

Implementing a framework for the Management of Risk at Postcomm

Postcomm – the Postal Services Commission – is an independent regulator set up by the Postal Services Act 2000 as a non-ministerial government department

Postcomm's main tasks are to:

- Seek to ensure a universal postal service at an affordable uniform tariff
- Further the interests of users wherever appropriate through competition
- License postal operators
- Control Royal Mail's prices and quality of service
- Give advice to government on the future of the post office network.

The challenge

"Postcomm is expanding and evolving and there was a need to develop internal processes to assess risk and ensure it was embedded within our culture" says Louise Smith, Deputy Director of Operations at Postcomm.

"Risks have always been addressed but not in a way that was visible, repeatable and consistent. There was a need to ensure that Postcomm had in place a risk process that consisted of a series of well defined steps, easily explainable to staff."

"We needed to develop a risk framework that made use of existing processes and mechanisms within Postcomm that are embedded in everyday practices," adds Smith.

The solution

Postcomm soon realised it needed outside help. "We simply didn't have the skills internally to introduce a Management of Risk (MoR) Framework and recognised that we needed risk experts to provide advice and guidance in this area and, importantly, to drive the process forward" recalls Smith.

"Insight is S-Cat approved and we were aware of the risk management work they had undertaken for other Government Departments and their excellent track record in this field" explains Smith.

"Allied to this, the fact that Insight is the primary author of the Office of Government Commerce's (OGC) Management of Risk: Guidance for Practitioners reinforced our view that they had the skills we required."

Insight assisted Postcomm by initially producing a MoR Framework document which explained how to manage risk within Postcomm properly and at all levels. It also enabled individuals to fully understand their roles and responsibilities with regard to risk management.

The MoR Framework was produced in consultation with Postcomm Directors, Senior Management and, in particular, Martin Stanley, the organisation's Chief Executive (CE). One of the key aspects of this work was determining 'Risk Tolerances' – in effect the appetite for risk within Postcomm. "We didn't want something that was too onerous as we are a relatively small organisation" says Stanley.

"A risk framework that enabled us to manage risk at all levels, with defined responsibilities, met our requirements exactly" states Smith. "Insight also explained the idea of tolerating certain risks and the different levels at which risks can occur within an organisation in a very simple and logical manner – something that immediately won the buy-in of the Programme Board. Risk Management now has top-level visibility through a process of regular reporting to the Programme Board on a regular basis, which consists of the CE and all Postcomm Directors."

A series of risk interviews were held with each Director in order to identify the key risks. Following these meetings an organisational risk register was produced with senior Postcomm personnel assigned as owners of the key risks. The risk register was then signed off by the Programme Board. "Insight's experience of risk management really helped the discussions at the Programme Board" remarks Smith.

Training and awareness is a key aspect of any risk management framework. Insight ran a series of risk workshops for all of Postcomm's Project Managers explaining how the MoR Framework would work in practice and what their responsibilities would be, particularly in relation to project risks. "Insight's risk workshops

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Case Study

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Key features

- Fully implemented MoR framework based on best practice OGC guidance
- Established organisation-wide risk management
- Endorsement of CE and Programme Board
- Training for all project managers
- Met external audit and HM Treasury requirements for internal control.

have been very effective in making staff aware of their responsibilities and the risks faced by Postcomm” says Smith. “All projects now have to produce a risk register which feeds into the organisational risk register.”

The benefits

Benefits from the project have been wide ranging. “By implementing a MoR Framework we can demonstrate a sound system of internal control in accordance with HM Treasury guidelines” remarks Stanley.

“There is increased visibility of risks due to the embedded, consistent and comprehensive risk framework in place” adds Smith. “This has led to better decision making and enables us to manage projects much more effectively.”

“The MoR Framework and its effective use have also helped us prioritise and focus management effort, leading to improved quality, time and cost savings” says Smith.

“We are less reactive now and the sensitivity of corporate objectives to key risks is much better understood and managed. This has led to more up-front analysis and more cost effective internal control.”

Importantly, the role of Risk Manager has been formally established within Postcomm. “We recognised that the effective management of risk will align itself with our business planning model and that we needed a resource dedicated to it. One of the key benefits of implementing the framework has been the transfer of skills from Insight to Postcomm staff” adds Smith.

“A further, added benefit has been that we can meet our obligations to the National Audit Office and HM Treasury much more easily in respect of risk management” concludes Smith.

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