

Risk Management Policy

Contact Name and Details	Mrs Louise C Wilkins, Conference Officer for Legal and Constitutional Practice
Action Required	Decision
Resolutions	9/1. The Council adopts the Risk Management Policy set out in the report.

1. The Council is required to review annually its risk management policy in order to ensure that the policy reflects its risk appetite and correctly identifies those areas of risks that the Council would consider to have the most significant impact on its ability to fulfil *Our Calling*.
2. The policy is current for both the corporate risk register and the Connexional Team register. The corporate risk register identifies the fundamental risks to the Methodist Church (and in particular those aspects of connexional life for which the Council and the Conference has particular oversight), and the Connexional Team risk register identifies the risks that might impede the ability of the Team to resource the wider Connexion.
3. The policy has recently been amended to include within the risk appetite section a paragraph that makes it clear that the Council is prepared to take more risks where such risks will assist in fulfilling *Our Calling*. The policy also includes an amended list of examples which help to clarify the score for the impact of a risk if it did occur. The examples better reflect the significance of the impact in terms of the life of the Church rather than just referring to financial, legal or reputational impacts.
4. The amended policy is presented to the Council for its adoption.
5. The Council will however want to note that the Connexional Team proposes undertaking further work on this policy and the two risk registers during this connexional year. This proposed work is due to a recognition that neither of the registers are aligned with the Methodist Council objectives that were adopted by the Council in October 2018. The current approach to the risk registers means that the risks identified are distinct from the objectives of the Methodist Council and do not clearly identify the potential barriers that there might be to the Council meeting its objectives or to the Connexional Team being structured in such a way as to support those objectives.

***RESOLUTION

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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 Connexional Team 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 Methodist Church in line with *Our Calling* and ensuring the Methodist Council is provided with a means to control risk within its strategic planning and priorities. The Methodist Council is the key governance body for overseeing risk management for the activities of the Connexional Team.

Purpose

3. This policy ensures that the Council makes every effort to manage risk appropriately by maximising potential opportunities whilst minimising the adverse effects of risks. The policy shall be used by the Council to support the internal control systems of the Connexional Team.
4. This policy shall establish a consistent framework and protocol for determining the Council's appetite for and tolerance of risk as well as setting out how the Connexional Team should manage risk.
5. This policy shall assign accountability to members of the Connexional Team for managing risks within the Team's control, and provide a structured process for risk to be considered, reported and acted upon throughout the organisation.
6. The Council shall encourage self-accounting entities that report to it or to the Conference and those that form part of the Church's consolidated accounts to refer to this policy as part of their approach to forming effective risk management frameworks and protocols. The Council shall utilise this policy when assessing the risks posed within self-accounting entities.

Statement

7. Risk management forms an integral part of the Council's decision-making process and part of the day to day decision making of the Connexional Team. The Council and Connexional Team shall ensure that this policy is referred to regularly as part of all decision-making processes. In particular, this policy shall be considered by the Council and Connexional Team before entering into any long-term planning, whether of a strategic or operational nature.
8. Risk management shall form part of the decision-making process whenever the Council is considering new activities of the Connexional Team or the adoption of new policies.
9. All risks and opportunities shall be identified, analysed and reported at an appropriate level.

Risk Appetite

10. Risk Appetite is the amount of risk that the Council is willing to accept. The Council shall minimise the likelihood of a risk occurring and its impact whenever possible but shall not take steps that impede the ability of the Connexional Team to resource the Church in furthering its mission.
11. The Council 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 Council therefore embraces

any risk which seeks to advance the objectives of the Methodist Church whilst ensuring that those risks that might have a negative impact on finances, reputational or personnel, will be avoided or minimised.

12. The Council accepts that in seeking to fulfil *Our Calling*, the Council must take risks to ensure the Church increases the awareness of God's presence and to celebrate God's love; to help people to grow and learn as Christians, through mutual support and care; to be a good neighbour to people in need and to challenge injustice, and to make more followers of Jesus Christ. The Council will always seek to mitigate risks but is prepared to accept the potential financial and reputational risks that will come from reaffirming *Our Calling*. The Council however notes that it has zero risk appetite for anything that might compromise the safety of individuals in terms of safeguarding and/or injury 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 Church or the Connexional Team if the risk were to occur. Any risk that seriously threatens the ability of the Methodist Church now or in the future to communicate the Gospel will not be acceptable.

Risk Register

14. A 'Corporate' Risk Register listing broad risks facing the Methodist Church is owned by the Conference and delegated to the Council for ongoing maintenance and monitoring. The corporate register shall be reviewed annually by the Council and the register reported to the Methodist Conference.
15. The Connexional Team Risk Register shall be prepared by the Senior Management Meeting of the Connexional Team through the identification and assessment of risks to the work of the Team. The risk register is separated into cluster/office categories so that the risk owners for each one are clear.
16. The Connexional Team Risk Register shall be maintained by designated risk owners who shall 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 that Cluster. The relevant Senior Manager for each cluster or office shall be responsible for ensuring that all risks are being monitored. The Risk Registers shall be presented to the Strategy and Resources Committee annually.
17. The Senior Management Meeting shall meet as the Risk Management Group on a quarterly basis and shall review the register and consider whether any scores should be amended and whether there are emerging risks or whether any of the existing risks can be removed.

