

KEY RISK INDICATOR PROPOSALS

The proposed approach to measuring the success of risk management involves a small set of measures of risk exposure, process implementation and added value. A 'balanced scorecard' type approach will be taken with a suitable balance of each category of measure and ensuring that the overall approach is robust but non-bureaucratic. Existing measures will be utilised wherever possible.

One measure that must be included is an assessment against the criteria within the Audit Commission / ALARM Risk Management Survey used by the Audit Commission to assess the progress of MPS risk management. A draft measure is included at Appendix E (including projections for April 2005 assessments).

CRMG is currently considering whether any additional measures will be necessary, with a view to developing a simple scorecard from the following examples:

1. Risk exposure measures for each corporate risk
2. Completion of High Risk Self Reviews
3. Number of plans incorporating risk management process output
4. Number of business plans identifying control measures, actions, owners
5. Number of new objectives produced as a result of risk management process
6. Number of risk control actions containing performance measures
7. The number of actions that have improved performance against priorities
8. Percentage of risks and risk control actions monitored regularly
9. Customer satisfaction for those involved in the process
10. Progress along Risk Management Maturity Model
11. Percentage of risk registers completed at Business Group and BOCU level
12. Percentage of units with fit for purpose risk profiles
13. Percentage of additional risk control measures actually implemented
14. Financial impact considerations, e.g., costs, savings, opportunities, value for money, service change improvement etc