

ESPO

Risk Ref	Risk Description	Consequences / Impact	Risk Owner	Original Risk Score Impact	Original Risk Score Likelihood	Original Risk Score	Risk Action Tolerate / Treat / Transfer / Terminate	List of Current Controls / Actions Embedded and operating soundly	Risk indicators to be used to monitor the risk	Current Risk Score (as at 31/12/17) Impact	Current Risk Score (as at 31/12/17) Likelihood	Current Risk Score	Risk Action Tolerate / Treat / Transfer / Terminate	Further Action / Additional Controls	Action Owner	Action Target Date	Q3 Comments / Updates
0.3	Capacity to focus on development	1. Inability to deliver projects to timelines 2. Loss of engagement due to burn-out 3. Capacity and skills not in place to address new projects and activities 4. Project delivery is delayed by BAU taking precedence, benefits are postponed 5. Project delivery is perceived to be less important in the business with staff and customers losing faith in the brand 6. Senior capacity required to pursue new initiatives. 7. Multiple senior retirements in first half of 2018.	Director	5	3	15		1. Director-level support enables project members to be drawn from across business 2. Leadership Team support project leads in setting priorities 3. Key business developments are outlined within the strategy giving them prominence within the organisation 4. Consultant project managers can be engaged where required 5. Recruitment Head of Sales & Marketing to release incumbent earlier to supporting commercial projects	1. Timelines not being met 2. Changes in allocated people resource 3. Elements of projects being shed	5	2	10	Treat	1. Overview plan should flag staff that are committed to multiple projects and shows milestones reflecting the timeline of how their commitment to a number of projects might be spaced out 2. Review of skills and capacity and organisational approach required to deliver the MTFS laid out in 2018 – needs Servicing Authority engagement and support	Director	1. Ongoing 2. April 2018	
25	Increased competition	1. Possible implications on business volume, reputation, new business and on trading results in the Catalogue business 2. Through collaboration with CCS and YPO; CCS is dominating the management of such contracts (MFDs) including the management of the rebates; ensuring security of the income stream is becoming a major threat to ESPO's business model.	Director	5	4	20		1. Working with suppliers and customers to improve the 'offering', facilitating this relationship through capturing and using business intelligence and managing this 'knowledge'. 2. Continue seeking efficiencies through international sourcing	1. Changes to key customers' buying (as highlighted at Weekly Trading) 2. Fluctuations in rebate income (as highlighted at Weekly Trading) 3. Stalling of e-commerce uptake trends (as highlighted in IT update)	5	2	10	Treat	1. Review loyalty scheme – increased requirement on income streams 2. Robust sales and marketing strategy to be developed to reflect the heightened competition in this sector and to support the revised MTFS in 2017	Director		in event of supplier failure, the options would be: (1) acquisition of business by another supplier, subject to the terms of which and the new supplier's status as a trading counterparty, the trades may be transferred to the new supplier and retained i.e. no impact, (2) if business is not acquired or trades do not transfer, they could be lost and we would have to re-purchase, at prevailing market rates - which could be higher, or lower, than the original transactions - there is a possibility of insurance in the form of a margin payment but the suggestion is that this would be very high - further info being sought, (3) explore the possibility of insuring separately.
38	Optima (potential failure/customer impact)	1. Failed or delayed implementation – risks 2, 3, 4 and 5 become 'active' 2. Inability to pay supplier – supplier cash flow impact, and potential breach of contract 3. Unable to invoice customers – negative cash flow exposure and customer service impact 4. Loss of access to energy data – service impact, could also have consequences for tendering if it occurred during procurement cycle, and volume forecasting (supporting trading activity) 5. Degradation in service performance likely to result in higher volume of customer support calls and response	Head of Procurement & Commercial	5	4	20		1. Phased implementation – limit impact in event of any problems or failures 2. Implement during off peak period (summer) as far as possible – lower values transacted, majority of customers in summer recess 3. See also Project Risk Register 4. Business Continuity measures – see MRR34: Business Continuity and MRR42: Reliance on Technology 5. AD Finance is actively engaged on Project Board 6. Project Board at LT level	1. Project Risk Register and Issues Log 2. High Risks requiring action escalated as appropriate (in the form of "Issue Reports") 3. Project Highlight Reports to Leadership Team by Project Sponsor and AD Finance	4	3	12	Treat	1. Developments to accommodate consolidated billing on first being tested; this is critical to implementation of the final (more complex) portfolios 2. Concerns relating to system upgrade process and aspects of financial control in system discussed with Optima and key developments/enhancements undertaken, now in final stages of testing. Resumption of migration proposed from 11/2017 (subject to conclusion of testing and IA) 3. Internal audit to review revised financial controls (10/2017)	Head of Procurement & Commercial		15/12/17 Consolidated billing functionality still being tested, other issues delaying migration addressed. IA report on financial controls concluded "substantial assurance". Migration resumed Nov 17. 68% of sites now migrated to 'core'.
48	Strategic IT Succession Planning	1. Commercial risk in the market advancing ahead of ESPO 2. Pace of change and delivery may stall the delivery of MTFS 3. What is our potential? 4. Succession planning risk	Director	4	4	16		1. Recruited project manager with broad skill set to lead the Infor upgrade, and add broader exposure to the IT team 2. Test plans, recruit broader experience and delivery capacity has been achieved 3. Review IT strategy and set out IT ambitions in context of business planning and review skills and organisation in IT accordingly.	1. Strategy review 2. Process mapping and IT support/automation 3. Delivery of change projects linked to IT	4	3	12	Treat	1. Perform 'service review' of IT function to ensure fit for purpose in Short/Medium/Long Term.	Director		

