

## RISK MANAGEMENT POLICY

### INTRODUCTION

1. Risk management is the process of identifying and mitigating possible risks, problems or disasters before they happen. This allows the Circuit Executive to maintain procedures to avoid the risk, minimise its impact, or at the very least help cope with its impact.
2. Effective risk management is fundamental to maintaining and developing the mission of the Banbury Methodist Circuit in line with its Mission Plan and ensuring the Circuit Meeting is provided with a means to control risk within its strategic planning and priorities. The Circuit Meeting is the key governance body for overseeing risk management for the activities of the Circuit.

### PURPOSE

3. This policy ensures that the Circuit Meeting makes every effort to manage risk appropriately by maximising potential opportunities whilst minimising the adverse effects of risks.
4. This policy establishes a consistent framework and protocol for determining the Circuit Meeting's appetite for and tolerance of risk as well as setting out how the CLT should manage risk.
5. This policy assigns accountability to members of the Circuit Executive and staff for managing risks and provides a structured process for risk to be considered, reported and acted upon throughout the organisation.
6. The Circuit Meeting encourages Church Meetings to refer to this policy as part of their approach to forming effective risk management frameworks and protocols. The Circuit Meeting will utilise this policy when assessing the risks posed within self-accounting entities that may report to it.

### STATEMENT

7. Risk management is part of the Circuit Meeting's decision-making process and part of the day-to-day decision making of the Circuit Leadership Team. The Circuit Meeting and Circuit Stewards will ensure that this policy is referred to regularly as part of all decision-making processes. This policy will be considered by the Circuit Meeting and Circuit Leadership Team before entering any long-term planning, whether of a strategic or operational nature.
8. Risk management will form part of the decision-making process whenever the Circuit Meeting is considering new activities or the adoption of new policies.
9. All risks and opportunities will be identified, analysed and reported to the Meeting or Circuit Leadership Team (CLT) as appropriate.

## **RISK APPETITE**

10. Risk Appetite is the amount of risk that the Circuit Meeting is willing to accept. The Circuit Meeting will minimise the likelihood of a risk occurring and its impact whenever possible but will not take steps that impede the ability of the Circuit in furthering its mission.
11. The Circuit Meeting recognises that taking risks is vital when seeking to communicate the Gospel, and that the Methodist Church is rooted in the risks taken by John Wesley. The Circuit Meeting therefore embraces any risk which seeks to advance the missional objectives of the Banbury Circuit whilst ensuring that those risks that might have an impact on finances, reputation or personnel, will be managed.
12. The Circuit Meeting accepts that in seeking to implement its Mission Plan, the Circuit Meeting must take risks. The Circuit Meeting will always seek to mitigate risks but is prepared to accept the potential financial and reputational risks that will come from implementing the Mission Plan. The Circuit Meeting however notes that it will not accept anything that might compromise the safety of individuals in terms of safeguarding, discrimination, injury, public health and breaches of regulation or legislation.
13. Prior to any risk being accepted, full consideration must be given as to the likelihood of the risk occurring and the impact on the Circuit. Any risk that seriously threatens the ability of the Banbury Circuit now or in the future to communicate the Gospel will not be acceptable.

## **RISK REGISTER**

14. A Risk Register listing broad risks facing the Banbury Circuit is owned by the Meeting and delegated to the CLT for ongoing maintenance and monitoring. The Register will be reviewed annually by the Circuit Leadership Team and the Register reported to the Circuit Meeting.
15. The Risk Register will be maintained by designated “risk owners” who will be responsible for the ongoing monitoring of risks and identification of emerging risks, determine the likelihood of the risks and how best to mitigate them within their area of responsibility or portfolio.

