Risk Management Policy

Approved by Management Committee March 2019
Next review due March 2022

1. Introduction and Policy Objectives.

This policy explains Yorkhill Housing Association's approach to the management and control of risk.

It aims to fully comply with standard good practice and the Scottish Housing Regulator's requirements, with specific reference to:

Regulatory Standard 4:

'The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.'

Guidance point 4.3:

'The governing body identifies risks that might prevent it from achieving the RSL's purpose and has effective strategies and systems for risk management and mitigation, internal control and audit.'

The Governing Body has overall responsibility for the organisation's risk management framework. It must ensure that there are sufficient systems and processes in place to control risk at all levels throughout the business.

It is also the responsibility of the Governing Body to provide clear guidance and instruction on how risk information should be collected, recorded and reported.

In practical terms, responsibility for risk management will be delegated. Where appropriate, individuals or groups may be named for specific tasks or levels of responsibility.

However, all staff and committee members of the Association have a common responsibility to control and minimise risk. Risk assessments, formal or informal should underpin all activities.

2. Risk is …

Any action or event with the potential to cause

- damage to the Association's reputation or credibility
- reduction in quality of performance
- financial loss or reduction
- harm to persons or property

3. Risk Management Strategy

A structured identification, assessment and prioritising of risks with corresponding controls and identified lines of accountability.

4. Key Areas of Risk and Areas of Responsibility

4.1 Risk areas will be identified within either or both of the following levels:

a) **Strategic**

Strategic risks will be linked to organisational or corporate objectives. Key risks at this level are formally identified or reviewed by the Management Committee and Senior Management Team at least once a year.

The annual Strategic Review attended by all committee and staff will be used to assist the development and maintenance of the strategic risk register.

New risks may emerge at any time. It is the responsibility of the Chief Executive and Senior Management Team to bring new significant risks to the attention of the Management Committee at the earliest opportunity.

These risks are significantly linked to external influences such as the examples noted below:

- Legislation
- Regulation
- Economic
- Environmental
- Technology

Monitoring the risk controls within the strategic risk register may be delegated to an appropriate Sub Committee. Sub committees will meet at least quarterly and will be responsible for reporting risk register updates to the Management Committee.

The implementation of risk controls within the strategic risk register will be the delegated responsibility of the Chief Executive, who may in turn delegate related responsibilities to appropriate Senior Staff.

b) Operational

Operational risks relate to business activities and may be identified at any time. Each section should develop its own risk register.

Operational risk registers are established for the following areas of activity:

- Finance and Administration
- Governance
- Service Provision
- Compliance
- Health and Safety

Within each register there will be sub-registers according to the nature of risk and activity. For example, Service Provision will contain separate registers for Housing Management, Maintenance and Factoring.

There will be significant areas of overlap between risks and activities. For recording purposes, each electronic folder should include an index to show contents and appropriate cross references.

All risk registers will record both strategic and operational risks.

The Chief Executive has overall responsibility for ensuring that risk registers are established and maintained; responsibility for the production and ongoing development of the registers will be delegated to appropriate senior staff.

4.2 Monitoring Risk Controls

4.2.1 Management Committee

Formal monitoring of all identified risk controls is the responsibility of the Management Committee.

To fulfil this responsibility, Committee will require to ensure:

- that it will receive and review all risk registers at least once a year
- that it will receive regular reports on high risk activities
- that it will set and agree appropriate control measures as required
- that it will delegate authority as appropriate

The Management Committee will review the Strategic Risk Register at the annual strategic review, normally held either in November or February. All committee members will participate in updating strategic risk assessments as part of the organisation's strategic planning process.

The Management Committee will note minutes and routine risk management reports from the Sub Committees throughout a normal session.

The Management Committee will receive and act upon exception risk management reports received from the Sub Committees, Chief Executive or Senior Staff.

4.2.2 Senior Management Team

Risk Management should be discussed and reviewed by the Senior Management Team at least four times during the year to ensure key service and business area risk management is kept up to date. (i.e. Governance, Property Services, Finance and Housing Management)

A strong risk awareness culture is promoted throughout the organisation. Notwithstanding the formal processes described within this policy, all staff are expected to ensure that all activities are underpinned by active risk awareness and where appropriate, mitigating controls.