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58	Risk of loss of major supplier on MSTAR framework resulting in disruption and/or loss of supply for customers and loss on income for ESPO	1. Financial loss in terms of rebate outstanding from suppliers to ESPO. Also ESPO time in advising customers and helping them to migrate to new suppliers. 2. Reputational risk from stakeholders resulting from ESPO 'not having taken mitigating action' to minimise risk and impact. 3. Legal Risk in that stakeholders suffering financial loss may seek to hold ESPO liable in terms of negligence for 'not having taken mitigating action' to minimise risk and impact. 4. Operational Risk of customers not having a provider of services - PR risk to ESPO. 5. Business objectives risk of a reduction in choice for customers on the framework.	Head of Procurement & Commercial	4	4	16		1. Daily financial stability assessments on top 4 MSTAR suppliers (Comensura, Adecco, Matrix and Reed) using Creditsafe 'Bespoke Monitoring' report (& weekly on remaining 7). 2. Use of Creditsafe 'Risk Tracker' to flag any changes in suppliers' Creditsafe records, including publicity in the media for further investigation. Full Creditsafe reports run for suppliers (and parents where necessary) on a regular basis for review by ESPO Finance since May 2016. Training for Mstar contract managers provided (in confidence) by Creditsafe. Scope - signs to watch out for, what these might mean, possible actions to take, possible questions to ask, possible control measures. 3. Regular meetings with suppliers in the industry. 4. Meeting held with LCC legal on 19 May 16 for analysis of the legal risks facing ESPO and members, in terms of possible liabilities for managing the framework and migrating customers. Advice provided and fed into the migration flowchart in terms of risk. 5. Review of the above actions takes place at 1-2-1 meetings with Mstar contract managers.	1. Deterioration of financial stability metrics 2. Supply chain payment failures identified directly from sub-contractors or customers 3. Late provision of MI and/or late and/or understated rebate payment 4. Aggressive supplier behaviour and/or poor contract performance 5. Adverse publicity in the media or 'noise' in the industry for further investigation.	4	3	12	Treat	1. Increased frequency of rebate collection (subject to contractual constraints). 2. Audit of supplier framework business levels. 3. Audit of suppliers' supply chain payment practices. 4. Develop an emergency change management plan to migrate customers over to other suppliers in the event of failure of their existing supplier or supply chain. 5. Develop a 'balanced scorecard' of supplier 'framework management' performance in terms of provision of MI, payment of rebate and payment of agencies. A declining score may provide a lever for the parties 'to agree' to collect rebate more regularly. 6. Recruitment of CRM post to enhance customer management and free resource to increase SRM activities.	Head of Procurement & Commercial	2. on-going from Q1 2016 3. Summer 2017 5. end of Sept 2016 6. June 2017	15/12/17 Supply chain audit completed, follow up actions in progress. Further Action/Additional Controls: 6. CRM recruited and in post, increasing rebate collection more than? Problematic at present due to contractual constraints and practicalities or more frequent collections.
58.1		...above continued... 6. Business objectives risk for ESPO as there may be a reduction in customer confidence in other ESPO frameworks. 7. Loss of confidence/less attractive MSTAR offer results in customers moving to competitor solutions.	Head of Procurement & Commercial	4	4	16				4	3	12	Treat		Head of Procurement & Commercial		
68	ESPO's Legal Identity	if not clearly and correctly identified in contracts etc., risk of (1) contracts being ruled unenforceable (2) claims for losses arising (3) claims served against all six member authorities rather than servicing authority	Head of Procurement & Commercial	5	3	15	Treat	ESPO is a well established brand and the general perception is of contracts being with ESPO - and this has prevailed for over 30 years. As the number of disputes that result in legal action is so small, the perception has not been fully legally tested. In the case of frameworks, the risk is reduced/removed as the contract is between the customer and supplier.	size of risk >£750k = impact 5; rebate income from largest single frameworks is £800k ¹ , £400k, and £190k respectively. ¹ Note, total rebate income from single supplier of gas and electricity across 2 frameworks is £900k	5	2	10	Treat	(1) Revised definition of party to be inserted in ITTs, Contracts and Frameworks with immediate effect (2) review scope for retrospective application, where applicable/desirable and feasible and assess scale of remaining contracts and timescale to complete (3) other potential impacts include: catalogue Ts & Cs, Purchase Orders, Delivery Notes, website, marketing materials,	Head of Procurement & Commercial	commenced Oct 17	15/12/17 Reviewed no change
70	Driving over the alcohol limit	1. Impaired judgement leading to accident 2. Possible injury or death to other road users and pedestrians.	AD Operations	5	2	10		Relies on staff to spot obvious signs of excess alcohol e.g. slurred speech, glazed eyes, unsteady, smell of alcohol. Driver signs daily report to confirm he is fit to drive.	Road Traffic Accidents Injuries to customers or drivers Contact from the police	5	2	10		A recommendation is being made to the People Strategy Board in Jan 2018 in conjunction with LCC E&T division to introduce a regime for testing drivers for excess alcohol. This will be via a breath test device, using a random selection criteria.			