The biggest thing we do as risk managers is talk,” Fiona Davidge, Enterprise Risk Manager at the Wellcome Trust, says. “We own no risks within the risk team. Our job is to support others to make decisions.”

With over £20bn of assets in its investment fund, Wellcome’s decision whether to back a particular piece of research isn’t trivial. As the world’s second largest charitable funder of research into human and animal health, Wellcome awards nearly £1bn a year to an increasingly global and collaborative scientific community. Its funding not only helps shape the type and nature of global research into health, but influences the very direction of scientific research across a range of fields.

Over the past ten years, for example, about 20% of Wellcome’s grants have gone into genomics – the study of the structure and function of DNA. It’s no exaggeration to say that the genomics projects co-funded by the body – including the Wellcome Trust Sanger Institute and the Francis Crick Institute – have helped make the UK a global centre of excellence in the field, as well as enabling a range of international scientific collaborations. Inevitably, that influences what research takes place in the science community.

Your risk management has to be part of competent decision making. If that’s not in place, that’s your biggest risk.

Fiona Davidge is part of a two-woman risk team at the £20bn science funding charity Wellcome Trust. She explains how her dialogic approach to risk management is helping the executive team understand and deal with their strategic and project risks.
“We are conscious that if we shift strategy, we have to engage with the community that we are funding and to explain our decisions to those who may be missing out,” Davidge says. “We have to be clear and comfortable with what we are doing – it’s a matter of reputation.” Wellcome also has a remit to engage with the public – both through its collections, library and art-science collaborations, and through engagement with public health research policy.

In fact, Wellcome’s strategic objectives are undergoing a period of change. While it is based in London, and with no current plans to move, the research projects it funds have become increasingly geographically global, but with particular focus on Africa, India and South East Asia. That is because healthcare solutions to epidemics, antibiotic microbial resistance, and other problems are not unique to countries or continents. Wellcome funds initiatives in other countries, often through UK academia, to bring together the best talent in the world in the most relevant places. “If we want to make an impact on the HIV epidemic, we have to build research capacity in those countries where the disease is prevalent, and accept and manage the greater risks associated with funding into those countries,” Davidge says.

**Proactive**

And Wellcome has become more proactive, acting as a catalyst for projects that it could not fund by itself. That has seen it working with the world’s largest philanthropic health funder, the Bill and Melinda Gates Foundation, and governments from around the world. The Coalition for Epidemic Preparedness Innovations, a global partnership to prevent epidemics with new vaccines

“We are facilitators, enablers and here to support – not to throw up stops

Reprinted courtesy of Enterprise Risk magazine and the Institute of Risk Management
– launched at Davos this January – is the latest of such schemes.

This has shifted some of the skill sets Wellcome needs in-house. It has a sophisticated and well-run funding strategy. As one would expect, its assets are diversified and there is a dedicated team running the portfolio with Sarah Fromson, Davidge’s boss, responsible for investment risk. But delivering these newer, collaborative projects requires it to develop its programme management skills. That can be tricky, says Davidge, because the project might not be a tangible thing such as a building, but a concept – how to best model disease, for example. “Yet it is still a programme of activity and we need people who can make that happen and help free up scientists to develop the science,” she says.

“Your risk management has to be woven into that – it is part of competent decision making,” she says. “If that’s not in place, that’s your biggest risk.”

A big part of Davidge’s role is to maintain strong links with the senior project members. It can be a challenge to keep on top of what is happening because a greater emphasis on collaboration – driven, it should be said, by how science works today, rather than by any ideology coming from Wellcome – has meant that project teams are comprised of people both within the charity and within its external partners. In the past, Davidge may have been able to speak to the head of science at Wellcome to find out what was happening within that division, she explains. Now, things are more complex. The organisation’s head of science may be working on several projects simultaneously, each comprising networks of global scientists. Davidge needs to ensure all the senior people in these projects have thought about the risks of what they are doing and have plans in place to deal with any issues that may arise.

**Facilitators**

“It’s my job to ask how project leaders have thought about risk management and to advise them that it’s best to build risk management in from the start,” she explains. “We are facilitators, enablers and here to support – not to throw up stops. It’s about getting people to go into projects with their blinkers off and actively look at what issues are associated with their initiatives so they can hopefully mitigate them before they become a problem.”

