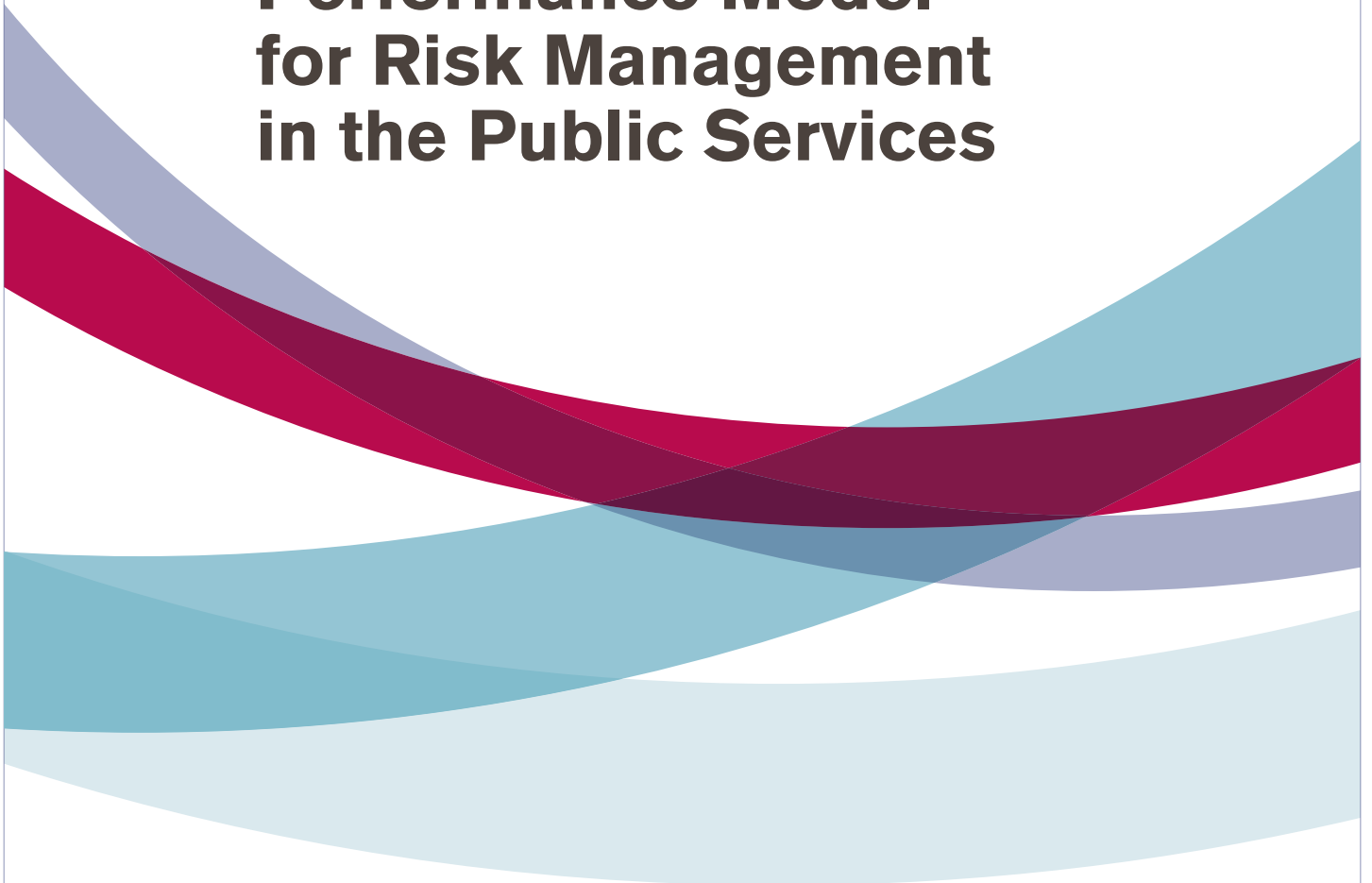




THE PUBLIC
RISK MANAGEMENT
ASSOCIATION

The Alarm National Performance Model for Risk Management in the Public Services



What does good risk management look like in a public service organisation?

The Alarm National Performance Model for Risk Management in the Public Services has been designed to answer that key question. Using the experience and expertise of risk managers, risk consultants and other experts, this performance model maps out risk management maturity, clearly and concisely.