## HEAT MATRIX SCHEDULE – SCORING OF RISKS

IMPACT:

Descriptor	Score	What is the scale of the potential impact?
Low	1	<ul style="list-style-type: none"> <li>• No harm to beneficiaries, ministers and staff. (Not including children or vulnerable adults.)</li> <li>• Minimal financial loss through error (up to £1,000.)</li> <li>• Minimal impact on the work of the Circuit staff and officers or Circuit Meeting’s ability to implement its Mission Plan.</li> <li>• No loss of personal data.</li> <li>• No breach of regulation or legislation.</li> <li>• No impact or positive impact on membership.</li> </ul>
Medium	2	<ul style="list-style-type: none"> <li>• Potential for adverse publicity – avoidable with careful handling.</li> <li>• Minimal harm to beneficiaries, ministers and staff (not children or vulnerable adults.)</li> <li>• Moderate financial loss through error or fraud (up to £5,000.)</li> <li>• Minimal loss of personal data that can be contained.</li> <li>• A Local Church wants to leave the Connexion and/or Circuit.</li> <li>• Minimal decline in membership.</li> </ul>
High	3	<ul style="list-style-type: none"> <li>• Adverse publicity not avoidable (local media.)</li> <li>• Harm to small number of beneficiaries, ministers and staff, including children and vulnerable adults.</li> <li>• Limit’s ability of the Circuit to further mission plan.</li> <li>• Significant financial loss through error or fraud (up to £25,000.)</li> <li>• Loss of personal data (not sensitive.)</li> <li>• Breach of regulation that results in small fine.</li> <li>• Small number of Local Churches want to leave the Connexion and/or Circuit.</li> <li>• Litigation that results in financial loss.</li> <li>• Moderate decline in membership.</li> </ul>

Very High	4	<ul style="list-style-type: none"> <li>• Adverse publicity not avoidable (local and national media.)</li> <li>• Harm to beneficiaries, ministers and staff including children and vulnerable adults.</li> <li>• Prevents the Circuit Meeting to implement Mission Plan.</li> <li>• Significant financial loss through error or fraud (over £25,000.)</li> <li>• Major loss of sensitive personal data to unknown source and not recoverable.</li> <li>• Litigation that results in financial loss and/or reputational damage.</li> <li>• Large number of Local Churches want to leave the Connexion and/or Circuit.</li> <li>• Investigation by external regulator or police.</li> <li>• Significant decline in membership.</li> </ul>
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**LIKELIHOOD:**

Descriptor	Score	What is the likelihood that this could happen?
Low	1	Expected to occur in a few circumstances.
Medium	2	Expected to occur in some circumstances.
High	3	Expected to occur in many circumstances.
Very high	4	Expected to occur frequently and in most circumstances or has occurred before.

The likelihood and impact scores are multiplied to give the total risk score.

		Example
Scored 1 to 3	Low risk	Impact 1 x Likelihood 1 = total risk of 1.
Scored 4 to 6	Moderate risk	Impact 2 x Likelihood 2 = total risk of 4.
Scored 7 to 9	High risk	Impact 3 x Likelihood 3 = total risk of 9.
Scored 10 or above	Very High risk	Impact 4 x Likelihood 4 = total risk of 16.

**ASSESSMENT OF RISK – ‘THE HEAT MATRIX’**

<b>Impact</b>	<b>4</b>	4	8	12	16
	<b>3</b>	3	6	9	12
	<b>2</b>	2	4	6	8
	<b>1</b>	1	2	3	4
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
<b>Likelihood</b>					

**RESPONSIBILITIES FOR RISK MANAGEMENT**

Members of the Circuit Meeting and Circuit Staff will be provided with training on risk management and be clear on their role and responsibilities in implementing the risk management policy.

**THE SUPERINTENDENT WILL:**

- ensure the Circuit Leadership Team receives risk management training.
- lead the embedding of risk management throughout the Circuit and encourage forward planning to assess potential future risks.

It is the responsibility of the Superintendent “to enable the relevant courts, officers and ministers to fulfil their specific responsibilities under Standing Orders and to ensure that they do so.” (Standing Order 520(2))

**THE CIRCUIT MEETING WILL:**

- set the risk appetite and tolerance and outline this in its risk management policy.
- ensure risk management is embedded in the day to day working of the Circuit Executive.
- approve major decisions affecting the Circuit’s risk profile or exposure.
- satisfy itself that identified risks are being actively managed, with the appropriate controls in place and working effectively.
- make decisions that reflect its appetite for risk.
- annually review and approve the risk management policy.
- annually review and approve the risk register.

The Circuit Meeting is responsible for all matters of governance and has oversight of the policy of the Circuit. Day to day management is delegated to other groups and officers appointed by the Circuit Meeting.

