

M&LB10 Manage risk

Overview

What this Unit is about

This Unit is about taking the lead in establishing and operating an effective risk management process across your organisation. This involves systematically identifying, evaluating and prioritising potential risks and communicating information to enable appropriate decisions and actions to be taken. It also involves developing an organisational culture in which individuals are risk aware but are not afraid of taking decisions and undertaking activities which involve acceptable levels of risk.

For the purposes of this Unit, 'organisation' can mean a self-contained entity such as a private sector company, a charity or a local authority, **or** a significant operating Unit, with a relative degree of autonomy, within a larger organisation.

Who is the Unit for?

The Unit is recommended for senior managers.

Links to other Units

This Unit is linked to a number of Units in the overall suite of National Occupational Standards for Management and Leadership where risk is a factor that needs to be considered in planning and undertaking activities.

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Skills

Listed below are the main generic 'skills' that need to be applied in managing risk. These skills are explicit/implicit in the detailed content of the Unit and are listed here as additional information.

- ◆ Evaluating
- ◆ Reviewing
- ◆ Consulting
- ◆ Presenting information
- ◆ Decision-making
- ◆ Monitoring
- ◆ Communicating
- ◆ Influencing and persuading
- ◆ Leadership
- ◆ Contingency planning
- ◆ Prioritising
- ◆ Planning
- ◆ Scenario-building
- ◆ Information management
- ◆ Involving others
- ◆ Thinking systematically

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Performance Criteria

You must be able to:

- 1 Ensure that your organisation has a written risk management policy, including setting out responsibilities for risk management, which is clearly communicated across the organisation and to other relevant parties.
- 2 Establish, and periodically review, risk criteria for your organisation, seeking and taking account of the views of relevant people across the organisation and stakeholders.
- 3 Evaluate significant current and planned organisational activities and identify potential risks, the nature of the risks, the probability of occurrence and consequences.
- 4 Produce a risk profile for your organisation and, taking account of the organisation's risk criteria and other relevant information, prioritise the identified risks.
- 5 Communicate information on identified risks to relevant people across the organisation and, where appropriate, to stakeholders, to enable decisions and actions to be taken in terms of accepting or treating the risks.
- 6 Collect and evaluate information from across the organisation on how identified risks have been or are being dealt with, including contingency plans which have been put in place.
- 7 Develop an organisational culture in which people are risk aware but are prepared to take acceptable risks and to make and learn from mistakes.
- 8 Ensure that there is senior management commitment to the risk management process.
- 9 Ensure that sufficient resources are allocated across the organisation to support and enable effective risk management.
- 10 Monitor and review the effectiveness of the risk management process in your organisation, identifying potential improvements and making changes where necessary.

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Behaviours

You will exhibit the following behaviours:

- 1 You constantly seek to improve performance.
- 2 You show sensitivity to stakeholders' needs and interests and manage them effectively.
- 3 You identify people's information needs.
- 4 You identify the implications or consequences of a situation.
- 5 You use communication styles that are appropriate to different people and situations.
- 6 You balance risks against the benefits that may arise from taking risks.
- 7 You comply with, and ensure others comply with, legal requirements, industry regulations, organisational policies and professional codes.
- 8 You are vigilant for potential risks and hazards.
- 9 You take personal responsibility for making things happen.
- 10 You balance agendas and build consensus.
- 11 You create a sense of common purpose.

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Knowledge and Understanding

You need to know and understand:

General knowledge and understanding

- 1 Types of risk and the factors which drive different types of risk.
- 2 Key stages in the risk management process.
- 3 The importance of protecting the interests of stakeholders and how to identify their views in relation to risk.
- 4 The importance of showing senior management commitment to risk management.
- 5 How to develop a written risk management policy and what it should cover.
- 6 How to communicate the written risk management policy to people who work for the organisation and other relevant parties.
- 7 How and when to revise the written risk management policy including taking views from across the organisation and other relevant parties.
- 8 What risk criteria might cover and the importance of seeking and taking account of the views of relevant people across the organisation and stakeholders.
- 9 How and where to identify current and planned organisational activities.
- 10 Ways of identifying and clearly describing potential risks in relation to current and planned activities, the nature of the risks, the probability of occurrence and consequences.
- 11 Why it is important and how to communicate information on identified risks to relevant people across the organisation and, where appropriate, to stakeholders.
- 12 The type of decisions and actions that might be taken in relation to identified risks.
- 13 Why it is important and how to collect and evaluate information on how identified risks have been or are being dealt with, including contingency plans.
- 14 Ways of developing an organisational culture in which people are risk aware but are prepared to take acceptable risks in undertaking activities.
- 15 The type of resources required to raise risk awareness across the organisation and with stakeholders and implement the risk management policy effectively.

