

The Watercress Way

Risk Management Policy



Purpose: Policies and related procedures to describe **The Watercress Way's** approach to risk management.

Approval date: April 2019

Review date: April 2020

Summary:

The Watercress Way believes that the identification, management and mitigation of risk is an integral part of good management and accountability to stakeholders (beneficiaries, donors and the public).

The responsibility for establishing the approach to risk management and organisational risk appetite lies with the Board of Trustees. Risks are then jointly identified and assessed by the Board with the Board responsible for agreeing the Risk Register.

The Watercress Way manages risk by:

- Undertaking a regular review of potential risks to the organisation, projects and events and their likely impact using the approach outlined above
- Ensuring that new risks are properly reported and evaluated, and risk aspects of significant new projects are considered as part of project appraisals. The Risk Register is monitored and reported on an exception basis
- Having appropriate checks in place to effectively manage risk
- Undertaking an annual review of the risk management process

1. Definition of risk

For the purpose of this document risk is defined as the uncertainty surrounding events and their outcomes that may have a significant effect, either enhancing or inhibiting operational performance, achievement of aims and objectives, or meeting expectations of stakeholders.

2. Our Policy

The Watercress Way believes that the identification, management and mitigation of risk is an integral part of good management and accountability to stakeholders (beneficiaries, donors and the general public).

3. Aims of the Policy

The Watercress Way risk management policy will ensure:

- **The Watercress Way's** mission is achieved more effectively with a strong link between what we want to achieve through our approach to management of risk
- Significant risks are known, monitored and actively managed where possible
- Protection and enhancement of our mission, funds and other resources, relationships and reputation.

The Watercress Way (charity no. 1167675)

Agreed at meeting of Trustees 25 April 2019

4. Who is Responsible for Risk Management

The responsibility for establishing the approach to risk management with the Board of Trustees. Risks are then jointly identified and assessed by the Board of Trustees with the Board responsible for agreeing the Risk Register.

5. Identifying Risk

In identifying risk, **The Watercress Way** focuses not just on risk management to ensure compliance with legal requirements and the prevention of disaster – value protection - but on addressing risks associated with reputation risk, and value creation i.e. risks associated with new opportunities and innovation that may allow the charity to achieve its objectives and maximise its potential.

6. Risk Status

“Risk status” is an assessment of the risk’s seriousness and is based on:

- the probability of the risk actually arising; and
- the impact on **The Watercress Way** if a risk does actually arise.

We assign a status so that risks can be prioritised. We consider impact to be more important than likelihood and as a consequence our approach to weighting risk is as follows:

$(\text{impact} \times \text{likelihood}) + \text{impact} = \text{Risk Score}$

7. Our Management of Risk

The Watercress Way manages risk by:

- Undertaking a regular review of potential risks to the organisation and events, their likely impact using the approach outlined above. We undertake a formal annual risk evaluation and a review of the risk register in light of that evaluation
- The Board produces a draft Risk Register which is in turn reviewed and agreed
- Undertaking and documenting a risk assessment ahead of any event
- Ensuring that new risks are properly reported and evaluated, and risk aspects of significant new projects or events are considered as part of the appraisal process
- Having appropriate policies, procedures and checks in place to effectively manage risk and protect our goals, resources, relationships and other stakeholders
- Undertaking an annual Board level review of the risk management process

8. Governance and Responsibilities

The Watercress Way undertakes a formal annual risk evaluation and a review of the risk register in light of that evaluation. This is undertaken by the relevant board members. The Board produces a draft Risk Register which is in turn reviewed and agreed by the Board.

The main responsibility for managing risks on a day to day basis lies with all Trustees.

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ANNEX A: Scoring Risk

A numerical indicator is used to show the risk status. The indicators for impact and likelihood are given in the tables below.

Table 1: Level of Impact

Level of Impact	Description	Numerical Indicator
Insignificant	<ul style="list-style-type: none">• no impact on service• no impact on reputation• complaint unlikely• litigation risk remote	1
Minor	<ul style="list-style-type: none">• slight impact on service• slight impact on reputation• complaint possible• litigation possible	2
Moderate	<ul style="list-style-type: none">• some service disruption• potential for adverse publicity avoidable with careful handling• complaint probable• litigation probable	3
Major	<ul style="list-style-type: none">• service disrupted• adverse publicity not avoidable (local media)• complaint probable• litigation probable	4
Extreme / Catastrophic	<ul style="list-style-type: none">• service interrupted for significant time• major adverse publicity not avoidable (national media)• major litigation expected• resignation of senior management and board• loss of beneficiary confidence• potential loss of life or injury?	5

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Table 2: Likelihood

Likelihood	Description	Score
Remote	May only occur in exceptional circumstances	1
Unlikely	Expected to occur in a few circumstances	2
Possible	Expected to occur in some circumstances	3
Probable	Expected to occur in many circumstances	4
Highly Probable	Expected to occur frequently and in most circumstances	5

Using the formula:

$$(impact \times likelihood) + impact = risk \ score$$

we can produce a 'heat map' where:

Pink = major or extreme/catastrophic risks that score 15 or more

Orange = moderate or major risks that score between 8 and 14

Blue or green = minor or insignificant risks scoring 7 or less

Extreme/catastrophic 5	10	15	18	25	30
Major 4	8	12	16	20	24
Moderate 3	6	9	12	15	18
Minor 2	4	6	8	10	12
Insignificant 1	2	3	4	5	6
	1 Remote	2 Unlikely	3 Possible	4 Probable	5 Highly Probable

This map can be assessed for both gross risk (before mitigation) and net risk (after mitigation) as well as being reviewed against the organisational risk appetite

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