#### **THE CIRCUIT LEADERSHIP TEAM WILL:**

- annually identify any new risks and remove any risks that have ceased to exist and report these to the Circuit Meeting for approval.
- evaluate the significant risks faced by the Circuit through the Risk 'Heat Matrix' which determines Gross and Net Risk and set targets for the status of risks.
- administer and implement risk management within the Circuit.
- understand the purpose of risk management and undertake its work in the knowledge of the Circuit Meeting's risk appetite.

The responsibilities of the Circuit Stewards are exercised through their membership of the Circuit Leadership Team.

#### **ANNUAL CYCLE OF RISK MANAGEMENT**

- An annual review of the Risk Register, the Risk Management Policy and the wider systems of internal control to take place at the final meeting of every connexional year.
- The Circuit Meeting review the Risk Register and risk management policy at the first meeting of every connexional year.

#### **RECORD KEEPING**

- The Risk Holders identified in the Risk Register will keep a record of all failures in risk management and report them to the Circuit Executive at its next meeting.
- Any failures that may result in external investigation will be reported to the Superintendent without delay. It is the responsibility of the Superintendent, in consultation with the appropriate officers to ensure that appropriate action is taken and records maintained.
- Appropriate reports will be made to the Circuit Meeting as part of the annual review.

## RISK REGISTER

	Risk Category	Risk Identified	Likelihood	Impact	Overall or "gross" risk	Existing Control Measures	Retained or Net Risk	Additional measures to minimise risk	Risk Holder/ Review
1.1	Governance	Negative response to "God in Love Unites Us."	4	2	8	Open conversations. Policy of respect for diversity.	6		Circuit Stewards Superintendent
1.2		Safeguarding system fails.	3	4	12	Safeguarding Officer appointed. Safeguarding policy regularly reviewed.  Recruitment procedures and policy followed including DBS checks when required.  DBS checks completed in line with Methodist Church/role requirements.  Safeguarding Training offered and monitored.  Annual audit of safeguarding policy and practice in Local Churches	6	See existing controls.	Safeguarding Officer Superintendent
1.3		Personal injury to staff, member of visitor from condition of premises and activities	1	4	4	Employee Liability/Public Liability insurance in place.  Written lone working policy.  Written health and safety policy.	2	Written working from home policy.  Risk assessments undertaken.  Record incidents.  Review policies annually.	Superintendent Circuit Stewards CLT

	Risk Category	Risk Identified	Likelihood	Impact	Overall or "gross" risk	Existing Control Measures	Retained or Net Risk	Additional measures to minimise risk	Risk Holder/ Review
1.4		Acting in breach of trust	1	4	4	Act on information available on TMCP and connexional Website.	2	Induction and training for Trustees.	Superintendent
1.5		Poor knowledge of legal responsibilities	2	4	8	Subscribe to "Property Points." Act on information available on TMCP and connexional Website. Other sources of legal advice Lay employment advisory pack Appoint and consult professional advisors.	2	Induction and training for staff and Trustees.  Appoint/retain professional HR consultant as required.  Regular audit of employment policies and procedures.	Superintendent. Circuit Stewards Safeguarding Officer.
1.6		Poor knowledge of regulations and procedures.	2	4	8	Act on information available on TMCP and connexional Websites.  Subscribe to "Property Points."  Appoint and consult professional advisors.	2	Induction and training for staff and Trustees.	Superintendent Circuit Treasurer Circuit Administrator
1.7		Failure to comply with health & safety legislation.	1	4	4	Act on information available on TMCP, Methodist Insurance and connexional Websites.	2	Induction and training for staff and Trustees.	Superintendent Circuit Administrator Local Manging Trustees
1.8		Breaches of General Data Protection Regulation	2	3	6	Act on information available on TMCP website.	4	Action plan following data-mapping exercise.	Superintendent