Risk Categories

Cluster	Examples	Risk Owners
Finance and Resources	<ul style="list-style-type: none"> • inadequate reserves and cash flow • movements between different account codes are not scrutinised, which could conceal error or fraud • errors, omissions and inappropriate transactions are not identified and acted upon • data lost due to insecure device management • IT firewalls do not provide adequate security 	<ul style="list-style-type: none"> • Connexional Secretary • Director for Finance and Resources • IT Manager • Procurement Manager
Human Resources and Development	<ul style="list-style-type: none"> • breach of immigration rules • loss of key staff • serious accident or injury occurring to staff overseas 	<ul style="list-style-type: none"> • HR and Development Manager
Mission and Advocacy	<ul style="list-style-type: none"> • failure to effectively handle negative media stories • allegations around political bias • grant money not reaching intended recipients 	<ul style="list-style-type: none"> • Head of Mission and Advocacy • Joint Public Issues Team Leader • Director of Communications • Grants Team Leader
Discipleship and Evangelism	<ul style="list-style-type: none"> • inability to create new Methodist disciples 	<ul style="list-style-type: none"> • Head of Discipleship and Evangelism
Conference Office	<ul style="list-style-type: none"> • acting in breach of trust • poor knowledge of legal responsibilities; • poor knowledge of regulations and procedures • changing government policy • conditions in server room present a health & safety risk or potential fire hazard • failure to comply with health & safety legislation 	<ul style="list-style-type: none"> • Conference Officer for Legal and Constitutional Practice • Safeguarding Adviser • Connexional Property Coordinator • Conservation Officer • Data Protection Officer

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"> No harm to beneficiaries Minimal financial loss through error (up to £5,000) Minimal impact on the work of the Team or Council's ability to fulfil Our Calling No loss of personal data No breach of regulation or legislation No impact on membership
Medium	2	<ul style="list-style-type: none"> Potential for adverse publicity – avoidable with careful handling Minimal harm to beneficiaries, ministers and staff (not children or vulnerable adults) Moderate financial loss through error or fraud (up to £25,000) Minimal loss of personal data that can be contained Minimal decline in membership
High	3	<ul style="list-style-type: none"> Adverse publicity not avoidable (local media) Harm to small number of beneficiaries including children and vulnerable adults Limits ability of the Council to further <i>Our Calling</i> Significant financial loss through error or fraud (up to £100,000) Loss of personal data (not sensitive) Breach of regulation that results in small fine Small number of Local Churches or Circuits want to leave the Connexion Litigation that results in financial loss Moderate decline in membership
Very High	4	<ul style="list-style-type: none"> Major adverse publicity (national media) Serious harm to beneficiaries including children and vulnerable adults Prevents the Council from being able to further <i>Our Calling</i> Breach of regulation or legislation that results in significant fine and potential criminal liability Major financial loss (over £100,000) Major loss of sensitive personal data to unknown source and not recoverable Litigation that result in financial loss and reputational damage Investigation by external regulator or police Significant number of Local Church or Circuits wanting to leave the Connexion Significant decline in membership

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
Score 10 or above	Very high risk	Impact 4 x Likelihood 4 = total risk of 16

Assessment of risk – ‘The Heat Matrix’

Impact	4	4	8	12	16
	3	3	6	9	12
	2	2	4	6	8
	1	1	2	3	4
		1	2	3	4
Likelihood					

Responsibilities for Risk Management

Members of the Council and Senior Management of the Team shall be provided with training on risk management and be clear on their role and responsibilities in implementing the risk management policy.

The Council shall:-

- 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 Connexional Team
- approve major decisions affecting the Connexional Team’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
- ensure that risk owners are fully engaged on risk management within the Connexional Team
- annually review the risk management policy
- annually review the corporate risk register.

Strategy and Resources Committee shall:-

- annually review the Risk Register for the Connexional Team

The Audit Committee shall:-

- report to the Council on internal controls and shall alert the Council to any emerging issues
- oversee internal audit and external audit and report to the Council its monitoring of risks identified by the internal or external audit process
- Advise the Council on the effectiveness of the internal control system, including the Team's system for the management of risk.

The Senior Management Group shall:-

- ensure the Connexional Team receive risk management training
- lead the embedding of risk management throughout the Connexional Team and encourage forward planning to assess potential future risks
- administer and implementation of risk management within the Team
- meet quarterly as a Risk Management Group to review the Connexional Team Risk Register and the actions being taken to mitigate the risks
- at its July meeting identify any new risks and remove any risks that have ceased to exist
- when meeting as the Risk Management Group identify and evaluate the significant risks faced by the Team through a Risk 'Heat Matrix' which determines Gross and Net Risk and set targets for the status of risks. The Heat Matrix used to determine scoring of risks is set out above
- provide adequate information in a timely manner to the Council and its Committees on the status of risks and control
- identify whether the financial impact of any risks can be insured against and if so, obtain insurance quotes and report these to the SRC Finance Sub-Committee for a decision.

The Connexional Team shall:-

- report any new risks that arise or are identified or those that might have ceased to exist to their line manager
- understand the purpose of risk management and undertake its work in the knowledge of the Council's risk appetite
- the Connexional Secretary will act as the Team's 'Risk Champion' and report on risk management to the Audit Committee.

Annual Cycle of Risk Management

- Senior Management Group to meet once a quarter as Risk Management Group during the following months: July, November, February, May;
- An annual review of the Risk Register, the Risk Management Policy and the wider systems of internal control to take place in the July Risk Management Group meeting;
- The Connexional Team risk register is reviewed by the SRC at its meeting in September;
- The Council review the corporate risk register and risk management policy at its meeting in October;
- The Audit Committee receive the risk management policy and Team risk register at its meeting in December.