**

Risk	Owner	Current risk controls & assurance
Competition & market risks Risk that current investigations identify systemic weaknesses in systems and/or processes (22) (SPARROW – Allegations relating to the integrity of the Horizon System)	Chris Aujard	- Containment (Project Sparrow) - Preventative Workstream (identifying & addressing route cause) Action: - 2 nd line Risk Function review of Operational Standards
Financial Risk that income fails to materialise (e.g. Govt depts do not provide business) (3) (Failure to deliver top line growth)	Martin George Nick Kennett	- Trading Board - Commercial Plan - Quarterly Mitigation Performance review
Financial Failure to take action on central costs and/or sustain lower cost base (6) (Operating Model fails to deliver requisite cost savings)	Chris Day	- Benefits Realisation - Evidence Value for Money (Tangible Benefits) Action: - External benchmarking exercise
People and Culture Risk Post Office cannot develop sufficient capacity or capability to deliver plans (7) (Ineffective people capability resulting in inability to deliver strategic plans)	Fay Healey	- Tactical skills development - Talent and Development Programmes - Leadership Behaviours - Academy - Performance Management Improvement Action: Gap Analysis vs 2020 Strat plan (ExCo Succession & Level 4s)

Transformation Failure to fully engage operators in the plans for Network Transformation (20) (non-delivery of NT Changes – failure to deliver mandated change, if agreed next week)	Kevin Gilliland	<ul style="list-style-type: none"> - Communication Plan - Stakeholder Engagement - Offer package - Change reviews e.g. McKinsey/BiS(Deloitte)/Royal Mail Project Audit - NFSP buy in to plans Action: <ul style="list-style-type: none"> - 2nd line risk project review
NB: Failure to secure agreement in shift of programme from voluntary to scheduled transformation will result in a review of strategy (subsidy vs closure)		
Theme - People & culture? Strike action within supply chain could damage ability to distribute cash to network (IR/CWU) (New)	Kevin Gilliland	<ul style="list-style-type: none"> - Communication – Internal & PR - 3rd Party Contingency Planning - Working Group – looking at revised ways of working e.g. alternative carriers