	Risk Category	Risk Identified	Likelihood	Impact	Overall or "gross" risk	Existing Control Measures	Retained or Net Risk	Additional measures to minimise risk	Risk Holder/ Review
						Data-mapping exercise completed. Annual review of policies and procedures. TMCP annual Audit/property returns		Audit and reporting of incidents. Induction and training for staff and Trustees.	TMCP Circuit Administrator Local Manging Trustees
1.9		Trustee body lacks relevant skills or commitment	1	4	4	Draw up skills and role descriptions. Review and agree recruitment processes.	2	review and agree skills required. implement trustee training and induction. Develop induction and training for Circuit officers	Superintendent CLT
1.10		Circuit lacks direction, strategy and forward planning	2	4	8	Create a 5-year mission plan which sets out the key aims, objectives and policies. Create associated financial plans and budgets. Monitor financial and operational performance. Get feedback from beneficiaries	2	Annual review of mission plan use job plans and targets. Create a Circuit property plan. Review Statistics for Mission to inform mission planning.	Superintendent CLT Circuit Stewards
1.11		Trustees are illegally benefiting from charity (e.g., remuneration)	1	4	4	Ensure legal authority for payment or benefit. Consider alternative staffing or trustee arrangements.	1	See Circuit Policies	Circuit Treasurer Auditor

	Risk Category	Risk Identified	Likelihood	Impact	Overall or "gross" risk	Existing Control Measures	Retained or Net Risk	Additional measures to minimise risk	Risk Holder/ Review
						<p>Implement terms and procedures to authorise/approve expenses and payments.</p> <p>Use procedures and methods to establish fair remuneration conducted separately from 'interested' trustee.</p> <p>Ensure procedures for declaring interests are applied.</p>			
1.12		Poor reporting to trustees	1	4	4	<p>Put in place proper strategic planning, objective setting and budgeting processes.</p> <p>Timely and accurate project reporting via CLT</p> <p>Timely and accurate financial reporting.</p> <p>Assess and review projects and authorisation procedure.</p>	1		<p>CLT</p> <p>Circuit Treasurer</p> <p>Circuit Administrator</p>
2.1	<b>Legal compliance</b>	Compliance failures with legislation and regulations appropriate to the activities, size and structure of the charity	2	4	8	<p>Identify key legal and regulatory requirements.</p> <p>Put in place compliance monitoring and reporting. (Annual returns)</p>	2	<p>Allocate responsibility for all key compliance procedures.</p> <p>Prepare for compliance visits/inspections.</p>	<p>Superintendent</p> <p>Circuit Treasurer</p> <p>Circuit Office</p> <p>Circuit Property Secretary</p> <p>Safeguarding Officer.</p>

	Risk Category	Risk Identified	Likelihood	Impact	Overall or "gross" risk	Existing Control Measures	Retained or Net Risk	Additional measures to minimise risk	Risk Holder/ Review
2.2		Failures in regulatory reporting requirements (E.g., Charity Commission)	2	4	8	Annually review and agree compliance procedures and allocation of staff and trustee responsibilities.	1		Superintendent Circuit Treasurer Circuit Auditor
2.3		Errors in Taxation/Pensions	1	3	3	Take advice on employment status and contract terms and tax.	1		Circuit Treasurer
2.4		Poor professional advice	1	4	4	Identify appropriate advisors. Use advisors from TMCP panel where possible. Identify issues where advice is required. Regular retendering for professional advice where appropriate.	2	Regular review of advisors' performance.	Superintendent Circuit Stewards
3.1	Finance	Failures in budgetary control and financial reporting	1	4	4	Link budgets to mission planning and objectives. Monitor and report in a timely and accurate way. Ensure adequate skills base to produce and interpret budgetary and financial reports. Agree procedures to review and action budget/cash flow variances and monitor and control costs.	1	Annual Audit	Superintendent CLT Circuit Treasurer