The comprehensive National Performance Model:

- Measures current performance against a recognised achievement level
- Provides the basis for clear performance indicators
- Acts as a catalyst for improved performance within the organisation
- Informs assurance in corporate governance terms
- Demonstrates current maturity in terms of
 - External inspection expectations
 - National and international standards
- Allows for comparison with other organisations and learning from best practice through systematic benchmarking

Organisations can use the National Performance Model Assessment Framework to undertake quick “health checks” of their organisation by using the indicators within the summary of progress to come to a conclusion of their current risk management maturity level.

A detailed and comprehensive set of questions have been designed to test current performance against the Assessment Framework. This self-assessment questionnaire has been designed by Alarm’s Benchmarking Special Interest Group and forms the basis of Alarm’s Benchmarking Programme, due to launch in 2010. This document provides an overview of the key areas of the Alarm National Performance Model and Assessment Framework.

Assessment Framework

Risk Management Activity

The National Performance Model breaks down risk management activity into seven strands: five enablers and two focused on results.

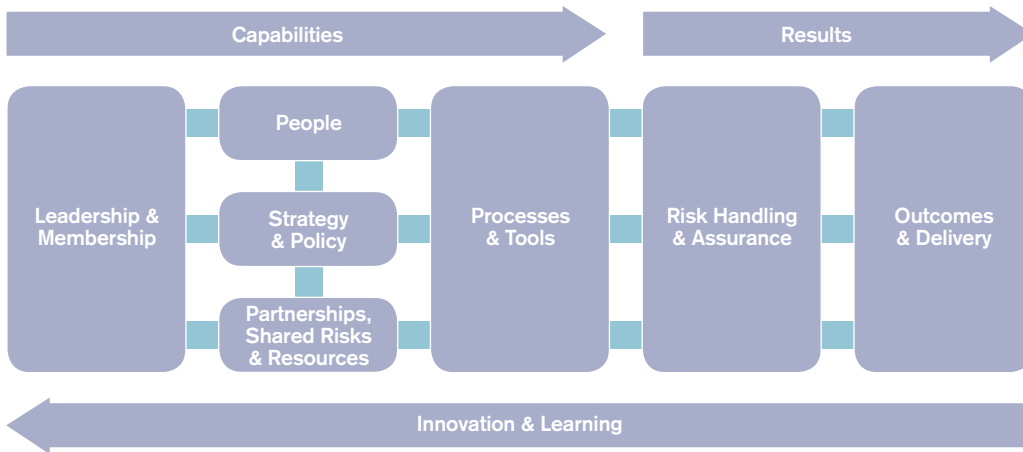
Enablers	Results
Leadership and management	Risk handling and assurance
Strategy and policy	Outcomes and delivery
People	
Partnership, shared risks and resources	
Processes and tools	

Risk Management Maturity

The Model tests the extent to which risk management is having a positive effect on the organisation. Risk management maturity is assessed as being at one of five levels:

Level 1	Risk management is engaging with the organisation
Level 2	Risk management is happening within the organisation
Level 3	Risk management is working for the organisation
Level 4	Risk management is embedded and integrated within the organisation
Level 5	Risk management is driving the organisation

Assessment Framework



The Alarm National Risk Management Performance Model Assessment Framework is adapted from the EFQM Excellence Model. Alarm also acknowledges, with thanks, the influence of the HM Treasury Self-Assessment Tool: Risk Management Framework (RMAF) on the development of this model.

The following pages show how each activity within the National Performance Model is assessed:

Leadership and Management

Do senior management and the Executive Board support and promote risk management?

This section is concerned with:

- Risk judgements
- Clear direction
- Risk appetite

Areas of risk practice covered by this activity

The questions in this section deal with:

- Information and decision making
- Escalation and reporting systems
- Accountability and management responsibility

Self-assessment topics

For this section, you should have evidence to demonstrate the extent to which the leadership of the organisation:

- Uses risk management to develop effective policies at the policy making stage
- Uses risk management to achieve better outcomes
- Provides clear direction on the management of risk
- Enables unanimity on the key strategic risks

Evidence of maturity level

Summary of Behavioural Progress toward Leadership and Management Maturity

Level 1 Engaging	Level 2 Happening	Level 3 Working	Level 4 Embedded & Working	Level 5 Driving
Senior management are aware of the need to manage uncertainty and risk and have made resources available to improve	Board/ Councillors and senior managers take the lead to ensure that approaches for addressing risk are being developed and implemented	Senior managers take the lead to apply risk management thoroughly across the organisation	Risk management is championed by the CEO	Senior management uses consideration of risk to drive excellence through the business, with strong support and reward for well-managed risk-taking

Typical organisational behaviour associated with each level of maturity



Leadership and Management

Do senior management and the Executive Board support and promote risk management?