All individuals should contribute to the development of the appropriate section risk register. It will be the responsibility of the relevant manager to ensure that the section register is established and subsequently maintained,

The Management Committee and/or the Governance and Finance Sub-Committee will normally consider risk issues relating to:

- Governance and Accountability
- Strategic Register
- Human Resources
- Finance and Administration
- Factoring
- Health and Safety
- Equalities

The Management Committee and/or the Property Services Sub-Committee will normally consider risk issues relating to:

- Housing Management
- Housing Support
- Maintenance
- Property Services
- Tenant Services
- Health and Safety
- Equalities

Supporting information will be required for high level risk assessments. This will include actions taken and/ or proposed, and may include routine performance reports.

The implementation of risk controls will be the delegated responsibility of the Chief Executive, who may in turn delegate related responsibilities to appropriate Senior Staff.

It will be the responsibility of the relevant manager to ensure that reports are presented to committee as and when required.

The final decision on acceptability of risk levels will rest with the Governing Body, but may be delegated to the relevant Sub Committee or Chief Executive for specific risk

5. Assessment and Evaluation of Identified Risks

5.1 All risks will be assessed using a scoring system to assess the likelihood of the risk and its potential impact.

(a) **Likelihood** - The scales used to assess likelihood will be:-

1. Rare
2. Unlikely
3. Moderate
4. Likely
5. Common

(b) **Impact** - The scale used to assess impact will be:-

1. Insignificant
2. Minor
3. Moderate
4. Significant
5. Catastrophic

Initially, this assessment assumes no controls are in place; this is the ***raw risk.*** The likelihood score multiplied by the impact rating produces a ***raw*** or ***gross risk*** score.

I	**5**					
M	**4**					
P	**3**					
A	**2**					
C	**1**					
T		**1**	**2**	**3**	**4**	**5**
PROBABILITY						

5.2 Raw risk details will be entered on the appropriate Risk Register along with details of the appropriate Responsible Person. Information on active control measures will be recorded and a further assessment on likelihood x impact undertaken using the same scale ratings as before. This will produce the ***managed*** or ***net*** risk score.

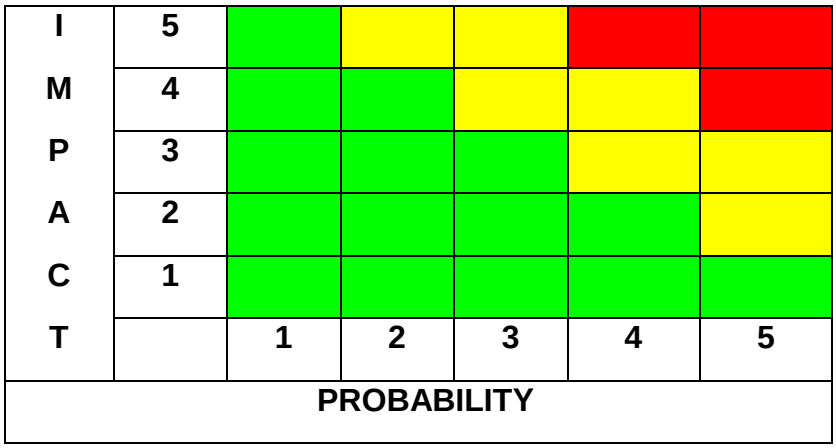
Net Risk Score		
1 - 9		Risk level is low. Existing controls sufficient.
10 – 19		Risk level is medium. Existing controls may require review.
20 – 25		Risk level is high. Existing controls may be inadequate.

The net risk score provides an overall risk rating which will allow the Association to determine whether existing control measures are sufficient to maintain an acceptable risk level.

5.3 Each register will have a Risk Map to provide a visual summary of managed risk levels for that particular register.

Each register will have its own responsible person although specific risks may be delegated as appropriate for action or monitoring purposes.

Risk Map: Number of net risks at Low, Medium and High levels



The table below sets out guidance on staff responsibility levels for managing and reporting risk issues. Where there may be overlaps, the risk register indexes will record cross reference details.

	Chief Executive	Director of Property Services	Property Services Manager	Compliance Manager	Housing Services Manager	Finance Manager
Governance	✓					
HR	✓					
Strategy	✓					
Compliance	✓					
Finance/Admin						✓
Maintenance			✓			
Factoring		✓				
Property Svices		✓				
Housing Mgmt					✓	
Health & Safety				✓		
Equalities				✓		