	Risk Category	Risk Identified	Likelihood	Impact	Overall or "gross" risk	Existing Control Measures	Retained or Net Risk	Additional measures to minimise risk	Risk Holder/ Review
						Regularly review reserves and investments			
3.2		Inadequate reserves and cash flow to implement mission plan.	3	3	9	Link reserves policy to mission plans, activities and identified financial and operating risk.  regularly review reserves policy and reserve levels.  (See failure by Local Church to pay assessment)	4	Annual Audit	Circuit Treasurer Superintendent
3.3		Failure by church(es) to pay assessments	2	4	8	Circuit and Local Church Reserves policies.  System for early warning from churches.  Assessment Support Fund.  Consultation process prior to setting assessment.	4	Advise churches to flag up problems at an early stage.	Superintendent Circuit Treasurer CLT Circuit Meeting
3.4		Loss of monies through fraud	2	4	8	Review financial control procedures.  Dual signatures on all "external" transaction.  Reports on "internal" transfers from TMCP accounts to Superintendent.  Segregate duties  Set authorisation limits.	1	Review annually whistleblowing (speaking Up) & anti-fraud policy.	Superintendent Circuit Treasurer CLT

	Risk Category	Risk Identified	Likelihood	Impact	Overall or "gross" risk	Existing Control Measures	Retained or Net Risk	Additional measures to minimise risk	Risk Holder/ Review
						Identify insurable risks. Safer recruitment of Treasurer.			
3.5		Errors, omissions are not identified and acted upon	1	4	4	Review financial control procedures. Dual signatures on all "external" transaction. Reports on "internal" transfers from TMCP accounts to Superintendent. Set authorisation limits.	1	Improve Segregate duties.	Circuit Treasurer CLT
3.6		Data lost due to insecure device management.	2	4	8	Register of Circuit devices. Regular back-up procedures. Secure cloud data storage. Password protected computers.	4	Record return of devices when staff and officers leave post. Device declaration forms to be completed when devices issued.	Superintendent Circuit Administrator
3.7		Failures in Investment policies.	1	3	3	Review and agree investment policy. Invest through TMCP and CFB. Comply with Methodist Conference requirements for Model Trust monies. Consider diversity, prudence and liquidity criteria.	2	Regularly review and implement ethical & Eco policy.	Circuit Treasurer Circuit Stewards CLT

	Risk Category	Risk Identified	Likelihood	Impact	Overall or "gross" risk	Existing Control Measures	Retained or Net Risk	Additional measures to minimise risk	Risk Holder/ Review
						Implement adequate reserves policy.			
4.1	Property	Circuit managed property not maintained in accordance with legislation and connexional requirements.  Quinquennial inspections not undertaken or inadequately acted on.	2	3	6	Regularly review connexional requirements.  Maintain schedule of inspections. (annual and quinquennial)  Annual reports to trustees.  Reporting system for occupants  Maintain adequate budget and reserves for repairs and renewals.  Maintain and review schedule of works.	3	Use and management of unoccupied properties.  Use and management of investment properties.	CLT  Circuit Manse Steward  Circuit Property Secretary  Superintendent
4.2		Failure to maximise benefit of Circuit property assets.	2	3	6	Mission plan to include a property plan	4	Positive planning for strategic use of assets in mission plan.	CLT  Superintendent
4.3		Failure to maximise benefits of property assets owned by Local Churches	2	3	5	Mission plan to include a property plan.	4	Positive planning for advocating strategic use of assets in mission plan.  Circuit Meeting to exercise oversight role.	Local Managing Trustees
5.1	Personnel and Development	Compliance failures with employment legislation and employment disputes.	2	4	8	Recruitment processes in line with connexional requirements.  Employment policies in place	4	Implement health and safety training and monitoring.	Superintendent  Circuit Stewards

	Risk Category	Risk Identified	Likelihood	Impact	Overall or "gross" risk	Existing Control Measures	Retained or Net Risk	Additional measures to minimise risk	Risk Holder/ Review
						<p>Access connexional HR team for advice and support.</p> <p>Agree reference and qualification checking procedures, job descriptions, contracts of employment, appraisals and feedback procedures.</p> <p>Be aware of employment law requirements.</p> <p>Implement staff vetting and legal requirements (e.g., DBS checks, immigration status)</p> <p>Training and ongoing support for Management and Support groups</p>		<p>Review policies annually and update in line with changes in legislation and good practice.</p> <p>Engage panel solicitor when needed.</p>	
5.2		Loss of key staff and Circuit office holders, including illness or curtailment.	2	4	8	<p>Document systems plans and projects.</p> <p>Implement training programmes.</p> <p>Agree notice periods and handovers.</p> <p>Review and agree recruitment processes.</p> <p>Develop capacity for staff to cover for each other</p>	4	<p>Develop collaborative/team working practices</p> <p>Succession planning.</p>	<p>Superintendent</p> <p>Line Managers</p> <p>Circuit Stewards</p>
5.3		Minister not appointed through stationing system.	4	3	12	<p>Manage expectations in congregations.</p> <p>Develop staffing strategy.</p>	8	<p>Develop collaborative/team working practices.</p>	<p>Superintendent</p> <p>Circuit Invitation Committee</p>

