

RISKS – HOW TO IDENTIFY THEM AND HOW TO MANAGE THEM

Risk can be defined as 'uncertainty of outcome'. There will inevitably be a degree of risk associated with all projects which must be managed if any project is to be successful.

In order to manage risk, it is essential that the PCC has up to date and reliable information so that potential risk can be identified, evaluated and steps put in place to manage the risk cost effectively.

Common risks for Church building projects are lack of funding, not obtaining required consents (Pastoral Scheme, planning) failure of the contractor to complete the building on time/on cost, poor quality of materials, poor quality of workmanship, failure of supply or external factors such as community views or extreme weather conditions. Change in personnel and leadership (such as a vacancy) occurring mid-way through the project can also be a risk factor.

The PCC should be considering 'Risk' at all stages of the project cycle and particularly at key decision points.

The key steps to analysing risks are:

Identify the Risk: What might happen?

Evaluate the Risk: What is the probability of it happening and when?
What impact will it have on the Project in terms of time, cost, benefit and resources?

What is the most suitable response to the risk: Can it be prevented?
Can steps be taken to reduce the impact?
Should there be a contingency plan/budget?
Should the risk be accepted?

If a risk is identified that there is a high probability of the risk happening and the risk will have a significant impact on the Project in terms of cost and benefit, the approval of the Diocesan Finance Committee should be obtained before agreeing that the risk should be accepted.