



WSRA POLICY NO M2: Risk Assessment Policy

Purpose

To enable the WSRA to manage risk effectively, to help ensure that:

- significant risks are known and monitored, enabling trustees to make informed decisions and take timely action
- the WSRA makes the most of opportunities and develops them with the confidence that any risks will be managed
- forward and strategic planning are improved
- the WSRA's aims are achieved more successfully

The WSRA acknowledge that the responsibility for its management and control rests with the trustee body and therefore their involvement in the key aspects of the risk management process is essential, particularly in setting the parameters of the process and reviewing and considering the results.

This action plan and the implementation of appropriate systems or procedures allows the trustees to make a risk management statement in accordance with the regulatory requirements.

It is acknowledged that good risk management is about enabling the WSRA to take up opportunities and to meet urgent need, as well as preventing disasters.

Risk Management Statement:

Areas of Risk:

1. Governance risks

- inappropriate organisational structure and sub-structure
- trustee body lacks relevant skills or commitment
- conflicts of interest
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2. Operational risks generally and particularly in relation to the Steam Rally

- lack of safety
- sufficiently experienced key staff and volunteers
- poor staff and volunteer training
- availability of staff and volunteers

3. Financial risks

- inaccurate and/or insufficient financial information
- inadequate reserves and cash flow
- dependency on limited income sources

- inadequate investment management policies
- insufficient insurance cover
- declining membership

4. External risks

- poor public perception and reputation
- demographic changes such as an increase in the size of beneficiary group
- turbulent economic environment

5. Compliance with law and regulation

- acting in breach of trust
- poor knowledge of the legal responsibilities such as diversity, data protection etc
- poor knowledge of regulatory requirements of particular activities such as the Steam Rally

Assessing risk

The WSRA will seek to identify risk and put it into perspective in terms of the potential severity of impact and likelihood of occurrence.

The WSRA will assess and categorise risk to help prioritise and filter and establish whether any further action is required.

Methodology

1. Trustees

- I. This risk assessment policy will be reviewed and approved by the trustee Board annually with the exception of unplanned events or unusual circumstances.
- II. A lead trustee will be given responsibility for the oversight of all aspects of risk assessment. This trustee will also sit on the Safeguarding Committee.

The WSRA will look at each identified risk and decide how likely it is to occur and how severe its impact would be on the WSRA if it did occur. The risk mapping approach adopted is found at Appendix 1.

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|------------------------------|---------------------------------|
| Policy Author | Diana Ricketts-Tanner (Trustee) |
| Date confirmed by WSRA Board | 16 th August 2022 |
| Date Implemented | 17 th August 2022 |
| Review Interval | Annually |
| Next Review Due | August 2023 |

APPENDIX 1

This approach attempts to map risk as a product of the likelihood of an undesirable outcome and the impact that an undesirable outcome will have on the ability of the WSRA to achieve its operational objectives. It enables the trustees to identify those risks that fall into the major risk category identified by the risk management statement.

The following tables provide guidance on the 1-5 scoring used in the WSRA's Risk Management System:

| Impact Descriptor | Score | Impact on service and reputation |
|--------------------------|--------------|---|
| None | 1 | <ul style="list-style-type: none">▪ Insignificant▪ no impact on service▪ no impact on reputation▪ complaint unlikely▪ litigation risk remote |
| Minor | 2 | <ul style="list-style-type: none">▪ slight impact on service▪ slight impact on reputation▪ complaint possible▪ litigation possible |
| Moderate | 3 | <ul style="list-style-type: none">▪ some service disruption▪ potential for adverse publicity - avoidable with careful handling▪ complaint probable▪ litigation probable |
| Major | 4 | <ul style="list-style-type: none">▪ service disrupted▪ adverse publicity not avoidable (local media)▪ complaint probable▪ litigation probable |
| Catastrophic | 5 | <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 |

| Likelihood Descriptor | Score | Example |
|-----------------------|-------|--|
| Remote | 1 | may only occur in exceptional circumstances |
| Unlikely | 2 | expected to occur in a few circumstances |
| Possible | 3 | expected to occur in some circumstances |
| Probable | 4 | expected to occur in many circumstances |
| Highly Probable | 5 | expected to occur frequently and in most circumstances |

In interpreting the risk heat map below, likelihood is x and impact is y.

The colour codes are:

- **Red** - major or extreme/catastrophic risks that score 15 or more
- **Yellow** - moderate or major risks that score between 8 and 14
- **Blue or green** - minor or insignificant risks scoring 7 or less

| | | | | | | | |
|--------|--------------------------|------------|----------|----------|----------|-----------------|----|
| Impact | Extreme/ Catastrophic | 5 | 10 | 15 | 20 | 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 | 2 | 3 | 4 | 5 | |
| | | Remote | Unlikely | Possible | Probable | Highly Probable | |
| | | Likelihood | | | | | |

Evaluating what action needs to be taken on the risks

Where major risks are identified, the WSRA Trustees acknowledge that they will need to make sure that appropriate action is being taken to manage them. This review should include assessing how effective existing controls are.

For each of the major risks identified, the WSRA Trustees will need to consider any additional action that needs to be taken to manage the risk, either by lessening the likelihood of the event occurring, or lessening its impact if it does. The following are examples of possible actions:

- the risk may need to be avoided by ending that activity
- the charity's exposure to the risk can be limited
- the risk can be reduced or eliminated by establishing or improving control procedures
- the risk may need to be insured against
- the risk may be accepted as being unlikely to occur and/or of low impact and therefore will just be reviewed annually

Once each risk has been evaluated, the WSRA Trustees can draw up a plan for any steps that need to be taken to address or mitigate significant or major risks.