	Risk Category	Risk Identified	Likelihood	Impact	Overall or "gross" risk	Existing Control Measures	Retained or Net Risk	Additional measures to minimise risk	Risk Holder/ Review
						Develop mixed economy of lay/ordained, paid/voluntary ministry.		Develop contingency plan alongside Stationing Profiles	Invitation Committee
5.4		Failure to use skills and talents of ordained and lay people.	2	3	6	Mission plan to include skills audit.	4		Superintendent
6.1	<b>Environmental/ External</b>	Public Health Emergency	2	4	8	Comply with legislation. Comply with connexional guidance. Issue clear Circuit guidance in timely manner.	4	Set up Circuit Action Group.	Superintendent Circuit Administrator
6.2		Adverse publicity including allegations of political bias	2	4	8	Implement Methodist complaints procedures. Circuit Media policy.	4	Agree a crisis management strategy for handling - including consistency of key messages and a nominated spokesperson	Superintendent Circuit Administrator Senior Circuit Steward
6.3		Changes to Government policy	1	3	3	Monitor proposed legal and regulatory changes. Consider membership of appropriate umbrella bodies	2		Superintendent CLT
6.4		Failure to maximise benefits of external resources. (District, connexion, ecumenical	2	3	6	Build positive relationships with all potential partners.	2		Superintendent CLT



	Risk Category	Risk Identified	Likelihood	Impact	Overall or "gross" risk	Existing Control Measures	Retained or Net Risk	Additional measures to minimise risk	Risk Holder/ Review
		partners, other partners and funds.)							Safeguarding Officer.
6.5		Relationship with funders (Grant awarding bodies)	2	3	6	ensure regular contact and updates with funders. report fully on projects meet funders' terms and conditions	2		Superintendent CLT  Management Committees
7.1	<b>Operational</b>	Reliance on key individuals - both staff and officers.	3	4	12	Implement "6-year rule" for office holders. Written record of systems, plans and projects. Implement training programmes. Agree notice periods and handovers. Review and agree recruitment processes. Develop capacity for staff and officers to cover for each other	6	Develop collaborative/team working practices. Succession planning Annual development reviews.	Superintendent CLT
7.2		Circuit Office out of action	1	4	4	Develop capacity for staff to work from home. Use portable and cloud computing. Use web-based online video systems	2	Plan for having no access to the office	Superintendent. Circuit Administrator

	Risk Category	Risk Identified	Likelihood	Impact	Overall or "gross" risk	Existing Control Measures	Retained or Net Risk	Additional measures to minimise risk	Risk Holder/ Review
7.3		Dissatisfaction with support offered by Circuit officers and committees.	2	3	6	<p>Manage expectations.</p> <p>Transparency and participation in decision making.</p> <p>Welcome and respond appropriately to feedback.</p> <p>Employees to be aware of grievance process.</p>	3	Benchmark services agree quality control procedures.	<p>Superintendent (Local Complaints Officer.)</p> <p>Circuit Stewards</p>
7.4		Information technology failures	2	4	8	<p>Ensure equipment and system is adequate for needs.</p> <p>Implement authorisation procedures.</p> <p>Implement measures to secure and protect data.</p> <p>Agree implementation and development procedures.</p> <p>Use service and support service/contracts.</p> <p>Have data back-up system</p>	3	<p>Ensure equipment is replaced at appropriate intervals.</p> <p>Create disaster recovery procedures.</p>	<p>Superintendent</p> <p>Circuit Administrator</p>
7.5		Failure to take up unexpected God-given opportunities.	2	4	8	<p>Willingness to change plans and listen to dissenting voices.</p> <p>Undergirding everything in prayer.</p>	3		Everyone