Where project leaders are involved in several initiatives, Davidge encourages them to think how risks that could arise in one could impact work in another. That could mean looking at how internal or external staff resources are deployed and how they interact when the inevitable problems arise from time to time.

At a strategic level, Wellcome has a risk register, which is updated every quarter for due diligence purposes. It provides a useful snapshot for where the organisation is at a particular point in time, but, says Davidge, “it’s not an end in itself.” The organisation does not have a risk committee. The two-person risk team reports to the Chief Financial Officer Tim Livett. And there is no risk management software. While Davidge can see the obvious benefits for managing huge capital projects with software, or compliance-related exercises in financial services organisations, she believes it can just as easily get in the way.

Unlike many other charities, Wellcome does not have a large infrastructure in terms of high-street retail outlets staffed by employees and volunteers, nor does it need to fundraise with all the hassle that can bring. Wellcome was founded from the bequest of a single donor, Sir Henry Wellcome, in 1936. Its main asset was Sir Henry’s company, Wellcome Foundation, and it pursued its aims from the profits of that business. After floating on the London Stock Exchange, the Wellcome sold its final major shareholding in the business in 1995 to Glaxo – now GlaxoSmithKline – by which time it had assets worth £3.4bn.

**Governance**

The charity’s board of governors comprises a mix of top-flight scientists and business and investment executives. Unusually, it pays its trustees because of the high level of responsibility they carry both in terms of signing off on major initiatives and in helping to approve Wellcome’s long-term strategy. They are supported by the
To be able to get on with people and articulate yourself verbally and in written form, to influence and challenge, are absolutely key.

executive team, which puts forward the strategy and executes it.

The risk team meets individually with every member of the 15-strong executive team on a quarterly basis. Each executive brings their risk champion and they talk about what is happening, what significant changes are coming and how those things might affect their activities. Between them they create a risk report that goes to the CFO. Quarterly, the executive leadership team meets to consider all of these reports together, which provides a more collective view of the risk environment.

“The value of the process is that we provide half an hour in someone’s busy, valuable time where they can explicitly focus on risk,” she says. “They can think what their risks are, how those risks are being managed – and we can provide challenge as to whether they have really covered everything and whether the measures they have taken are effective. Would we have that thoughtfulness if I was sitting there filling in a little bit of software? My experience is ‘no’.”

Eighteen months ago, an internal audit provided by an external consultancy found that the whole of the executive team was engaged with and knew what risks it faced. For Davidge, that is confirmation that her pared-down, dialogic approach works. “In the risk profession, we can put far too much onus on our processes when it comes to talking about strategy, direction and purpose.”

Davidge started her career as a business resilience and security manager at Thames Water in 1998. There was no corporate risk programme and when the business decided to implement one, she was handed the task by her then boss who was close to retirement. Thames Water supported her through the IRM’s Diploma. When she moved to Transport for London (TFL) in 2007, it was as senior corporate risk manager. She had been working on the British Standards Institute Committee for its business continuity standard (25999), and she was invited to work on the risk committee standard following her move to TFL. Last year, she won an award for her work on ISO 31000 from the International Organisation for Standardisation, which she has sat on for about seven years.

“From a risk perspective, working on ISO standards means you get viewpoints on risk from around the world – not just at meetings, but over coffee and in the hotel where you meet,” she says. From a practical point of view, she says the experience has helped her hone her negotiating and consensus skills because of the wide range of personalities and viewpoints in play.

She is a member of the IRM’s Charity Special Interest Group (See Box out) and has given input into the guidance the group produces. While she believes technical knowledge is important, her advice to professionals just starting out on their careers is to focus on the practical. Thoroughly understand the business’s objectives and how the organisation runs, she says. And develop your communication skills. “To be able to get on with people and articulate yourself verbally and in written form, to influence and challenge, are absolutely key,” she says. “Risk management is a dialogue.”

**IRM CHARITY GROUP**

The IRM Risk Special Interest Group was established over 10 years ago to provide practical guidance for charities about managing risk and opportunities, and for sharing knowledge, tips and best practice amongst sector professionals. Its overall aim is to increase the sector’s knowledge of risk management best practice, explore practical solutions for managing sector challenges (such as new regulatory requirements), and provide a forum where risk professionals can meet to learn from one another and share up-to-date risk management practice.

To get involved visit: https://www.theirm.org/events/special-interest-groups/charities