This section is concerned with:

- Risk judgements
- Clear direction
- Risk appetite
- Understanding of key risks
- Accountability and responsibility
- Driving improvement
- Challenge to levels of risk acceptance
- Stakeholder engagement

The questions in this section deal with:

- Information and decision making
- Escalation and reporting systems

- Accountability and management responsibility
- Leading risk management implementation
- Stakeholders' engagement

For this section, you should have evidence to demonstrate the extent to which the leadership of the organisation:

- Uses risk management to develop effective policies at the policy making stage
- Uses risk management to achieve better outcomes
- Provides clear direction on the management of risk

- Enables unanimity on the key strategic risks
- Sets the criteria/ arrangements for the organisation's appetite for taking risks
- Encourages innovation through well-managed risk-taking
- Supports staff when things go wrong (i.e. avoids a blame culture)
- Ensures clear accountability for managing risk
- Drives implementation of improvements in risk management
- Uses the principles of good governance to manage risks

Summary of Behavioural Progress toward Leadership and Management Maturity

Level 1 Engaging	Level 2 Happening	Level 3 Working	Level 4 Embedded & Working	Level 5 Driving
Senior management are aware of the need to manage uncertainty and risk and have made resources available to improve	Board/ Councillors and senior managers take the lead to ensure that approaches for addressing risk are being developed and implemented	Senior managers take the lead to apply risk management thoroughly across the organisation They own and manage a register of key strategic risks and set the risk appetite	Risk management is championed by the CEO The Board and senior managers challenge the risks to the organisation and understand their risk appetite Management leads risk management by example	Senior management uses consideration of risk to drive excellence through the business, with strong support and reward for well-managed risk-taking

Strategy and Policy

Are there clear strategies and policies for risk?

This section is concerned with:

- A strategic approach to the management of risk and increasing its effectiveness
- Policies

The questions in this section deal with:

- Strategy development

- Risk management policy (including risk appetite)
- Risk management framework and strategy implementation

For this section, you should have evidence to demonstrate the extent to which the organisation has:

- Set a clear direction for the scope and priorities of its risk management
- Set the organisation's requirements of risk management as part of its overall approach to governance
- Designed and implemented a risk management framework

Summary of Behavioural Progress toward Strategy and Policy Maturity

Level 1 Engaging	Level 2 Happening	Level 3 Working	Level 4 Embedded & Working	Level 5 Driving
<p>The need for a risk strategy and risk-related policies has been identified and accepted</p> <hr/> <p>The risk management system may be undocumented with few formal processes present</p>	<p>Risk management strategy and policies drawn up, communicated and being acted upon</p> <hr/> <p>Roles and responsibilities established, key stakeholders engaged</p>	<p>Risk management principles are reflected in the organisation's strategies and policies</p> <hr/> <p>Risk framework is reviewed, developed, refined and communicated</p>	<p>Risk handling is an inherent feature of policy and strategy making processes</p> <hr/> <p>Risk management system is benchmarked and best practices identified and shared across the organisation</p>	<p>Risk management capability in policy and strategy making helps to drive organisational excellence</p>



People

Are people equipped and supported to manage risk well?

This section is concerned with:

- Culture
- Roles and responsibilities
- Skills, training and guidance
- Communications

The questions in this section deal with:

- Risk management culture
- Responsibility
- Skills and guidance - capability
- Communications

For this section, you should have evidence to demonstrate the extent to which there is:

- A risk-aware culture as opposed to a risk-averse culture at all levels within the organisation
- Responsibilities for risks are allocated to individuals to manage
- There are arrangements to ensure appropriate risk management awareness, knowledge, experience and skills among:
 - Governors/ Executive Members
 - Senior management
 - Staff

Summary of Behavioural Progress toward People Maturity

Level 1 Engaging	Level 2 Happening	Level 3 Working	Level 4 Embedded & Working	Level 5 Driving
Key people are aware of the need to understand risk principles and increase capacity and competency in risk management techniques through appropriate training	Suitable guidance is available and a training programme has been implemented to develop risk capability	A core group of people have the skills and knowledge to manage risk effectively and implement the risk management framework Staff are aware of key risks and responsibilities	People are encouraged and supported to take managed risks through innovation Regular training and clear communication of risk is in place	All staff are empowered to be responsible for risk management The organisation has a good record of innovation and well-managed risk-taking Absence of a blame culture

Partnerships, Shared Risks and Resources

Are there effective arrangements for managing risks with partners?