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Knowledge and Understanding

You need to know and understand:

Industry/sector specific knowledge and understanding

- 1 The sector(s) in which your organisation operates.
- 2 Sector-specific legislation, regulations, guidelines and codes of practice.
- 3 Current and emerging political, economic, social, technological, legal and environmental developments in the sector(s) in which your organisation operates.
- 4 Typical risks encountered in the sector(s) in which your organisation operates.

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Knowledge and Understanding

You need to know and understand:

Context specific knowledge and understanding

- 1 The vision, values, objectives and plans of your organisation.
- 2 Your organisation's products and services.
- 3 Other relevant parties with an interest in risk management in your organisation.
- 4 Mechanisms for consulting with and the views of relevant people across the organisation and stakeholders in relation to risk.
- 5 The written risk management policy of the organisation, including allocated responsibilities for risk management, and how it is communicated to people who work for the organisation and to other relevant parties.
- 6 Risk criteria of your organisation.
- 7 Significant current and planned organisational activities and the related potential risks, including probability of occurrence and consequences.
- 8 The risk profile of your organisation and prioritised risks.
- 9 Relevant people across the organisation and, where appropriate, stakeholders, to whom information on identified potential risks should be communicated.
- 10 Decisions and actions taken across the organisation in relation to identified potential risks, including any contingency plans which have been put in place.
- 11 Your organisation's culture in relation to risk.
- 12 How senior management's commitment to risk management has been demonstrated.
- 13 Resources made available across the organisation to support risk management.
- 14 Systems in place for monitoring and reviewing the effectiveness of the risk management process in your organisation.
- 15 Identified improvements and changes made to the risk management process in your organisation.

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Evidence Requirements

PC	Evidence of Performance Criteria: ♦ possible examples of evidence	Behaviours	Knowledge and Understanding		
			General	Industry specific	Context specific
Policies and risks assessments you have originated or instigated:					
PC1 PC2 PC3	♦ Records of training, consultations, working groups, project teams, committees and other forums you have organised and/or participated in to develop, review, secure senior management support for and implement policies in relation to any actual or potential risks the organisation and its people may face	1, 2, 4, 7, 9, 10, 11	1, 2, 3, 4, 5, 7, 8, 9, 14	1, 2, 3, 4	1, 2, 3, 4, 5, 6, 9
PC4 PC5 PC8	♦ Policy statements you have developed, initiated and/or agreed in relation to actual or potential risks the organisation and its people may face	1, 2, 4, 7, 9, 10, 11	1, 2, 3, 4, 5, 7, 8, 9, 14	1, 2, 3, 4	1, 2, 3, 4, 5, 6, 9
	♦ Risk assessments you have carried out and risks profiles you have prepared, proposals you have made in relation to these risks and records of action you have taken to reduce exposure to or eliminate any risks facing the organisation, its people or others	1, 4, 6, 7, 8, 9	1, 2, 8, 9, 10, 11, 12	1, 2, 3, 4	2, 3, 5, 6, 7, 8, 9, 10
Records of actions you have taken to eliminate or reduce risks the organisation and its people face:					
PC3 PC5 PC7 PC9	♦ Budgets, actions plans, systems, procedures, roles descriptions and training you have initiated or agreed, personnel you have appointed, and other actions you taken to ensure that the performance of the organisation and its people minimises exposure to or eliminates any risks they may face	1, 3, 4, 5, 6, 7, 8, 9, 11	1, 3, 10, 11, 12, 14, 15	1, 2, 3, 4	2, 5, 6, 7, 8, 9, 10, 11, 13, 15
	♦ Newsletters, procedure manuals, correspondence and other communications you have prepared, instigated or agreed, and presentations you have made, to raise awareness of risks the organisation and its people may face and the actions needed to be taken in response	1, 2, 3, 5, 7, 9, 10, 11	1, 3, 4, 6, 11, 14	1, 2, 3, 4	2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12
Records of actions you have taken to monitor incidents arising from the risks the organisation and its people face, and actions you have taken:					
PC2 PC3 PC5 PC6 PC7 PC8 PC10	♦ Systems and procedures you have developed and introduced to monitor and review behaviour and record incidents, and action you have taken as result of this information to minimise exposure to or eliminate any risks facing the organisation, its people or others	1, 4, 7, 8, 9	1, 2, 9, 10, 12, 13, 14	1, 2, 3, 4	5, 6, 7, 8, 9, 10, 11, 13, 14, 15
	♦ Personal statements (reflections on your role in developing policy and senior management commitment, assessing risks, putting systems and procedures in place, monitoring and taking action in relation to incidents, and reviewing policy and strategies)	2, 9	1, 2, 3, 5, 6, 13	1, 2, 3, 4	1, 2, 3, 4, 5, 6, 8, 9, 11, 12