Essential Guide to Risk Assessment

INTRODUCTION

What is risk assessment?

A risk assessment is simply a careful examination of what could happen to undermine or derail a project or service so that you can decide whether you have taken enough precautions to minimalise the risk, minimalise the impact if the risk occurs or avoid the risk all together. There are various approaches to undertaking an assessment of risk. These guidelines focus on the use of a 'Traffic Lights' approach and there is an accompanying template that can be used by any organisation or group.

How to assess the risks in your organisation

We advise that any service or project set up a Risk Register. This is the group's formal record of the risks that are identified and what actions are to be taken and by whom and when. The following activities should, ideally be undertaken by a group of key people with responsibility for the various aspects of the service or project – such as delivery of service, managing people and funding).

When to do the assessment of risk?

It is strongly recommended that the risk assessment is undertaken at a very early stage – ideally before the project becomes operational. If a risk is identified that is highly likely to occur and threatens to derail the project entirely and there are no measures that can prevent it, then the project would have to be redesigned or not started.

Follow the seven steps:

1. Identify the risk. Be realistic and do not overcomplicate. If a risk is almost certainly not going to happen and if it did the impact would be negligible then there is little point in planning for it. Risks come in all shapes and sizes. A risk may relate to the management of the project. For example, if the number of active Trustees of a charity has been diminishing then there needs to be a plan to ensure that new volunteers are recruited and that they have the relevant skills and experience. Therefore, a Succession policy and role briefs for trustees may need to be put in place.

2. Assess the likelihood of the risk occurring. It is crucial to estimate both the likelihood of the risk happening and the impact this may have. The more likely the risk is will determine the timeleness / level of urgency in addressing it. The template invites the likelihood to be categorised (high/medium/low)

3. Estimate the impact. How serious is the impact going to be if the identified risk actually occurs? Once again, the template requires the assessment to be categorised - high/medium/ low. A high category risk is one that would stop the project or service all together.

4. Identify and put in place appropriate measures. These are the actions that, if carried out will avoid the risk entirely or substantially mitigate the impact.

5. Take responsibility. A designated person should take responsibility for maintaining the Risk Register and ensure that there are timely reviews. This person may be a member of staff, volunteer or Trustee.

6. Reviews of the Register should be on a regular basis and should involve all key people in agreeing the measures to be taken to avoid or mitigate risk.

7. Status. This highlights the importance of taking action. So, a low level of likelihood and low impact is not going to be a high priority. A risk with high likelihood and high impact is a top priority. At each review meeting the status of a risk may have changed. Some risks can be deleted and others may need categorising differently. New risks may be identified. Setting the status follows a 'Traffic Light' approach so that the level of priority can be seen at a glance and can help focus attention at Review meetings. The Status column can be filled as follows:

High Likelihood and High impact =Red

Medium and Medium = Amber

Green and Green = Low (and should be deleted)

Combinations of Medium and Low / Low and High /High and Medium / and Medium and Medium will require discussion and judgement.

Don't overcomplicate the process!

See the 3VA Template for a Risk Register