This section is concerned with:

- Managing risk to and within partnerships
- Area specific risks
- Shared risks
- Risk faced by the community
- Local resilience
- Partnership guidance
- Joint risk registers
- Resources available to manage risk effectively

The questions in this section deal with:

- Partnerships and shared risks
- Risk finance
- Information and knowledge
- Tools

For this section, you should have evidence to demonstrate the extent to which:

- There are agreed mechanisms for identifying, assessing and managing risks in each key partnership
- There is a common risk language which creates shared understanding of the key partnerships' risk appetite
- There are appropriate mechanisms for the provision and testing of contingency arrangements
- There are appropriate mechanisms for identifying and addressing the implications of sharing risk amongst those best placed to manage them

Summary of Behavioural Progress toward Partnership, Shared Risks and Resources Maturity

Level 1 Engaging	Level 2 Happening	Level 3 Working	Level 4 Embedded & Working	Level 5 Driving
Key people are aware of areas of potential risk in partnerships and the need to allocate resources to manage risk	Approaches for addressing risk with partners are being developed and implemented Appropriate tools are developed and resources for risk identified	Risk with partners and suppliers is well managed across organisational boundaries Appropriate resources are in place to manage risk	Sound governance arrangements are established Partners support one another's risk management capacity and capability	Clear evidence of improved partnership delivery through risk management and that key risks to the community are being effectively managed



Processes

Does the organisation have effective risk management processes to support the business?

This section is concerned with:

- Embedding risk management in organisational management processes
- Identification and evaluation criteria
- Risk controls
- Action planning and reporting
- Use of risk management in strategic and financial planning, policy making and review, performance, and project and contract management
- Use of risk management in decision making
- Risk management integration into key business processes

The questions in this section deal with:

- Risk management process overview
- Links to business/ service processes
- Risk context
- Risk identification
- Risk assessment
- Risk response
- Risk reporting and review
- Investigation and root cause analysis
- Service continuity management

For this section, you should have evidence to demonstrate the extent to which risk management contributes to the success of the following business processes in your organisation:

- Policy making
 - Performance management
 - Governance arrangements
 - Financial management;
- and the extent to which:
- Risk processes support a lessons learnt culture
 - There is an effective business continuity framework in place to support service delivery

Summary of Behavioural Progress toward Processes Maturity

Level 1 Engaging	Level 2 Happening	Level 3 Working	Level 4 Embedded & Working	Level 5 Driving
Some stand-alone risk processes have been identified and are being developed	Risk management processes are being implemented and reported upon in key areas	Risk management processes used to support key business processes	A framework of risk management processes in place and used to support service delivery	Management of risk and uncertainty is well-integrated with all key business processes and shown to be a key driver in business success
The need for service continuity arrangements has been identified	Service continuity arrangements are being developed in key areas	Early warning indicators and lessons learned are reported	Robust business continuity management system in place	
		Critical services supported through continuity plans		

Risk Handling and Assurance

Are risks handled well and does the organisation have assurance that risk management is delivering successful outcomes and supporting creative risk-taking?

This section is concerned with:

- Successfully seizing opportunities
- Considered risk-taking
- Supporting innovation
- Challenges to preconceptions of risk
- Assurance of the organisation's level of compliance against the risk management strategy

The questions in this section deal with:

- Risk handling
- Assurance and performance

For this section, you should have evidence to demonstrate the extent to which risk management-related activity has contributed to:

- Delivering innovation
- Effective anticipation and management of strategic risks
- Effective decision making
- Effective policy making
- Effective handling of cross-cutting issues
- Effective review of business planning and target setting

- Effective management of risks to the public
- Effective risk allocation
- Better management of risks to delivery
- Greater efficiency/ reduced costs
- Information integrity and asset security

Summary of Behavioural Progress toward Risk Handling and Assurance Maturity

Level 1 Engaging	Level 2 Happening	Level 3 Working	Level 4 Embedded & Working	Level 5 Driving
No clear evidence that risk management is being effective	Some evidence that risk management is being effective <hr/> Performance monitoring and assurance reporting being developed	Clear evidence that risk management is being effective in all key areas <hr/> Capability assessed within a formal assurance framework and against best practice standards	Evidence that risk management is being effective and useful for the organisation and producing clear benefits <hr/> Evidence of innovative risk taking	Clear evidence that risks are being effectively managed throughout the organisation <hr/> Considered risk taking part of the organisational culture



Outcomes and Delivery

Does risk management contribute to achieving outcomes?

