



**ESPO MANAGEMENT COMMITTEE 26<sup>TH</sup> JUNE 2014**

**ANNUAL REVIEW OF ORGANISATIONAL APPROACH TO RISK  
MANAGEMENT**

**REPORT OF THE DIRECTOR**

**Purpose of Report**

1. To annually review the Organisation's approach to risk management and approve changes or improvements to key elements of its processes and procedures'.

**Background**

2. The progress report of the Director presented to Management Committee on 7 March 2013 included an updated Risk Management Statement. This reinforced the role of the Management Committee in the risk management process.
3. A number of recommendations were identified as a result of a recent review by the Servicing Authority's (Leicestershire County Council) Internal Audit. None of these resulted in a Hi recommendation but the findings have been acted upon.

**Risk**

4. The current ESPO Risk Management Statement has been reviewed and updated and is attached at Appendix 1.
5. The resulting Corporate Risk Record, which contains commercially sensitive information, is contained in a supplementary exempt report elsewhere on the agenda for this meeting. An example of a Major Risk Record (MRR) is shown in Appendix 2.
6. The Corporate Risk Register is reviewed quarterly by ESPO's Senior Management Team (SMT). Any increased risk, or new risk identified that could have a material impact on ESPO's business will be immediately reported to the Chief Officer Group (COG), and where appropriate to the Management Committee.
7. ESPO is planning to formalise further its approach to the risk management relating to compliance and commercial activity, by way of a documented risk strategy. The objective is to have a clear approach, approved by Management Committee, which gives clear direction to decision making and planning both on individual procurements and broader forward looking strategies. It is

anticipated to be completed by the end of summer and shall be conceived with input through various stakeholders such as the Senior Officer Group (SOG), COG and ultimately the Management Committee for approval.

8. The strategy will have three fundamental aspects. Firstly an attempt to define and articulate a level of acceptable risk, secondly to consider preventative actions and lastly to review and document the mitigation actions available in the event of risk eventuating. The agenda is not one of trying to alter a risk appetite but to compliment the risk work already in place.
9. The risk strategy should formalise the approach to the day to day decision making happening through existing internal ESPO governance. A perceived benefit therefore will be that actions undertaken by ESPO to implement and work to the strategy not be seen as abstract actions or governance by its Member customers.

### **Resources Implications**

10. None

### **Recommendation**

11. Members are asked to:
  - a) note the contents of this report;
  - b) approve the revised Risk Management Statement.

### **Officer to Contact**

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### **Appendices**

Appendix 1 – Risk Management Statement  
Appendix 2 – Example Major Risk Record