This section is concerned with:

- Risk management efforts making a contribution to successful outcomes
- Learning from best practice and continuous improvement

The questions in this section deal with:

- Risk management contribution to overall performance
- Risk management contribution to specific outcomes

In this section you should have evidence to demonstrate the extent to which risk management action contributes to:

- Successful delivery of improved outcomes for local people/ the community
- Meeting planned financial outcomes
- Increased public confidence that risks are well-managed
- The high reputation of the organisation
- Successful innovation

Summary of Behavioural Progress toward Outcomes and Delivery Maturity

Level 1 Engaging	Level 2 Happening	Level 3 Working	Level 4 Embedded & Working	Level 5 Driving
No clear evidence of improved outcomes	Limited evidence that risk management is being effective in, at least, the most relevant areas	Clear evidence that risk management is supporting the delivery of key outcomes in all relevant areas	Very clear evidence of very significantly improved delivery of all relevant outcomes and showing positive and sustained improvement	Risk management arrangements clearly acting as a driver for change and linked to plans and planning cycles

	Leadership & Management	Strategy & Policy	People	Partnership, Shared Risk & Resources Processes	Processes	Risk Handling & Assurance	Outcomes & Delivery
Level 5: Driving	Senior management uses consideration of risk to drive excellence through the business, with strong support and reward for well-managed risk-taking	Risk management capability in policy and strategy making helps to drive organisational excellence	All staff are empowered to be responsible for risk management The organisation has a good record of innovation and well-managed risk-taking Absence of a blame culture	Clear evidence of improved partnership delivery through risk management and that key risks to the community are being effectively managed	Management of risk and uncertainty is well-integrated with all key business processes and shown to be a key driver in business success	Clear evidence that risks are being effectively managed throughout the organisation Considered risk-taking part of the organisational culture	Risk management arrangements clearly acting as a driver for change and linked to plans and planning cycles
Level 4: Embedded & Working	Risk management is championed by the CEO The Board and senior managers challenge the risks to the organisation and understand their risk appetite Management leads risk management by example	Risk handling is an inherent feature of policy and strategy making processes Risk management system is benchmarked and best practices identified and shared across the organisation	People are encouraged and supported to take managed risks through innovation Regular training and clear communication of risk is in place	Sound governance arrangements are established Partners support one another's risk management capability and capacity	A framework of risk management processes in place and used to support service delivery Robust business continuity management system in place	Evidence that risk management is being effective and useful for the organisation and producing clear benefits Evidence of innovative risk-taking	Very clear evidence of very significantly improved delivery of all relevant outcomes and showing positive and sustained improvement
Level 3: Working	Senior managers take the lead to apply risk management thoroughly across the organisation They own and manage a register of key strategic risks and set the risk appetite	Risk management principles are reflected in the organisation's strategies and policies Risk framework is reviewed, developed, refined and communicated	A core group of people have the skills and knowledge to manage risk effectively and implement the risk management framework Staff are aware of key risks and responsibilities	Risk with partners and suppliers is well managed across organisational boundaries Appropriate resources in place to manage risk	Risk management processes used to support key business processes Early warning indicators and lessons learned are reported Critical services supported through continuity plans	Clear evidence that risk management is being effective in all key areas Capability assessed within a formal assurance framework and against best practice standards	Clear evidence that risk management is supporting delivery of key outcomes in all relevant areas
Level 2: Happening	Board/ Councillors and senior managers take the lead to ensure that approaches for addressing risk are being developed and implemented	Risk management strategy and policies drawn up, communicated and being acted upon Roles and responsibilities established, key stakeholders engaged	Suitable guidance is available and a training programme has been implemented to develop risk capability	Approaches for addressing risk with partners are being developed and implemented Appropriate tools are developed and resources for risk identified	Risk management processes are being implemented and reported upon in key areas Service continuity arrangements are being developed in key service areas	Some evidence that risk management is being effective Performance monitoring and assurance reporting being developed	Limited evidence that risk management is being effective in, at least, the most relevant areas
Level 1: Engaging	Senior management are aware of the need to manage uncertainty and risk and have made resources available to improve	The need for a risk strategy and risk-related policies has been identified and accepted The risk management system may be undocumented with few formal processes present	Key people are aware of the need to understand risk principles and increase capacity and competency in risk management techniques through appropriate training	Key people are aware of areas of potential risk in partnerships and the need to allocate resources to manage risk	Some stand-alone risk processes have been identified and are being developed The need for service continuity arrangements has been identified	No clear evidence that risk management is being effective	No clear evidence of improved outcomes



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